

**FINAL ACCOUNTS AND AUDIT COMMITTEE
30 JUNE 2008**

**CABINET MEETING
15 JULY 2008**

**STANDARDS COMMITTEE
24 SEPTEMBER 2008**

AUDIT COMMISSION: ANNUAL AUDIT AND INSPECTION LETTER 2008

Purpose of the Report

1. To draw the Audit Commission's Annual Audit and Inspection Letter to the attention of the Final Accounts and Audit Committee, Cabinet and the Standards Committee, and to invite Members to consider their response. The previous Audit Commission Audit Manager and the Relationship Manager from the Audit Commission will attend the meetings of the Final Accounts and Audit Committee and Cabinet to present the Annual Audit and Inspection Letter and to respond to any queries. The Audit and Inspection Letter has been circulated to all Members of the County Council on 29 May and is also published with this Agenda.

Background

2. The Audit and Inspection Letter has been prepared jointly by the Council's Audit Commission Relationship Manager and the previous Audit Commission Audit Manager. The Letter summarises the conclusions and significant issues arising from recent audit and inspections of the Council. The Audit and Inspection Letter incorporates the full 'Direction of Travel' judgement and the CPA Scorecard that respectively assess and measure how well the Council is improving.
3. As reported to Cabinet on 26 February and stated in the Letter, Wiltshire is judged by the Audit Commission to be a council that is demonstrating a three star rating and is improving adequately. The Commission concluded that the Council's overall quality of services in 2007 was good, giving it a three-star rating and improving adequately. The CPA showed excellent environmental services, good cultural services and making good use of money, and adequate adult social care and services for children and young people. In 2006 the Council was given a CPA rating of excellent (four-star) and improving adequately. The change in star rating was due to lower ratings in 2007 for adult social services and services for children and young people.
4. The Audit Commission's key messages for the Council are:

- the Council has done well to maintain its direction of travel but because of reductions in the children and young people and adult service assessments its overall CPA category has fallen this year to three (out of four) stars;
- our judgement on the Council's improvement over the last year is that it is improving adequately;
- we issued an unqualified opinion on the Council's 2006/07 financial statements. We also judged that the Council had adequate arrangements in place for achieving value for money; and
- the quality of data has improved following the introduction of new corporate systems and processes.

Main Considerations for the Council

5. The Audit Commission's recommended actions for the County Council are summarised on page 4 of the Audit and Inspection Letter. These are that Members should:

- continue to embed and extend good practices throughout the Council e.g. control over data quality in departments;
- continue to focus attention on improving priority services that are poorly performing;
- monitor the actions agreed by officers to ensure that the quality of financial statements continues to improve; and
- work with partners to ensure that capacity is secured to maintain local government services across Wiltshire during the transition to a unitary council.

I will comment briefly on each of these areas in paras 6 – 9 below.

Continue to embed and extend good practices throughout the Council e.g. control over data quality in departments

6. The overall objective of the Business Management Programme is to improve and standardise core business processes across the organisation, implementing appropriate technologies to enable a significant step change in the management of budgets, procurement, HR, payroll, performance and risk. The BMP is currently subject to a critical phase of 'blueprinting', involving data collection from across the authorities in Wiltshire. As an interim measure while the Business Management System is in development, the Excelcis performance management framework is a system that enables us to hold information in one place which was previously held in a variety of spreadsheets and documents. Excelcis holds the Council's key performance information, rather than all performance data as some data is of a very local and limited nature.

The County Council is also implementing further phases of the Corporate Procurement Strategy, including action that has been taken to address existing weaknesses in relation to ordering and purchasing goods and services.

To increase critical capacity and strengthen the consistency of the approach to risk management across all departments, the corporate Risk Manager has co-ordinated the development and implementation of an updated Risk Management Strategy and introduced improvements to risk assessment and recording across the authority, together with strengthened corporate group arrangements.

Specifically in relation to data quality - in the context of the Data Quality Policy and Action Plan, Departments have been taking forward programmes of work to review and improve data quality and a number of posts have become wholly or partially dedicated to that function.

Continue to focus attention on improving priority services that are poorly performing

7. The key elements for the transformation of Adult Social Care include system-transformation, developed and owned by partners including the Joint Strategic Needs Assessment, commissioning to stimulate high quality responsive services, common assessment processes, person centred planning and personal budgets. The new Commissioning Unit is currently consulting with service users and partners on a number of key intentions which will aim to develop services jointly with the PCT for older people, people with learning disabilities and people with mental health issues in the coming years. In addition, proposals agreed in this year's medium term financial plan will mean that the commissioning plans will deliver over £1.4m in efficiencies in the coming year, to enable a different and improved service to be provided moving the service nearer to sustainability for the future. Recent improvements include the launch of the reablement service to help and support people leaving hospital, the creation of a care service hotline and modernising the meals on wheels service.

The Wiltshire Children's and Young People's Plan 2008-2011 sets out in 'Layer 2' of the Plan, the actions, milestones and success indicators for achieving "*What's going to be different?*" in relation to a range of priority areas including improving achievement and reducing the numbers of young people in the NEET category.

Other relevant initiatives include a programme of Lean Reviews – the current Lean Review of Highways Maintenance is leading to significant improvements in relation to response times for especially the smaller scale road maintenance repairs. There has been positive feedback from Parishes in

relation to the response times, and the equipping of Parish Stewards to use more effective repair material.

Monitor the actions agreed by officers to ensure that the quality of financial statements continues to improve

8. The need to improve the flexibility of budget reporting and financial reporting to Cabinet is being addressed through the Business Management programme and the introduction of a new financial system. Included within the benefits of this are the ability to undertake both commitment accounting and balance sheet reporting. It will also enable managers to be able to access information directly from the financial system and increase the range of flexible reporting tools available to managers and Members. These changes will improve both the quality of reporting and the timeliness of reporting.

The new system will become operational on 1 April 2009 and the improvements will be seen over the following years.

Work with partners to ensure that capacity is secured to maintain local government services across Wiltshire during the transition to a unitary council

9. Comprehensive transition governance arrangements have been in place since early 2008. These are led by the Implementation Executive comprising seventeen Councillors from across the County and District Councils, and a Joint Implementation Team that is composed of Chief Executives and Directors from across the five Councils.

Capacity planning is an important aspect of transition as demonstrated by the current focus on recruitment to senior manager posts, in order to retain key staff and to enable service redesign and the early amalgamation of selected services. A range of secondments have been advertised across the five Councils. There is a continuous 'watching brief' on capacity in order to address issues as rapidly as possible.

Environmental Impact of the Proposal

10. No specific recommendations or implications.

Financial Implications

11. The Audit Commission's Annual Audit and Inspection Letter is relevant to the County Council's financial arrangements.

Reasons for the Proposals

12. To draw the Audit Commission's Annual Audit and Inspection Letter to the attention of Members and to invite Members to consider their response.

Proposals

13. I recommend that

- (i) the Final Accounts and Audit Committee considers those matters relevant to the work programme of the Committee;
- (ii) the Cabinet welcomes the Audit Commission's Annual Audit and Inspection Letter and asks me to draw up a programme for considering the recommendations in the letter.

KEITH ROBINSON
Chief Executive

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No unpublished documents have been relied upon in the preparation of this Report: