

RESOURCES COMMISSION MINUTE OF 10 APRIL 2006

MATTERS FOR REPORT

97/05 – **ANNUAL AUDIT AND INSPECTION LETTER 2004/5**: The Chair welcomed Julie Talbot (Audit Manager, Audit Commission) and Alan Humphries (Audit Commission) who had attended the meeting to present a number of reports to the Commission in relation to the Audit Commission's audit and inspection work for Harrogate Borough Council. Cabinet had agreed that any comments made by the Commission regarding the Audit Commission's agenda items could be addressed by the Leader at a Cabinet Member meeting prior to the May elections.

The Chair invited Julie Talbot to introduce the report who referred to the key messages emerging from the Annual Audit and Inspection Letter for 2004/5 and then highlighted the salient resource issues together with an explanation of the ratings received by the Council which also related to the judgement for the "Use of Resources". It was noted that the report set out at agenda item 7 in relation to the use of Resources Audit Score Feedback, 2004/5 provided the Commission with further detail regarding the "Use of Resources". Julie Talbot then invited Members' questions and comments in relation to the report.

Councillor Harrison queried the ratings awarded to the Council and its score overall and whether this was an indication of the need for the Council to now redirect resources to improve scores for future years. The Audit Manager responded. The Director of Resources advised that he had expressed a concern with regard to the ratings received by the Council regarding 'internal control' and whilst it was considered that over time a rating of "3" (1 = lowest, 4 = highest) could be achieved it was believed that a rating of "4", which would require a greater commitment of resources, would not prove to be good "Value For Money" for Harrogate Borough Council in any event.

Councillor Harrison queried the way in which the five assessment ratings had been combined to provide an overall score and it was acknowledged that as long as the positive direction of travel continued progress would follow. Councillor Clark queried the timing of the receipt of the Annual Audit and Inspection Letter referring to the outcome that actually reflected activities undertaken by the Council during 2004/5 but which were now being presented in the 2006/7 financial year. The benefit of the information was queried as a result and it was suggested that it would be helpful to mention in the letter the reason for the delay in presenting the information and the moderation exercise which had led to the same delay nationally. Julie Talbot offered to feedback this concern to the Audit Commission in London. It was **agreed** that his was an encouraging document and very positive in its outlook and would benefit Harrogate Borough Council by allowing officers to benchmark performance against other local authorities and make improvements where necessary. The Chair then invited the Executive Director (Corporate Policy and Improvement) to comment on the direction of travel.

The Director of Resources then referred to the Council's financial standing referred to at

page 11 of the report. It was noted that the Council had been awarded a rating of “2” and had not been able to achieve a “3” (based on the need for the authority to carry out a review of the effectiveness of the Sundry Debtors Collection Service). Whilst it was acknowledged that this review had not been undertaken and the Council had been marked down accordingly, the Council did consider that in terms of financial standing Harrogate Borough Council was one of the only authorities in the country which had made additional contributions to the Employees Pension Fund and that this was a positive step for the Council’s financial standing and therefore that greater weight could have been given to this in the ratings overall.

In terms of the Commission’s conclusions and recommendations it was **agreed** that the Commission recognised the positive direction of travel and particularly paragraph 76 of the report which would be used as guidance to help the Council focus on those areas where performance could be improved.

(5.35 pm – 5.57 pm)