

# ANNUAL AUDIT AND INSPECTION LETTER 2008

## PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

27 MARCH 2008

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### Wards Affected

County-wide

### Purpose

1. To note the Audit Commission's Annual Audit & Inspection Letter for 2008 and the comments made by the Audit & Corporate Governance Committee.
2. For Cabinet to approve the response to each of the action points in paragraph 9 of the Annual Audit & Inspection Letter for 2008.

### Key Decision

3. This is not a Key Decision.

### Recommendation(s)

**THAT (a) Cabinet notes the Audit Commission's Annual Audit & Inspection Letter for 2008 and the comments made by the Audit & Corporate Governance Committee; and**

- (b) Cabinet approves the response to the action points in paragraph 9 of the Annual Audit and Inspection Letter for 2008 in the light of the comments made by the Audit & Corporate Governance Committee.**

### Reasons

4. The Council needs to respond appropriately and promptly to the action points identified by the Audit Commission in order to demonstrate improvements that will be reflected in their subsequent reports on audit, inspection and performance assessment.

### Considerations

5. The Annual Audit & Inspection Letter provides an overall summary of the Audit Commission's assessment of the Council. It draws on their audit, inspection and performance assessment work over the last year. Many of the comments will therefore be familiar as this report summarises the key points of, for example, the Annual Governance Letter for 2007 and the Use of Resources report 2008.
6. The Audit Commission has identified eight issues that it feels need action. These are set out in paragraph 9 of the Letter as follows:

Further information on the subject of this report is available from  
Mrs Sonia Rees, Director of Resources, tel (01432) 383519

- (a) Re-focus and clarify the purpose, outcomes and actions of Herefordshire Connects. This should include formally considering in a short paper what other options are still open to the Council including the costs, benefits and risks of each option. It should also set out how the programme fits with the new joint working arrangements with the PCT.
  - (b) Set out a clear vision of what are the scope, timing and benefits of the new joint working arrangements with the PCT.
  - (c) Ensure that the necessary changes to the waste management contract are resolved promptly.
  - (d) Implement successfully the recommendations from the Section 151 and Crookall reports and in so doing further develop the ethical governance and anti-fraud culture within the Council.
  - (e) Revise the corporate performance management framework to include a systematic review of value for money (VFM) which will measure and manage improvement in value for money in a consistent way across the Council. This will involve benchmarking costs and performance in a consistent way and setting targets for efficiency and VFM.
  - (f) Monitor the development of corporate approaches to procurement.
  - (g) Ensure that actions recommended by our recent culture inspection report are delivered.
  - (h) Clarify the arrangement for improvement planning and increase the impact of the reporting.
7. The Audit Commission presented their Annual Audit & Inspection Letter for 2008 to the Audit and Corporate Governance Committee on 29th February 2008 as the Council body charged with responsibility for financial governance. The Audit and Corporate Governance Committee asked questions and their views can be summarised as follows:
- (a) The need for ensuring that the quality of the Council's written documentation was of the highest standards, timely, clear, correct and with the appropriate amount of detail.
  - (b) The Internal Audit and Inspection letter to be corrected at paragraph 91 (page 73 of the agenda), so that the word 'two' in the penultimate sentence is changed to 'one'.
  - (c) A need for an improved strategy for follow up on resolutions made at meetings and the need for a single system to be applied Council-wide to ensure consistency.
  - (d) The Chairman informed the Committee that as a step towards joint working with the Primary Care Trust (PCT) he has invited the Chair of the PCT's Audit Committee to future meetings and conversely he would be attending future PCT's Audit Committee meetings.
  - (e) The Committee was assured that the Council's business continuity plan would be completed by 31st March 2008.

- (f) The Cabinet Member for Environment and Strategic Housing apprised the Committee of progress with the Council's Waste Management Private Finance Initiative Contract.
- 8. The Chief Executive has drafted a response to each of the action points in the Annual Audit and Inspection Letter (Appendix 2 to this report refers). The Audit and Corporate Governance Committee noted the Chief Executive's response and approved the action plan subject to any comments from Cabinet.
- 9. The Audit Commission commented positively on the draft response to each of the action points in their Annual Audit and Inspection Letter for 2008, suggesting Council review progress after six months.

### **Financial Implications**

- 10. None arising as a direct result of this report.

### **Risk Management**

- 11. The Chief Executive's response to the issues identified by the Audit Commission in their Annual Audit and Inspection Letter 2008 will underpin an improvement in the Council's audit, inspection and performance assessments over the next 12 months. The responses described in Appendix 2 will be incorporated into the appropriate Directorate and service plans for 2008/09.

### **Alternative Options**

- 12. There are no Alternative Options.

### **Consultees**

- 13. The Audit & Corporate Governance Committee has been consulted on the Annual Audit & Inspection Letter for 2008.

### **Appendices**

- 14. Appendix 1 – The Annual Audit & Inspection Letter 2008.
- 15. Appendix 2 – The Chief Executive's response to each of the action points in the Annual Audit & Inspection Letter.

### **Background Papers**

None identified.