

REPORT OF AUDIT COMMITTEE

GENERAL REPORT

1. This report summarises briefly the principal elements of the items discussed at the meeting of the Audit Committee held on 19 March 2009.

Annual Audit and Inspection Letter for 2007/08

2. We welcomed to the meeting Tim Watkinson (Acting District Auditor) and Tony Hough (Audit Manager) from the Audit Commission who presented the Auditor's Annual Audit and Inspection Letter, which summarised the areas examined and outcome of the Audit Commission's work on the Council's 2007/08 activities.
3. The Audit Committee was pleased to note the generally positive tone of the letter which commends the Authority on (i) its achievement of an excellent Comprehensive Performance Assessment rating; and Beacon status for 'Transferring Services through Citizen Engagement and Empowerment' and 'Better Outcomes for People and Places'; and (ii) maintaining its good track record of improving services for the wider community.
4. The Letter does, however, draw attention to the additional pressures that the Council will face as a result of the economic downturn, which will need to be addressed, especially in areas where demands for services and costs are increasing. The Auditors have also highlighted the need for more concerted efforts to be made through collaborative partnership working to reduce the level of health inequalities across Lancashire.
5. While the Committee appreciates the Audit and Inspection Letter's positive messages, the Members raised, in particular, the following issues:
 - The Audit Letter states that, while progress has been made in 2008/09 to exceed the Local Area Agreement target for the provision of affordable housing units, the number of units provided in 2006/07 and 2007/08 was substantially below the target figure of 125. The Committee Members considered that it would be appropriate to seek the Executive Cabinet's views and plan of action for measures to ensure that the overall targets are achieved ultimately.
 - The discussions with the Primary Care Trust and other relevant agencies on appropriate measures to reduce the level of health inequalities should also take account of the necessity to balance the provision of care for the elderly with the provision of services for young people.
6. In response to Members' queries, Tim Watkinson explained the rationale and principal elements of the new Comprehensive Area Assessment regime, which will examine the outcomes of the Lancashire Authorities' collaborative working with their respective partners (eg Lancashire County Council, Police, PCT). The assessment process will entail an examination of identified priorities; progress on the delivery of the priorities; and action to address any deficiencies or to resolve any apparent problems. The area assessment will also incorporate a review of the Council's internal organisation. In this context, the effectiveness of the role of the Chorley LSP in dealing with the issues and problems particular to the Borough within the County will be paramount.

Internal Audit Plan

7. The Audit Committee received and agreed the Internal Audit Plan for 2009/10 as presented by the Head of Shared Assurance Services. The Plan summarises the priority areas to be reviewed during the financial year and outlines the respective roles of Managers and the

Internal Audit Section in maintaining a sound system of governance and internal control within the Council.

8. The Plan envisages the allocation of the equivalent of 550 days internal audit work within each of the Chorley and South Ribble districts, with an additional 130 days work devoted to the audit of the Shared Services function. The total costs of the internal audit exercise will broadly be shared equally by the two authorities.

Draft Strategic Risk Register, 2009/10

9. The Head of Shared Assurance Services presented the Audit Committee with a comprehensive summary of the Strategic Risk Register for 2009/10 which has been revised to take account of the refreshed Corporate Strategy.
10. The document identifies the strategic priority objectives of the Council; the anticipated long-term outcomes; the key strategic risks that have been identified in respect of each objective; and the actions and measures required to mitigate the risks.
11. The Shared Financial Services Risk Manager confirmed that appropriate performance management tools will be employed to ensure that the agreed actions are addressing the identified risks satisfactorily and that regular update reports will be presented to future meetings of the Audit Committee.
12. The Committee approved the 2009/10 Strategic Risk Register for adoption. We applauded the format and clarity of the Register summary as contained on an A3 sheet and suggested that all Councillors be provided with a copy of the document.

Recommendation

21. The Council is recommended to note this report.

COUNCILLOR ANTHONY GEE
Chair of Audit Committee

There are no background papers to this report.

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