

ANNUAL AUDIT AND INSPECTION LETTER 2008**Report By: DIRECTOR OF RESOURCES****Wards Affected**

None.

Purpose

1. To receive the Audit Commission's Annual Audit & Inspection Letter 2008 (Appendix 1 to this report). The external auditor will present the report to Committee.
2. To receive a response from the Chief Executive on each of the action points in paragraph 9 of the Annual Audit & Inspection Letter (Appendix 2 to this report).

Financial Implications

3. None directly arising from this report.

RECOMMENDATIONS**THAT:**

- (a) **the Audit & Corporate Governance Committee discusses the content of the Annual Audit & Inspection Letter for 2008 with the Audit Commission; and**
- (b) **the Audit & Corporate Governance Committee considers the Chief Executive's response to the action points and any comments it wishes to make to Cabinet thereon.**

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 (received by the Audit & Corporate Governance Committee in September 2007) and the Use of Resources report 2008 (received by the Audit & Corporate Governance Committee at this meeting).
6. The Audit Commission will present their Annual Audit & Inspection Letter for 2008 to the Committee. The Committee will have the opportunity to ask questions.
7. The Audit Commission has identified eight issues that it feels need action. These are set out in paragraph 9 of the Letter as follows:
 - 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.
8. Cabinet will consider their formal response to these issues at the next convenient meeting. The Chief Executive has drafted a response for Cabinet to consider (Appendix 2 to this report.). The Committee is invited to comment on the draft response.

Risk Management

9. 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.

Background Papers

None Identified.