

Report to: Audit Committee
Date of meeting: 25th June 2007
Report of: Director of Finance
Title: Annual Audit and Inspection Letter

1.0 **SUMMARY**

1.1 The Council's external auditors issue an annual letter to Members, summarising their work during the past year. The report has been circulated to Members previously and is now presented for formal consideration.

2.0 **RECOMMENDATION**

2.1 That the Committee notes the report and endorses the recommendations made by the Audit Commission and the actions being taken by officers in response

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3.0 **DETAILED PROPOSAL**

3.1 The latest Annual Letter was issued in March this year, too late to be included on the Committee's agenda for that month. Although it is therefore somewhat out-of-date, it is useful as a summary of the work undertaken last year and makes relevant suggestions for improvement.

3.2 In summary:

- There is no Direction of Travel Statement, pending the CPA re-assessment
- The inspection of Environment Services found them to be "good with promising prospects for improvement"
- The Benefits Fraud Inspectorate (BFI) found a number of areas of concern in security arrangements
- The accounts and the Best Value Performance Plan were unqualified
- Use of resources was found to be adequate

3.3 Recommendations made by the Audit Commission

- Continue to improve performance and key services while reducing costs
- Setting smarter targets for performance management
- Deliver the improvements identified by the BFI
- Develop an action plan to improve Use of Resources

3.4 The first two points above are reflected in the Performance Plan. A revised process for developing service plans was implemented in the autumn and the outcome is reflected in the latest Plan.

The BFI report is covered elsewhere on this agenda and shows that many of the recommendations have already been implemented. Work will continue and the Committee will be updated periodically on this.

Officers had identified and tackled some key issues for improvement in readiness for the 2007 Use of Resources assessment before this Letter was issued. As the next assessment will be based on the position as at 31 March 2007, any initiatives taken now will only influence the 2008 review. However, the Audit Commission is consulting on significant changes to the assessment process, to make it more demanding from 2008. Until the outcome of that consultation process is announced (expected in July) it is difficult to be certain how to target improvement efforts. Nevertheless, districts across the county are collaborating to identify and share best practice under the current regime.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The Head of Finance comments that there are no costs arising directly from this report but implementation of the recommendations will help to improve the Council's financial administration/.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Legal and Democratic Services comments that there are no legal issues arising from this report.

Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.”

Annual Audit and Inspection Letter March 2007

File Reference

None