

## The action plan arising from the annual Audit Letter 2006/07

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

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### Summary

- 1 This paper sets out a plan of the actions required in 2008/09 further to the issues highlighted by the District Auditor in his annual Audit Letter to the Council reported to the Executive on 25 March 2008.

### Background

- 2 The District Auditor reports his independent opinion of the Council's arrangements each year based on an annual programme of work agreed in advance by officers and Members. This programme of work must meet the standards set out in the Code of Audit Practice and is focused across 3 main areas of interest:
  - the opinion given on the Council's annual Statement of Accounts and 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 from the annual Inspection programme and includes the Council's CPA scorecard for 2007 and a related 'Direction of Travel' statement.
- 4 The Council's Constitution requires that the Letter be reported in the first instance to the Executive for consideration and acceptance on behalf of the Council. Following receipt of the Letter and action plan is prepared by officers and reported to the Audit & Governance Committee for in-year monitoring and follow up purposes.

## The action plan

- 5 As reported to the Executive in March 2008, the District Auditor noted many positive achievements and improvements in his Letter, along with a variety of areas for improvement and on-going performance issues to be addressed by the Council. In summary, the District Auditor noted 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 the conclusion that our value for money arrangements were adequate (*page 15, paragraph 41*).
- 6 The District Auditor noted also 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*).
- 7 As the Letter is a retrospective review of matters arising in the previous audit year, this meant in effect that the District Auditor reported to Member on 25 March 2008, those matters noted in the 2006/07 audit year. Clearly, this means that some of the historic issues noted by the District Auditor had already been dealt with, or were no longer relevant by the time they were formally reported to the Council. A draft action plan has been prepared and is included at Annex 2 for Members to consider based on details of the action taken/to be taken as notified by the various responsible named lead officers by the 1 May 2008. There are two areas for action where the responsible officer has yet to advise of the actions taken/to be taken. Audit & Governance Members may wish to request that the responsible officers in question update them on those matters at the June meeting of the Audit & Governance Committee so they can be properly incorporated into the plan for on-going monitoring and review purposes throughout 2008/09.

## Options & analysis

- 8 Not relevant for the purpose of this report.

## Consultation

- 9 The action plan has been drafted in consultation with Corporate Management Team who have agreed the actions to be taken in response to their consideration of the key issues arising from the Letter of the District Auditor.

## Corporate priorities

- 10 The external audit of the organisation contributes to the achievement of Corporate Priority Improvement Statement 13 'To improve efficiency and reduce waste to free up more resources'.

## Implications

- 11 There are no specific financial, legal, HR, property, crime & prevention, IT&T or other implications arising from this report.

## Risk Management

- 12 The Council is at risk of a poor CPA and/or specific inspection reports if the arrangements for the appropriate action to be taken in response to the findings of the audit of the organisation are judged to be unacceptable.

## Recommendations

- 13 Members are asked to
- a) note the issues raised by the District Auditor in the annual Audit Letter and reported to the Executive on the 25 March 2008, as set out in paragraphs 5-6 above and the Letter included as Annex 1 to this report;

Reason

*To advise Members of the scope and content of the Audit Letter.*

- b) consider and endorse the draft action plan arising from the Letter attached as Annex 2 to this report.

Reason

*To agree the action plan for subsequent in-year monitoring and follow up purposes by this Committee during 2007/08.*

- c) require the responsible officers to update this Committee on the actions to be taken in respect of items 5 and 15 in the action plan attached as Annex 2 to this report.

Reason

*To complete the action plan for subsequent in-year monitoring and follow up purposes by this Committee during 2007/08.*

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**Report  
Approved**

**Date** 1 May 2008

**Specialist Implications Officer(s)**

**Wards Affected** Not applicable

All

**For further information please contact the author of the report**

**Annexes**

Annex 1 – The Annual Audit & Inspection Letter 2006/07

Annex 2 – The Action Plan Arising from the Annual Audit Letter 2008/09