

The action plan arising from the annual Audit Letter 2005/06

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

Summary

- 1 This paper sets out a plan of the actions required in 2007/08 further to the issues highlighted by the District Auditor in his annual Audit Letter to the Council, reported to the Executive on 27 March 2007.

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 2006 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 2007, 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. A copy of the covering report to the Executive in March and the District Auditor's Letter are included as Annex A to this paper for reference purposes.
- 6 Unlike previously, the Letter does not include specific recommendations from which to draw up an action plan for in-house monitoring and follow up purposes. In addition, the reporting time-scales for the Letter as required by the Audit Commission nationally changed this year, pushing back the publication of the Letter from December to March. 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 27 March 2007, those matters noted in the 2005/06 audit year. Clearly, this meant 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. Whilst these changes in Audit Commission practice have complicated the internal planning process this year, a draft action plan, along with updates on known progress since 2005/06, has been prepared and is included at Annex B for Members to consider.

Options & analysis

- 7 Not relevant for the purpose of this report.

Consultation

- 8 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

- 9 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

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

Risk Management

- 11 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

12 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 27 March 2007, attached as Annex A;

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 B to this report.

Reason

To agree 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 15 June 2007

Specialist Implications Officer(s) None

Wards Affected Not applicable

All

For further information please contact the author of the report

Annexes

Annex A – The Annual Audit & Inspection Letter 2005/06

Annex B – The Action Plan Arising from the Annual Audit Letter