

**CABINET MEETING**

20 January 2006

**STANDARDS COMMITTEE**

25 January 2006

**FINAL ACCOUNTS AND AUDIT COMMITTEE**

23 March 2006

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**AUDIT COMMISSION: ANNUAL AUDIT AND INSPECTION LETTER 2004 - 2005**

**Purpose of the Report**

1. To draw the Audit Commission's Annual Audit and Inspection Letter to the attention of the Cabinet and Standards Committee and to invite Members to consider their response. The Audit Manager will attend the meeting of Cabinet to present the Annual Audit and Inspection Letter and to respond to any queries.

**Background**

2. The Audit and Inspection 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 recent audit and inspections of the Council. This year, 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. The judgement and scorecard have been drawn up using the revised methodology 'CPA – The Harder Test'. CPA includes an assessment of our services (Children & young people, Adult social care, Environment and Culture) and our financial management (Use of Resources).
3. CPA 2005 is acknowledged by the Audit Commission to be a more stretching assessment than the previous CPA assessment. In CPA 2005, Wiltshire "is a council that is improving strongly and demonstrating a 3 star overall performance". 'Improving strongly' is the highest category of improvement, given only to 8 of the 150 councils.
4. The Audit Letter has been circulated to all Members of the County Council.
5. The key message of the Letter in the context of the Direction of Travel' judgement and the CPA Scorecard is that:

*'The Council is improving strongly. Service delivery is improving in most areas, and crucially in services that are most important to local people.'*

*The Council has made progress in securing economy, efficiency and effectiveness in the way it uses its resources. However, scope now exists to*

*develop further in this area to ensure financial arrangements are fully effective’.*

It should be noted that the County Council is one of only eight Councils in the country that are judged to be ‘improving strongly’.

6. The Audit Commission audits our Performance & Improvement Plan. I am pleased that further improvements in performance information are reflected in the Audit Commission’s assessment of the 2005 Performance & Improvement Plan.

### **Main Considerations for the Council**

7. The Audit Commission’s recommended actions for the County Council are summarised on page 6 of the Audit and Inspection Letter. These are to:
  - Develop an action plan to address the improvement areas identified in the Audit Commission’s recent Use of Resources report;
  - Continue to actively manage the ongoing revenue position ensuring in – year overspends are minimised and that in the medium term revenue budgets are achievable;
  - Implement additional controls over ordering and purchasing goods and services;
  - Ensure risk management is fully embedded within the organisational culture;
  - Implement recommendations arising from the Audit Commission’s recent review of customer focus. In particular, the need to work with partners to develop a shared long – term vision and strategy to provide a more joined – up and seamless service across the county;
  - Increase the Council’s understanding and consideration of the needs of all sections of the community.

I will comment briefly on each of these areas in paras 8 - 11 below.

### **Develop an action plan to address the improvement areas identified in the Audit Commission’s recent Use of Resources report**

8. An Action Plan is under development, to be produced by the end of February. This will address the key issues identified in the Use of Resources report, setting out timescales and naming the responsible officers to take forward specific actions.

**Continue to actively manage the ongoing revenue position ensuring in – year overspends are minimised and that in the medium term revenue budgets are achievable**

9. We will continue to actively manage the ongoing revenue budget, to ensure that overspends are minimised. The Medium Term Financial Strategy will be revised in late Spring 2006, after the 2006-07 Budget is set, with the aim of increasing the reliance that the County Council can place on the Strategy.

**Implement additional controls over ordering and purchasing goods and services**

10. The County Council is implementing a new Procurement Strategy, including action to address existing weaknesses in relation to ordering and purchasing goods and services. Progress is being made in introducing a new Procure To Pay system which should strengthen overall controls within the procurement process across the organisation.

**Ensure risk management is fully embedded within the organisational culture**

11. The following action is currently being taken to embed risk management within the organisational culture:
- The Corporate Risk Management Group is giving continuing attention to a work programme that includes embedding risk management in the overall management process;
  - Understanding and awareness is being raised through training sessions for Members and staff;
  - Regular updating reports on risk management are discussed at Departmental Management Teams and at the Corporate Management Board; and
  - The Risk Register is regularly updated.

**Implement recommendations arising from the Audit Commission's recent review of customer focus. In particular, the need to work with partners to develop a shared long – term vision and strategy to provide a more joined – up and seamless service across the county**

12. An Action Plan based on the Audit Commission's audit of Customer Focus is currently being implemented and is available for reference. Action includes development of an Access Strategy to be overseen by the Wiltshire Customer First Partnership. All partners recognise the value and benefits of working together to deliver joined up solutions for the public. A programme has been drawn up to take forward a range of projects that will put in place the key 'building blocks' of the Access Strategy.

**Increase the Council's understanding and consideration of the needs of all sections of the community**

13. A more systematic approach to increasing the Council's understanding and consideration of the needs of all sections of the community will be taken forward by drawing up Equalities Impact Assessments for major services of the County Council and reflecting the key actions identified in the 2006 Service Plans. The Impact Assessments will inform the Corporate Equalities Plan that will be subject to consultation with 'hard to reach groups' in the county.

**Environmental Impact of the Proposal**

14. No specific recommendations or implications.

**Financial Implications**

17. The Audit Commission's Annual Audit and Inspection 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 Audit Commission's Annual Audit and Inspection 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 Final Accounts and Audit Committee considers those matters relevant to the work programme of the Committee, particularly those highlighted in paras. 8 – 11 in this report;

KEITH ROBINSON  
Chief Executive

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