

REPORT OF THE AUDIT COMMITTEE

GENERAL REPORT

1. This report gives a brief summary of the items discussed at the meeting of the Audit Committee held on 29 March 2007.

Annual Audit and Inspection Letter

2. The Audit Commission submitted a report on the Annual Audit and Inspection Letter. The report provided an overall summary of the Audit Commission's assessment of the Council.
3. The letter included a review of how well the Council had progressed, under the Direction of Travel report and the auditor's assessment of how well the Authority had managed its finances, through the Use of Resources scores. These results would feed into any future decision regarding the potential for rescoring the Council's Comprehensive Performance Assessment (CPA) category.
4. The findings of the report were pleasing and the main messages for the Council included, that:
 - more significant improvements in our performance had been made over the last three years;
 - our service level performance was good in all areas except minor planning although performance had been above the Government's stipulated target;
 - support was being given to the Lancashire children and young people partnership;
 - we continue to perform well in our use of resources; and
 - further improvements have been secured that enable us to perform strongly in delivering value for money.
5. The Council had improved on its value for money in the delivery of its services and had scored 4 out of 4 in its use of resources category. The Authority is one of only a few district councils to have achieved this top performance.
6. The Director of Finance explained that a lot of work had been done to improve on our partnership working arrangements and the results of this were now being driven forward.
7. The Audit Commission had been liaising with the Director of Customer, Democratic and Legal Services regarding the management of Governance arrangements. The Ethical Governance Workshops had been very well received and it was planned to hold more in the future. Members of the Committee made a commitment to encourage the Members of their political groups to attend these sessions.

8. To facilitate the strategic involvement of Members in performance management, the Audit Committee had been restructured in May 2006 as a cross party group to consider corporate governance. The committee was advised that the Chair of this Committee does not receive a special responsibility allowance and it was agreed that the Independent Remuneration Panel should be requested to examine this issue.
9. It was acknowledged that the work of the Committee is more specialised and Members need a degree of knowledge. A smaller Committee benefiting from extra training on its role may be the answer.
10. The Executive Cabinet will be requested at its next meeting on 24 May 2007 to produce a response to the issues set out in the Annual Audit and Inspection Letter.

Use of Resources

11. The Audit Commission submitted a report on the annual Use of Resources assessment that evaluates how well the Council manage and use their financial resources.
12. The assessment focused on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services covering five themes.
 - Financial Reporting
 - Financial Management
 - Financial Standing
 - Internal Control
 - Value for Money
13. The Council had scored highly on its use of resources, scoring a 3 on four of the themes and scoring a 4 on its value for money.
14. Findings show that the Council delivered a range of services in line with statutory duties and local needs. High performance and resident satisfaction was evident in key priority service areas. 71 per cent of all Best Value Performance Indicators had improved, achieved or exceeded target, and resident satisfaction with Council services remained high in priority areas.

Data Quality Review

15. The Audit Commission submitted a report giving details of a Data Quality Review of the Council. The Audit Commission had developed a new three-stage approach to the audit of performance indicators in local government that focused on the Authority's arrangements to ensure quality data comprising:

(i) Management arrangements

A review had been taken to determine whether corporate management arrangements for data quality against five key lines of enquiry (KLOE):

- Governance and leadership
- Policies and procedures
- Systems and processes
- People and skills
- Data use

(ii) Completeness check

An arithmetical check of specified BVPIs and non-BVPIs had been completed.

(iii) Data quality spot checks

An in-depth review of a sample of specified BVPIs and non-BVPIs had been carried out based on an assessment of risk.

16. The Council's Best Value Performance Plan had also been reviewed to establish if it had been prepared and published within statutory guidance. The review had identified future targets.

Internal Audit Plan

17. The Director of Finance submitted a report to remind Members of the respective roles of senior officers, members and Internal Audit to maintain a sound system of internal control within the Council and sought Members approval of the Annual Internal Audit Plan.

18. The responsibility for the implementation of a sound system of governance and internal control lies primarily with the Council's senior management. To facilitate this the Corporate Improvement Board, comprising the following key officers had conducted a governance self-assessment:

- Director of Customer, Democratic and Legal Services (Monitoring Officer)
- Director of Finance (Section 151 Officer)
- Director of Policy and Performance

19. The 2007/08 Annual Internal Audit Plan sets out a programme of reviews of the key business risks/systems that are pertinent at the time, and is structured into seven sections:

- Corporate Governance

- Risk Management
- Ant-Fraud and Corruption
- Review of Key Business Systems
- Review of Financial Systems
- Review of Key Operations
- Contingency

20. The plan is required to ensure that the Council has in place an adequate and effective internal audit of its system of governance, risk management and internal control in accordance with best practice and professional standards. It will be submitted to the Executive Cabinet on 24 May 2007 for adoption and approval.

Gareth Kelly

21. The Director of Finance advised the Committee that this would be the last meeting that Mr Gareth Kelly of the Audit Commission would be attending, as he was transferring to the Cumbria area. The Members and Officers of the Audit Committee thanked Mr Kelly for all his work and support with the Authority over the years and extended best wishes for the future.

Recommendations

22. (i) That the Council notes the report.
- (ii) That the Leaders Liason Group be asked to reduce the membership of the Audit Committee be reduced to 6 Members at the Annual Council Meeting in May 2007
- (iii) That the Independent Remuneration Panel be requested to examine the possibility of giving a special responsibility allowance to the Chair of Audit Committee.

COUNCILLOR A GEE
Vice-Chair of Audit Committee

DS

There are no background papers to this report.