

STANDARDS COMMITTEE

11 March, 2005

CABINET MEETING

18 March, 2005

AUDIT COMMISSION: ANNUAL AUDIT AND INSPECTION LETTER 2004

Purpose of the Report

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

Background

2. The Audit Letter has been prepared jointly by the Council's Audit Commission Relationship Manager and District Auditor. The Letter summarises the conclusions and significant issues arising from the 2003/04 audit and inspection programme and comments on other issues arising from the current 2003/04 audit. It also reflects the report on the Comprehensive Performance Assessment (CPA) that was published in December 2004.
3. The Audit Letter has been circulated to all Members of the County Council.
4. The key message of the Letter in the context of the CPA report is that:

"The council's leadership is strong and is firmly focused on improving services important to the local community. The council is managing its performance well and is applying what it has learnt to improving services."

Based on Wiltshire County Council's current plans, the council is well placed to further improve the way it works and the services it provides to local people."

Main Considerations for the Council

5. The District Auditor's 'key messages' are summarised on page 2 and 3 of his letter. It is indicated in the letter on page 3 that a range of actions are included that are either currently being taken by the council which need to be completed or which will require new initiatives. These include:
 - Address the improvement areas identified by CPA;
 - Replenish balances and strengthen budget monitoring processes;
 - Assure compliance with the relevant procurement regulations across the authority; and

- Review the operation of Member oversight of Internal Audit.

I will comment briefly on each of these areas in paras 6-8 below.

Addressing the improvement areas identified by CPA

6. I have reported to Cabinet on 4 February and County Council on 8 February, setting out information about the CPA assessment and proposals for further improvement to address the findings of the CPA Report. On 21 February the Performance Task Group reviewed the outcomes of the corporate assessment and the action plan that is being developed. Where appropriate, the Performance Task Group has referred aspects of the action plan to other scrutiny groups (for example, action to improve the Medium term Financial Plan to Budget Review) and will receive more information on the remaining items. High level features of the CPA report findings will be reflected in the 2005 Corporate Plan.

Replenishing balances and strengthening budget monitoring processes

7. The County Treasurer's recommendations about balances were accepted by the County Council, and were reflected in the decisions about the revenue budget 2005/06. Balances on 1 April 2005 are expected to be approximately £5m.

Assuring compliance with the relevant procurement regulations across the authority

8. A programme of testing our contract processes by the Audit Manger included approximately 100 smaller contracts during the last year. The Audit Manager has made observations about the level of compliance with the County Council's Contract Regulations during the letting of these contracts. He has also made positive observations concerning the project management of large scale contracts and the scale of project management training, including qualification training (CIPS) that is being undertaken across the County Council, co-ordinated by the Corporate Procurement Unit. A very substantial number of smaller contracts are care service contracts relating to the care of a single individual. Individual client's choice in terms of the supplier of their care provision, and factors such as location are key considerations. Nevertheless, the need for appropriately robust and consistent contract processes extends to smaller scale contracts. As the Letter acknowledges on page 10, action is being taken to address this. Internal Audit will assess the effectiveness of the action taken and will submit reports to the Corporate Management Board.

Reviewing the operation and Member oversight of Internal Audit

9. The County Treasurer is to review the operation of Member oversight of the Internal Audit function by the end of May 2005. The review will incorporate the follow up to Internal Audit reports, and the reporting of high priority matters to Members, taking account of the existing overview of audit programming maintained by the Standards Committee.

10. The District Auditor audits our Performance & Improvement Plan. This is the subject of a separate report on the agenda. I am pleased that improvements in performance information are reflected in the District Auditor's assessment.

Environmental Impact of the Proposal

11. No specific recommendations or implications.

Financial Implications

17. The Audit Commission's Letter is relevant to the County Council's financial arrangements.

Reasons for the Proposals

18. 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

19. I recommend that
- (i) the Cabinet welcomes the District Auditor's letter and asks me to draw up a programme for considering the recommendations in the letter;
 - (ii) the Standards Committee considers and expresses any observations, relating to those issues highlighted within the Letter in which it wishes to take a direct interest – particularly those related to standards, conduct and probity
 - (iii) the key actions arising from the Council's agreed responses to the recommendations in the letter are reflected in the Council's Performance and Improvement Plan, which will be published in June 2005

KEITH ROBINSON
Chief Executive

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