

AUDIT COMMISSION AUDIT AND INSPECTION PLAN 2006-2007

Report By: Principal Audit Manager

Wards affected

County-wide

Purpose

To note the Audit Commission's Audit and Inspection Plan for 2006-2007.

Financial Implications

None

Reasons

The plan sets out the audit and inspection work that the Audit Commission propose to undertake for 2006-2007.

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 2006-2007 the Audit Commission has estimated their total fee to be £347,007. Summarised as £212,227 to cover audit work, £49,780 to cover inspection work and £85,000 for certification of claims and returns. The audit Commission will formally advise the Council if any changes to the fee becomes necessary.
4. CPA and inspection activity can be summarised as:
 - a. to provide focus for continuous improvement and to include the CPA scorecard;
 - b. with CSCI monitor progress of the Council's Improvement Plan;
 - c. review progress in planning services; and
 - d. review effectiveness of Cultural Services.
5. The Audit Commission objectives can be identified as:

- providing an opinion on the Council's financial statements;
 - providing a conclusion on the Council's Use of Resources;
 - providing a scored judgment on the Use of Resources to feed into the CPA process;
 - undertaking audit work in relation to specified performance indicators to support the service assessment element of CPA; and
 - providing a report on the Council's Best Value Performance Plan (BVPP).
6. The Code of Audit Practice requires the Audit Commission to issue a conclusion on whether the Council has proper arrangements in place for securing economy, efficiency and effectiveness in the use of its resources.
 7. The Use of Resources assessment for 2006 will be based upon updated key lines of enquiry due for publication in spring 2006. However the Audit Commission has identified ten areas of audit risk, paragraph 20 of the attached report refers.
 8. In 2006-2007 the Audit Commission is required to undertake audit work in relation to specified performance indicators to support the service assessment element of CPA. Herefordshire Council has been initially assessed as medium risk in relation to its performance indicators, however this could change depending on their assessment of the Council's overall arrangements.
 9. With regards 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 of the Council's Financial Statements will follow the International Standards on Auditing (UK and Ireland). They are also required to review whether the Statement on Internal Control has been presented in accordance with relevant requirements and to report if it does not meet these requirements or if the statement is misleading or inconsistent with their knowledge of Herefordshire Council. On the basis of their preliminary work they have identified the following risks in this area.
 - the Statement on Internal Control was not owned corporately and was not adequately supported by an assurance framework; they do note that the Council has recently adopted an improved approach.
 - The changes in the Waste Management PFI had not been agreed, and the associated risks required a review of the accounting treatment and reporting.
 11. It should be noted that although Whole of Government Accounting data returns will need to be audited, the scope of the likely work has not been agreed and the fees for this work is not included in the current total fee of £347,007.

Risk Management

13. If the Council does not meet the Audit Commissions expectations it could have an adverse effect on the Council Use of Resources score.

RECOMMENDATIONS

THAT the Audit and Inspection Plan be noted.

BACKGROUND PAPERS

- Audit and Inspection Plan.