
Audit and Governance Committee

29 September 2010

Report of the Director of Customer & Business Support Services

Audit Commission Value For Money Plan 2010/11 and CAA Update

Summary

1. This report presents the Value For Money Plan 2010/11 and associated fee structure of the council's external auditor, the Audit Commission.

Background

2. The VFM audit plan set out the work to be conducted post-CAA (Comprehensive Area Assessment) as follows:

Although there will no longer be a requirement for a scored assessment on VFM, the statutory responsibility for Auditors to give a conclusion on whether audited bodies have proper arrangements for securing VFM will remain. Auditors will base their opinion on VFM arrangements on two criteria specified by the Audit Commission:-

- securing financial resilience – focusing on whether the audited body is managing its financial risks to secure a stable financial position for the foreseeable future; and
- challenging how it secures economy, efficiency and effectiveness – focusing on whether the audited body is prioritising its resources within tighter budgets and improving productivity and efficiency.

A detailed programme of VFM audit work will be developed, based on a local audit risk assessment. The VFM conclusion and key messages from the work, including areas for improvement will be reported to Audit and Governance Committee, and in a clear and accessible annual audit letter.

3. The Committee received an update on the future of national performance frameworks from the Audit Commission's CAA Lead at its meeting in July 2010. The current position is that the future of the National Indicator set and Local Area Agreements will be announced/confirmed as part of the Comprehensive Spending Review in October 2010. In the mean time officers are working on a report which will put forward a proposal as to how a Performance Management Framework for the city and the council could be developed and implemented.

Consultation

4. The Plan has been consulted on with the relevant responsible officers prior to them being reported to those members charged with governance at the council.

Options

4. Not relevant for the purpose of the report.

Analysis

5. Analysis of fee structures are contained in the attached letter.

Corporate Priorities

6. This report contributes to the overall effectiveness of the council's governance and assurance arrangements contributing to an 'Effective Organisation'.

Implications

7.
 - (a) **Financial** – The fees can be contained within the 2010/11 budget for external audit fees.
 - (b) **Human Resources (HR)** - There are no implications.
 - (c) **Equalities** - There are no implications.
 - (d) **Legal** - There are no implications.
 - (e) **Crime and Disorder** - There are no implications.
 - (f) **Information Technology (IT)** - There are no implications.
 - (g) **Property** - There are no implications.

Risk Management

8. The council will fail to properly comply with legislative and best practice requirements to provide for the proper audit of the authority. Any failure to do so would be unlawful, and its reputation could be adversely affected.

Recommendations

9. Members are asked to:
 - a) consider the matters set out in the Audit Plan presented by the District Auditor;

Reason

To ensure the effective deployment of scarce external audit resources to best effect.

b) agree the Plan having first considered whether they sufficiently reflect the audit needs and interests of the council.

Reason

To ensure that the external audit and inspection process contributes effectively to the council's system of internal control.

Contact Details

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Report Approved



Date 15.9.10

Specialist Implications Officers

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers:

None

Annexes

Annual VFM Plan 2010/11 (Annex A)