

AUDIT COMMISSION REPORTS**Report By: Principal Audit Manager****Wards Affected**

County-wide

Purpose

To inform Members on the arrangements to manage the process of receipt and action follow up on all Audit Commission reports received by the Council.

Financial Implications

None.

Reasons

The Council now has in place a Statement of Internal Control Assurance Framework, which was approved by the Audit Committee. Part of the process involves actions that arise from the Council's Annual Audit and Inspection Letter and associated reports.

Background

Previously there was no clear approach on how Audit Commission reports were dealt with by the Council. Bearing in mind the impact these reports could have on the Council's Statement of Internal Control and the benefit of improved financial performance management, it is now appropriate to have a more formal approach when dealing with Audit Commission reports effective from April 2006. This is a view strongly shared by the Audit Commission.

Considerations

1. At the start of each financial year the Audit Commission will inform the Audit Committee of the reviews it intends to undertake as part of their audit arrangements.
2. The relevant Head of Service will be appointed the Council's lead officer and the Audit Commission staff carrying out the review will liaise direct with this officer.
3. Copies of the draft report will be sent to the Head of Service and the Principal Audit Manager.
4. The Head of Service will then have three weeks to comment on the draft, this will include having a meeting with the Audit Commission and the Principal Audit Manager to discuss the report.
5. Once finalised the Audit Commission will send copies of reports to the client Director, the Director of Resources, the relevant Head of Service and the Principal Audit Manager.

6. The final report will identify priority 3 recommendations, these being high risk areas for prompt action.
7. All action plans will be signed off by the relevant Head of Service and returned to the Audit Commission within two weeks of receipt of the final report.
8. Copies of all signed action plans must be sent to the relevant Director and the Principal Audit Manager.
9. The Principal Audit Manager will inform the Audit Committee of the progress being made on priority 3 recommendations. With regards to priority 1 and 2 recommendations these will also be monitored by the Principal Audit Manager but will form part of the general assurance reporting to Members. However where there is a lack of progress on priority 1 and 2 recommendations, this will be brought to the attention of the Audit Committee at the next available meeting.

Risk Management

If the Council does not have a robust process for managing Audit Commission reports there is the possibility that required actions are not acted upon, which could impact adversely on the Council's Statement of Internal Control and financial performance.

Recommendation

THAT the process for dealing with all Audit Commission reports be adopted.

BACKGROUND PAPERS

CIPFA guidance on Audit Committees