

Report to: District **Council of Easington**
Date: **6th April 2006**
Report of: **Executive Member for Organisational Development**
Subject: **Annual Audit and Inspection Letter 2004/5**
Ward: **All**

1.0 Purpose of the Report

1.1 To present the Audit Commission's Annual Audit and Inspection Letter.

2.0 Background

2.1 Each year, the Audit Commission prepares an Annual Audit and Inspection Letter for every Council, summarising the conclusions and key issues which arise from audit and inspection activities in the previous year. The report is presented by the Council's relationship manager and audit manager.

2.2 The Audit Letter is a key document for the Council. It gives us an independent view of how we are doing across all key areas of the Council's work, helping us to remain focused on the areas where we need to improve to maintain our progress in terms of excellence.

2.3 For the first time this year, the Annual Audit Letter also incorporates the Audit Commission's formal assessment of the Council's Direction of Travel and Use of Resources. The Use of Resources judgement is scored and in future years, the Direction of Travel Statement is also likely to be a scored judgement (this is not the case in 2005/6 as we are in a transitional period pending the introduction of the new CPA model for District Councils). These judgements are likely to form part of the scoring mechanism for future District CPA.

3.0 What the Annual Audit and Inspection Letter covers

The key areas covered by the Letter are:

3.1 Council performance: Direction of Travel
This part of the letter looks at the progress the Council has made against its 9 corporate priorities during the period since the last Audit Letter, ie from December 2004 to December 2005. Judgements in this section are made based on the Council's own assessment of progress, as well as the Audit Commission's view based on performance indicators and inspections.

3.2 Council performance: Use of Resources
This new judgement looks at how the Council integrates financial management with Council strategy and priorities, and also how well we deliver value for money. The judgement is clearly linked to the Gershon efficiency agenda, and is based on self assessment and evidence gathering against a set of key Lines of Enquiry.

3.3 Accounts and governance
This part of the letter is a backward look over the accounting and governance arrangements during the previous year, ie 2004/5

4.0 Areas for Improvement

4.1 The Annual Audit and Inspection Letter gives a positive view of where the Council currently stands. There are 4 main Areas for Improvement highlighted in the letter (section 6) and these are in line with our own self assessment:

- Continue to focus on service improvement, particularly where services are performing poorly compared to other councils
- Develop and implement an action plan to improve use of resources, including developing a corporate approach to assessing and improving Value for Money, and continuing to strengthen performance management particularly through outcome-based measures and targets
- Continue to improve our approach to engagement with local communities and to diversity
- Implement and embed proposed actions to strengthen data quality arrangements¹

5.0 Implications

Financial implications

5.1 The Letter has no direct financial implications.

Legal implications

5.2 The Letter has no legal implications

Policy implications

5.3 The Letter has no direct policy implications although our corporate approach to Value for Money will become part of the Council's performance management framework.

Risk implications

5.4 The Council needs to maintain its improvement focus in order to maintain and develop excellence

Communications

5.5 The Letter will be made available to the public and also presented to staff.

¹ A report has been prepared on the audit of PIs, including our proposed approach to improving data quality, and was discussed by Audit Scrutiny on 20th March 2006.

6.0 Corporate Implications

Corporate Plan and Priorities

- 6.1 The Annual Audit and Inspection Letter confirms the areas we need to focus on in terms of improvement, and will inform our corporate priorities particularly in relation to quality services and organisational excellence. The Use of Resources judgement required the greatest possible integration of financial and resource systems with corporate strategy, management and priorities.

Service Plans

- 6.2 The Letter impacts most directly on the service plans of the corporate development and resources based teams, but the improvements we plan to make impact across the Council.

Performance Management and Scrutiny

- 6.3 The Letter supports our priorities in relation to performance improvement and the systems to manage and monitor this

Sustainability

- 6.4 There are no sustainability implications.

Expenditure related to 'well-being' powers

- 6.5 There are no direct well being implications.

Human Resource Implications

- 6.6 There are no HR implications

Information Technology

- 6.7 There are no IT implications.

Equality and Diversity

- 6.8 The Letter supports our priorities in relation to equality, diversity and engagement

Crime and Disorder

- 6.9 There are no crime and disorder implications.

Human Rights

- 6.10 There are no human rights implications.

Social Inclusion

- 6.11 An improved approach to community engagement will support greater social inclusion

Procurement

6.12 There are no specific procurement issues.

7.0 Recommendations

7.1 Members are recommended to receive the Annual Audit and Inspection Letter and authorise the inclusion of its implications in the Council's improvement activities