

## The Annual Audit Letter 2004/05 & Action Plan

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

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### Summary

- 1 This paper sets out the action plan prepared further to the Annual Letter of the District Auditor, and covers all of the significant issues raised therein for internal monitoring and reporting purposes during 2006/07.

### Background

- 2 The Annual Audit Letter of the District Auditor gives an independent opinion of the Council's arrangements based on a 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 (which have been extended to include a full Statement of Internal Control with effect from the financial year 2005/06 onwards);
  - 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. The letter is attached here as Annex A to this report for members information.
- 4 Whilst the District Auditor recognised that the overall trend in 2004/05<sup>1</sup> was one of improvement generally there were a number of significant matters requiring action, principally that more work was needed to:
  - improve the Council's overall arrangements for governance;

- improve the way in which competition is used to deliver VFM and service improvement in the future across the organisation;
  - further strengthen and improve certain service delivery and planning functions;
  - improve planning linkages across and between the LSP, Council Plan, Service Plans and the Council's policy and strategy framework and between key strategies;
  - ensure the delivery of a new Constitution.
- 5 An action plan has been drawn up to address these matters, in consultation with CMT and other relevant Chief Officers. This will be monitored at an operational level by CMT and progress reported to the Audit & Governance committee during 2006/07 on the basis of a mid-term monitor and final outturn. The draft plan is attached as Annex B for Members consideration and final approval.

## Consultation

- 6 The Plan has been widely consulted with the relevant responsible officers and has been approved as a draft for operational monitoring purposes by CMT and is reported here for due consultation with those Members charged with governance at the Council.

## Options

- 7 Not relevant for the purpose of the report.

## Analysis

- 8 Not relevant for the purpose of the report.

## Corporate Objectives

- 9 This report contributes to the overall effectiveness of the Council's internal management & assurance arrangements in helping to achieve of the following corporate objectives;
- Ensure probity, integrity and honesty in everything we do (Objective 8.3).
  - Provide accurate and transparent management information in a timely and effective manner (Objective 8.3).
  - Improve the forward planning, openness, propriety, speed and effectiveness of decision-making (Objective 8.4).
  - Continue to provide sound and timely financial management, and improve medium and long term financial planning. (Objective 8.6).

- Manage the Council's property, IT and other assets on behalf of York residents. (Objective 8.9).
- Implement risk management and business continuity procedures. (Objective 8.10).

## Implications

- 10 There are no financial, HR, equalities, legal, crime and disorder or IT&T implications arising from this report.

## Risk Management Assessment

- 11 The Council will fail to properly comply with legislative and best practice requirements to take action in response to the findings and conclusions of the District Auditor in making their year end report. Any failure to do so would adversely impact on the Council's CPA score for the Use of Resources (and therefore its overall CPA score in 2007).

## Recommendations

- 12 Members are asked to:

- note the content of this report and approve the Plan attached as Annex 1 for information and on-going monitoring purposes;

### Reason

*To allow the effective on-going monitoring of progress against the agreed action plan to address those matters identified as areas for improvement by the District Auditor*

- approve the reporting arrangements to be put in place for monitoring progress against the Plan by this Committee during 2006/07.

### Reason

*To ensure the proper reporting of progress against the agreed action plan effective monitoring purposes by this Committee*

- <sup>1</sup> **Note** *The reported audit year is always the year before the current financial year in which they report their findings. This reflects the fact that the external auditors work on the basis of a retrospective 'opinion' year for the purposes of the accounts. This means in effect that whilst their most recent Letter is referenced to the audit year 2004/05 much of the work done by them to support their judgements was actually done in practice during 2005/06 and hence not reported until January 2006. The action plan is a forward thinking document and actions are therefore couched in terms of activity or tasks that will mostly take place during 2006/07 or beyond.*

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**Chief Officer Responsible for the report:**

Liz Ackroyd  
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**Report Approved**

*Yes*

**Date** 24 May 2006

**Specialist Implications Officer(s)** Not applicable

**Wards Affected** Not applicable

All

For further information please contact the author of the report

**Background Papers**

*None*

**Annexes**

**Annex A** *The Annual letter of the District Auditor*

**Annex B** *The Action Plan arising from the Annual letter of the District Auditor*

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## Annex A

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### The Annual Letter of the District Auditor