

Report to	Audit Committee
Date	27 September 2011
By	Chief Finance Officer
Title of Report	Budget Monitoring Report Quarter 1 2011/12
Purpose of Report	To inform the Audit Committee of the budget position for 2011/12 as reported to the Resources & Performance Committee

Recommendation: The Audit Committee is recommended to note the Budget Monitoring Quarter 1 report for 2011/12.

1. Introduction

- 1.1 Responsibility for budget monitoring rests with the Resources & Performance Committee and quarterly reports are presented to enable it to discharge this function. The Audit Committee has wide ranging responsibilities for oversight of the Authority's control framework and approval of the financial statements. Receiving information during the year on the Authority's financial performance enables it to discharge this function.

2. Background

- 2.1 The Quarter 1 Budget Monitoring report presented to the Resources & Performance Committee on 8 September 2011 is appended to this paper.
- 2.2 Any significant over or underspends in budget monitoring reports could provide indications of control weaknesses which the Audit Committee may wish to investigate. It is important for the Audit Committee to be able to understand how the financial statements that will be produced for 2011/12 tie in with the budget monitoring information reported during the year. For example the planned levels of reserves and the actual levels reported as at 31/3/12 in the financial statements should be broadly consistent and if not there should be clear explanations of how they can be reconciled.
- 2.3 The Audit Committee's attention is drawn to paragraphs 3.3 and 3.6 which show an underspend on employees and a corresponding overspend on supplies and services as a result of the use of interim, agency and consultancy staff. This continues the picture seen in 2010/11 as reported in the Authority's financial statements elsewhere on this agenda. The Resources and Performance Committee did not agree the virement in recommendation 2 and requested further information on current staffing structures, a breakdown of staff related costs and the programme of recruitment of permanent staff to replace the remaining interim staff.
- 2.4 The Audit Committee's attention is also drawn to paragraph 3.16 where uncertainty about income from planning is raised. This is a significant concern in terms of the potential accuracy of financial management information, the effective operation of internal control and the potential risk of misstatement in the 2011/12 financial statements. This issue needs to be addressed promptly and there is an opportunity to discuss this further under the item on planning risk elsewhere on this agenda.

3. Resources

3.1 As set out in the Budget Monitoring Report.

4. Risk Management

4.1 As set out in the Budget Monitoring Report.

5. Human Rights, Equalities, Health and Safety

5.1 As set out in the Budget Monitoring Report.

6. External Consultees

6.1 As set out in the Budget Monitoring Report.

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Appendices	Appendix 1 – Quarter 1 Budget Monitoring Report 2011-12 (to be circulated separately)
SDNPA Consultees	As for the Budget Monitoring Report