

ANNUAL GOVERNANCE REPORT 2007 – DRAFT ACTION PLAN

Report By: Director of Resources

Wards Affected

None.

Purpose

To present officers' draft action plan in response to the recommendations made by the Audit Commission in their Annual Governance Report 2007 for comment prior to Cabinet approval.

Financial Implications

There are no financial implications arising directly from this report. The management action will however give greater certainty that the annual accounts represent as accurate a reflection as is possible to achieve the value of the Council's assets in the balance sheet. A review of the pooled budget arrangements for Section 75 services will improve systems for ensuring that value for money for health and social care services delivered in partnership with the Primary Care Trust is obtained. Improvements to the systems of internal control in ICT and Customer Services will ensure that the use of resources in this area of Council activity is maximised.

RECOMMENDATION

THAT the Audit & Corporate Governance Committee considers whether it wishes to comment on the attached draft management action plan.

Reasons

To provide the Audit & Corporate Governance Committee with an opportunity to comment on the action plan drafted by officers in response to the recommendations made by the Audit Commission in their Annual Governance Report for 2007 before it is considered by Cabinet.

Considerations

1. The Audit Commission presented their Annual Governance Report for 2007 at the Committee's last meeting.
2. The Audit Commission gave an unqualified opinion on the Council's Statement of Accounts for 2006/07 and an adverse opinion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources due to weak systems of internal control in ICT and Customer Services.

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

3. The Audit Commission made six recommendations in their report:
 - Three relate to suggested improvements to final account procedures for asset accounting (all assessed by the Audit Commission as **medium** risk).
 - One relates to a suggested review of the pooled budgeting arrangements with the Primary Care Trust (assessed by the Audit Commission as **medium** risk).
 - One relates to suggested improvements to accounting policies for fixed assets (assessed by the Audit Commission as **low** risk).
 - One relates to the need for an independent review of the financial governance issues within ICT & Customer Services given there are weak arrangements for internal control (assessed by the Audit Commission as **high** risk).
4. The appendix attached to this report sets out a draft action plan prepared by officers as a suggested management response to the Annual Governance Report 2007 for Cabinet to approve. The Audit & Corporate Governance Committee are invited to comment on the draft action plan so that Cabinet can take its advice into consideration when it approves the plan.

Risk Management

A robust response to the recommendations contained in the Annual Governance Report 2007 will demonstrate the Council's commitment to strong corporate governance as the fundamental way of managing business and reputational risk.

Background Papers

Annual Governance Report 2007 (Audit & Corporate Governance Committee Papers dated 21st September 2007 refer).