

REPORT TO THE FINAL ACCOUNTS & AUDIT COMMITTEE Report No. 7

Date of Meeting	16 April 2007
Title of Report	Annual Audit and Inspection Letter 2005/06 and Use of Resources Assessment March 2007
Link to Corporate Priorities	All
Public Report	Yes

Summary of Report

To present to the Committee the Annual Audit and Inspection Letter for 2005/06 and the associated Use of Resources Assessment, as produced by the Audit Commission.

Officer Recommendations

That the Annual Audit and Inspection Letter for 2005/06 and the Use of Resources Assessment be noted.

That the action plan set out in Appendix 1 (covering all the recommendations contained within the Annual Audit and Inspection Letter and specifically, the Use of Resources assessment) is agreed.

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.

Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
None	None	None	None	None

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1. Introduction

- 1.1 The Annual Audit and Inspection Letter (AAIL) – see Appendix 2 - provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work over the past year. The AAIL includes a review of how well the Council has progressed (Direction of Travel) and an assessment of how well the Council has managed its finances (Use of Resources). A detailed assessment on Use of Resources is attached as Appendix 3.

2. Options and Options Appraisal

- 2.1 Option 1: To note the Annual Audit and Inspection Letter, Use of Resources Assessment and the action plan. This is the preferred option.
- 2.2 Option 2: To note the Annual Audit and Inspection Letter, Use of Resources Assessment and suggest changes to the action plan.

3. Background Information

- 3.1 The main messages in the Annual Audit and Inspection Letter are:
- Many services that contribute to corporate priorities are improving, but the picture is mixed and some under-performing services that were identified in last year's assessment are not showing consistent or steady improvement.
 - An unqualified opinion was issued on the Council's 2005/06 financial statements and the Council was judged to have had adequate arrangements in place for achieving value for money.
 - The Council has taken steps to improve its performance management framework, including a fundamental review of priorities and the purpose of its corporate plan.
- 3.2 The Use of Resources Assessment confirms that the Council has improved its performance since last year and has achieved a satisfactory Level 2 in all five elements of the assessment. However, this is the minimum level of acceptability and the Council should now aim to achieve Level 3 (out of 4 Levels), which would provide greater assurance in its governance arrangements.
- 3.3 Appendix 1 provides an action plan and progress update against each of the recommendations made in the AAIL and the Use of Resources Assessment.

4. Risk Analysis

- 4.1 The Audit Commission assess risk to the Council in all their work. The main risk to the Council inherent in this report is that the action plan is not completed on time and, as a result, the Council is not as effective and efficient as it could be, with this being reflected in future Audit Commission reports.

Appendices:	<ul style="list-style-type: none">• Appendix 1. AAIL Action Plan• Appendix 2. Annual Audit & Inspection Letter 2005/06• Appendix 3. Use of Resources Assessment - March 2007
Background Documents Used in the Preparation of this Report:	<ul style="list-style-type: none">• None

Previous Decisions Connected with this Report

Report	Committee & Date	Minute Reference
None		