

AUDIT COMMISSION AUDIT AND INSPECTION PLAN 2007-2008

Report By: Audit Services Manager

Wards Affected

County-wide

Purpose

To inform the Audit and Corporate Governance Committee of the Audit Commission's Audit and Inspection Plan for 2007-2008 (Appendix 1 refers).

Financial Implications

None.

RECOMMENDATION

THAT Subject to any comments from the Audit and Corporate Governance Committee, the Audit and Inspection Plan 2007-2008 be noted.

Reasons

The plan sets out the audit and inspection work that the Audit Commission propose to undertake for 2007-2008.

Considerations

1. The Audit Commission has discussed the Audit and Inspection Plan for Herefordshire Council with the Chief Executive and the Director of Resources. The Plan has also been presented to and discussed at Corporate Management Board.
2. The plan highlights the key statutes that govern their Audit and Inspection duties.
3. For 2007-2008 the Audit Commission has estimated their total fee to be £351,725, summarised below. The Audit Commission will formally advise the Council if any changes to the fee become necessary.

	2007-2008	2006-2007
	£	£
Audit Work	247,100	212,227
Inspection Work	22,125	49,780
Certification of Claims and Returns	<u>82,500</u>	<u>85,000</u>
Total Fee	<u>351,725</u>	<u>347,007</u>

4. With regard to CPA and inspection activity the Audit Commission does not intend to carry out any service inspection during 2007/08. Work within this area will be covered in the annual Direction of Travel assessment and liaison work between the Council and the Audit Commission, other inspectorates, government office and other key stakeholders by the Council's Relationship Manager.
5. The Audit Commission will carry out their audit of the Council's financial statements in accordance with International Standards on Auditing.
6. The Audit Commission will complete a Use of Resources assessment for 2007 which will focus 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.
7. Data quality work will be based on a three-stage approach covering:
Stage 1 – management arrangements;
Stage 2 – competencies check; and
Stage 3 – risk based data quality spot checks of a sample of performance indicators.
8. It is important to note that the results of the work at Stage 3 will inform the Commission's CPA assessment.
9. With regard to the Council's Best Value Performance Plan, the Audit Commission is required to report on whether the Council has complied with legislation and statutory guidance in respect of its preparation and publication.
10. The Audit Commission has identified the following risks in terms of the 2006/07 financial statements:
 - creating a GAAP compliant Revaluation Reserve to replace the Fixed Asset Restatement Account;
 - potential revisions to accounting treatment for Waste Management PFI; and
 - valuation of fixed assets and coding of intangible assets.

It must be borne in mind that other risks might be identified from Audit Commission work.

11. The Audit Commission's initial assessment of risk on Use of Resources has identified one high risk and five medium risk areas. The high risk relates to the Herefordshire Connects Project. They intend to carry out a review on the implementation phase of the programme. In addition the medium risks were identified as:
 - Proposed Public Service Trust;
 - Adult Social Care performance, budgetary overspends and future growth pressures;

- Accommodation Strategy;
- Governance
- Revisions to Waste Management PFI

Risk Management

12. If the Council does not meet the Audit Commission's expectations it could have an adverse affect on the Council Use of Resources score and other corporate assessments.

BACKGROUND PAPERS

Audit and Inspection Plan 2007-2008.