

AUDIT SERVICES ASSURANCE REPORT 2005/6**Report By: Principal Audit Manager****Wards affected**

County-wide

Purpose

To update Members on progress made in relation to the Audit Plan and to bring to their attention any key internal control issues. In addition the report updates Members on the actions or the current position on key issues raised for 2004/5 that required attention.

Financial Implications

None

Reasons

Compliance with good practice as set out in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

Background

The Audit Commission in their Annual Audit and Inspection Letter identified that the Council needed to develop the role of the Audit Committee in providing leadership on audit and governance issues, including documenting the overall assurance framework.

Consideration of the Assurance Report aids the development of the Audit Committee's role.

Considerations**Key Issues Identified in 2005/6**

1. The Audit Committee considered the Annual Assurance Report for the year ending 31st March 2005 on 30th September 2005. Two key issues were identified as being relevant to the Council's Statement of Internal Control. The first related to the overspend in Social Care and the second to the need for improvements in the Council's overall disaster recovery arrangements.
2. In relation to the overspend in Adult and Children Social Care, It had been identified and reported to Cabinet that there was a significant risk that the overspend for 2005/6 would reach approximately £1,500,000. The Assistant County Treasurer (Policy and Audit) was seconded to assist the Director of Adult and Community Services in the day-to-day financial management of the Adult Social Care budget. The final outturn was an overspend of some £828,000.

3. With regards to the Children Social Care Service the projected overspends was reduced to approximately £195,000. An action plan was developed to increase family support and recruit and retain skilled foster careers.. The final outturn was an underspend of £61,000.
4. The Audit Services view is that positive action has been taken to solve the issues previously identified
5. It is pleasing to report that the audit review of the Council's disaster recovery arrangements were satisfactory, however some improvements were required at sites not under the control of ICT.

Progress On The Plan

6. Two key elements have effect the overall completion of the Audit Plan for 2005/6. Firstly the level of time spent verifying performance indicators and secondly the time taken to flowchart and document procedures for all the Council's fundamental systems. To help align the Audit Plan to available resources in consultation with the Directors priorities were identified and the work as detailed in paragraph 7.1 of the main report was deferred.
7. The deferral did not impact adversely on the level of work required to give an end of year opinion on the Council's system of internal control.
8. In relation to the Use of Resources the Internal Control element scored a 2 out of 4. An action plan is now in place with a view to improving the Internal Control score by the time of the next assessment.
9. The Audit Service's review in relation to the Statement of Internal Control showed that the Council's procedures and protocols compared favourable with the CIPFA checklist and overall was found to be satisfactory.
10. Fifteen fundamental systems were reviewed with three being given a good audit opinion, ten being given a satisfactory audit opinion, with the remaining two been given a marginal opinion.
11. There were three systems that warranted a mention due to their Audit Opinion, management action has been taken, there will be Audit follow up work in these areas and the Audit Committee will be updated accordingly.
12. Only three Critical 1 recommendations were made during the year, management took prompt action on the recommendations made.
13. Mangement responses to Audit recommendations continue to be positive during the year they agreed to take action on 96%. Audit follow up work of previous recommendations on a sample basis shows that action was being taken on only 81%, which is not an acceptable level
14. The Audit Commission continues to be able to rely on the work of the section.

Areas for Improvement

15. Other than the four areas identified in the Council's Statement of Internal Control there were no other areas identified for improvement.

Risk Management

16. If Audit Services does not complete all fundamental system reviews and a cross section of other reviews there is the likelihood that the Principal Audit Manager will not be able to give an opinion on the Council's overall internal control environment. Although certain areas of work had to be deferred this did not impact adversely on the level of work required to give an end of year opinion on the Council's System of Internal Control.

RECOMMENDATION

THAT the Assurance Report be approved.

BACKGROUND PAPERS

- None Identified