

TITLE:	ANNUAL AUDIT AND INSPECTION LETTER
TO/ON:	THE CABINET – 29 TH MARCH 2006
BY:	EXECUTIVE DIRECTOR OF RESOURCES
PORTFOLIO HOLDER:	LEADER OF THE COUNCIL AND CABINET MEMBER FOR FINANCE AND RISK MANAGEMENT
STATUS:	FOR PUBLICATION

1. PURPOSE OF THE REPORT

- 1.1 To receive the District Auditor's Annual Audit and Inspection Letter and commission work which will allow the letter to be properly debated by the Council as a whole.

2. RECOMMENDATIONS

- 2.1.1 To note the contents of the District Auditor's Annual Audit and Inspection Letter, and the fact that it has been published and made available to all councillors.
- 2.1.2 To request that the Audit and Performance Management Overview and Scrutiny Committee invite the District Auditor to be present at their next available meeting in order to facilitate a discussion of the report.
- 2.1.3 To request that the Audit and Performance Management Overview and Scrutiny Committee produce a report for the Full Council following this meeting allowing the Council to debate the issues raised by the District Auditor.

3. REPORT AND REASONS FOR RECOMMENDATIONS AND TIMETABLE FOR IMPLEMENTATION

- 3.1 Each year the District Auditor produces an Annual Audit and Inspection Letter, which summarises the work undertaken in terms of both audit and inspection by the Audit Commission during the audit year. The latest such letter relates to the 2004/05 Audit Year (work carried out during the 2005/06 financial year). The letter was received by the Council on 24th February and has to be made available to all members and published via the website before 31st March.

- 3.2 The Council is required to ensure that the contents of the letter are properly debated by all members and the recommendations at the head of this report facilitate this through the Audit and Performance Management Overview and Scrutiny Committee reporting to Full Council.
- 3.3 In terms of the content of the report much of it will be familiar to members from the Progress Assessment Report. The Audit Commission regard the Council as “progressing well” in terms of its improvement journey. In addition the Commission has assessed the Council’s Use of Resources as 2 (on a scale of 0 -4) which is termed adequate performance. However, there are a significant number of elements of performance at higher levels. The areas of weakness identified in the Use of Resources work were already known and are being addressed, in part through some of the work related to Corporate Governance reflected elsewhere on the Cabinet’s agenda.
- 3.4 The Commission has also produced a number of detailed reports. Some of these are in the final stages prior to publication although all work is complete. All these reports will be published on the Council’s website when they are available. The Annual Audit and Inspection Letter contains summaries of the findings of all this work.
- 3.5 The tenor of the Audit Commission’s comments throughout both the Annual Letter and the detailed reports is broadly positive recognising the progress that has been achieved by the Council in recent years. All the reports make various recommendations which generally support the Council’s existing direction of travel.
- 3.6 The report is also positive about the improvement in the Council’s financial standing and work is in hand which will improve this further.
- 3.7 Overall this is a positive report, but it is important not to be complacent and to continue both the journey of improvement and the pace of improvement to allow the Council to achieve its aspirations in terms of a future Comprehensive Performance Assessment.

4. CORPORATE IMPROVEMENT PRIORITIES

4.1 FINANCE AND RISK MANAGEMENT

- 4.1.1 The Audit Commission’s report indicates the need for the Council to continue to implement the improvement programme already in hand in these areas.

4.2 MEMBER DEVELOPMENT AND POLITICAL ARRANGEMENTS

- 4.2.1 The report and some of the detailed work indicate a need to ensure that members have received training in certain key areas and this will be reflected in the member development programme and will be discussed with particular office holders such as chairs and portfolio holders through the personal development planning process.

4.3 HUMAN RESOURCES

4.3.1 As indicated in the Progress Assessment the need to ensure that the Council has the skills in place to manage the various contractual arrangements it is entering into is highlighted in the report.

4.4 ANY OTHER RELEVANT CORPORATE PRIORITIES

4.4.1 There are issues within the report and the detailed work which will affect a number of the corporate priorities. These will be highlighted as projects progress.

5. RISK

5.1.1 An element of the audit process has been to examine the Council's arrangements for risk management, which are considered to be improving. The various recommendations made in the detailed work address risk issues of various sorts and will be addressed in dealing with the specific recommendations.

6. LEGAL IMPLICATIONS ARISING FROM THE REPORT

6.1 The Council is required to both publish and fully consider the District Auditor's report and the arrangements set out in the recommendations at the head of this report satisfy these requirements.

7. EQUALITIES ISSUES ARISING FROM THE REPORT

7.1 There are no specific equalities issues identified in the report.

8. WARDS AFFECTED

8.1 None specifically

9. CONSULTATIONS

9.1 District Auditor, Acting Chief Executive

Background documents:

For further information on the details of this report, please contact:

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