

The Annual Audit Letter 2006/07

Report of the Assistant Director of Resources (Audit & Risk Management)

Purpose

- 1 This paper summarises the key messages, findings and conclusions set out in the Annual Audit Letter of the District Auditor in respect of the 2006/07 audit year.

Background

- 2 The District Auditor reports annually his independent opinion of the Council's arrangements based on an annual programme of work agreed by officers and Members. This programme of work must meet the standards set out in the Code of Audit Practice and centres on consideration of corporate governance arrangements at the Council focused across 3 main areas of interest:
 - the opinion given on the Council's annual Statement of Accounts (including the Statement of Internal Control);
 - the financial aspects of corporate governance (including financial health, systems of assurance, probity and legality);
 - performance management (including CPA, VFM, performance management information and the Best Value Performance Plan).
- 3 The Letter also summarises key findings and any matters arising from the annual Inspection programme and includes the Council's CPA scorecard following the annual refresh exercise earlier this year and a related 'Direction of Travel' statement. However, it does not include any comment on the results of the CPA Corporate Assessment completed in February 2008 as this will not be published until May 2008.

Summary of key issues

- 4 In summary, the District Auditor notes that the overall trend in 2006/07 was one of improvement generally and in particular that:
 - the Council is "improving well" and demonstrating a 3 star (ie Good) overall performance for CPA purposes (*page 6, paragraph 15*);

- the Council has significantly improved in a number of priority service areas and maintained high performance in others (*page 8, paragraph 17*)
- the Council has contributed to improvements in community outcomes and access to services for hard to reach groups (*page 8, paragraph 17*)
- Council services provide good value for money and it has enhanced capacity through investing in new technologies and developing its use of strategic procurement and risk management (*pages 8 & 12, paragraphs 17 & 33*);
- recognition has been given to the progress made in developing the Council's corporate arrangements in respect of:
 - prioritisation, improvement and development (*page 11, paragraphs 27*) although the overall conclusion of the Audit Commission is that further work is needed in this area to support effectiveness and achievement in the future (*page 17, paragraph 49*);
 - meaningful service and financial planning arrangements, action planning and progress monitoring (*page 11, paragraph 28*);
 - partnership working (*page 12, paragraph 34*);
 - strengthening its decision making processes further to the review of the Constitution (*page 12, paragraph 32*);
 - the steps taken to date in developing a more pro-active approach to sickness absence through the introduction of the Attendance at Work policy (*page 17, paragraph 50*);
- significant improvements in the waste management service and good progress in partnership with others towards the future provision of waste disposal facilities (*page 13, paragraphs 36*);
- sustained performance in key services areas, specifically children & young people (excellent), social services (good) and Benefits (good) (*page 14, paragraphs 38-40*);
- an improvement in the overall Use of Resources score from a 2 in 2005/06 to a 3 in 2006/07, largely due to key improvements in KLOE 4 Internal Control (*page 16, paragraph 45*);
- an unqualified opinion on the 2006/07 accounts was issued on 28 September 2007 along with an unqualified opinion in relation to our value for money arrangements. (*page 15, paragraph 41*).

5 The District Auditor notes however that:

- the Council continues to experience disproportionately high levels of sickness absence (*page 4, paragraph 2*);
- significant improvement is still needed in respect of the Council's arrangements for ensuring data quality and how this relates to the

Council's performance management framework and decision making process (*page 4, paragraph 3*);

- the Council's approach to equalities and inclusion is disjointed and not sufficiently strategic (*page 4, paragraph 4*);
- arrangements for producing the annual accounts need to be improved to ensure they are properly prepared and adequately supported by detailed working papers (*page 15, paragraph 42*).

Next steps

- 6 Officers are in the process of drafting an action plan setting out what will be done and by whom in response to the issues raised in the District Auditor's annual letter. The action plan arising from the annual letter will be reported to Audit & Governance Committee in April 2008 for in-year monitoring purposes by "*those members charged with governance*" at the Council. It is also suggested, that the agreed plan is incorporated into the corporate OEP action plan and used for in-year progress monitoring and follow up purposes by Management Team.

Conclusions

- 7 The Annual Letter is generally positive and recognises in large part the considerable progress made in many areas to improve and develop across the organisation. Nonetheless the District Auditor notes a number of areas of weakness for priority action by the Council as set out at paragraph 5 above).

Options

- 8 Not applicable.

Analysis

- 9 Not Relevant for the purposes of this report

Corporate Priorities

- 10 .Not Relevant for the purposes of this report

Implications

- 11 There are no financial, legal, HR or other implications arising from this report.

Risk Management

- 12 In compliance with the Councils Risk Management strategy. There are no risks associated with the recommendations of this report

Recommendations

- 13 It is recommended that the Executive:

- a) note the contents of this report and the Annual Letter itself, attached as Annex 1 to this report, prior to its publication on the Councils website before 31 March 2008;

Reason

To comply with the statutory requirements for the external audit of the Council .

- b) consider any particular matters to be included in the action plan in response to the issues raised by the District Auditor to be reported to the Audit & Governance committee in April 2008

Reason

To ensure the effective management and follow-up of key action to be taken to support on-going development and improvement work at the Council.

Contact Details

Author:

Liz Ackroyd
Assistant Director of Resources
(ARM)
Phone Number 01904 551706

Chief Officer Responsible for the report:

Liz Ackroyd
Assistant Director of Resources (ARM)

Report Approved**Date** 11/03/08

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

For further information please contact the author of the report

Annexes

Annex 1 Annual Audit & Inspection Letter