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## **ANNUAL AUDIT & INSPECTION LETTER**

### **1 SUMMARY**

- 1.1 This report introduces the Annual Audit and Inspection letter (AAIL), attached as an appendix, for Members' consideration and discussion. The AAIL is written by the Audit Commission and brings together a number of reports from the Audit Commission and the Council's External Auditors, PKF, in line with the Audit Commission by 31 March 2009.

### **2 INTRODUCTION**

- 2.1 The Audit Commission, through the auspices of the Council's Comprehensive Area Assessment Lead, Mr Ian Davidson, working with and incorporating the comments from PKF, has now produced an assessment report on the Council's performance covering the period from 1 April 2007 to 31 December 2008. The sections on Use of Resources and the Audit of the Accounts primarily cover the period from 1 April 2007 to 31 March 2008 and do not reflect changes made since April 2008.
- 2.2 Ian Davidson will attend this meeting in order to present the AAIL.

### **3 DETAILED CONSIDERATIONS**

- 3.1 The AAIL draws on the findings and conclusions from the audit of the Council's accounts for 2007/08 and any other audit works undertaken in the above period. The AAIL includes a review of how well the Council has progressed (annual Direction of Travel report), the Comprehensive Performance Assessment and the external auditors' Use of Resources judgment. The latter is considered in more detail in a separate report to this meeting.
- 3.2 The AAIL is addressed particularly to Councillors, but is also available as a public document for stakeholders, including members of the community served by the Council.
- 3.3 The AAIL identifies a number of areas where the Council needs to improve performance and these are listed below:-

- A. Strengthen and embed the Council's risk management and asset management arrangements.
  - B. Fully develop the role of the overview and scrutiny function (Review Committee) to ensure effective examination of the performance of the Executive.
  - C. Council needs to ensure that cross-cutting initiatives, which can only be delivered by all partners working closely together, are consistently and reliably delivered.
  - D. The Council's published priorities need to be more specific or explicit in what the Council will do.
  - E. The community plan needs to be supported by clear, outcome based targets with deadlines and challenging and specific targets for the corporate plan need to be set.
- 3.4 Action points B to E are covered by the CPA Improvement Plan which was agreed by the Executive on 18 February 2009. The implementation of this plan will be monitored as part of the quarterly performance reporting to the Executive and also in the quarterly meetings between Leader, relevant Executive Members, officers, Audit Commission, External Auditors and the Government Office.
- 3.5 The Council's approach to risk management is to seek continual improvement and considerable progress has been made in embedding the risk management framework.
- 3.6 Asset management arrangements will be reviewed in the light of the new Use of Resources theme for strategic asset management which will be assessed in 2010 for the 2009/10 year. However, there is a need to balance having what inspectors and external auditors expect to be in place against proportionate arrangements which reflect the small asset portfolio of the Council.

#### **4 RISK IMPLICATIONS**

- 4.1 The AAIL is important in terms of the reputation of the Council as it presents an outsider's view as to how well the Council is addressing performance issues.

#### **5 RESOURCE IMPLICATIONS**

- 5.1 Preparing for the various inspections and assessments that take place during the year does impact on officers' time and needs to be managed within existing workloads.

**6 RECOMMENDATION**

6.1 It is proposed that the Committee **RESOLVES**

That the content of the report and the arrangements for addressing the areas highlighted for action be noted.

Yvonne Woodward

Head of Finance, Audit and Performance Management

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**Background Papers:-**

None.

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If you would like this report in large print, braille or another language please contact 01702 546366.

# Annual Audit and Inspection Letter

Rochford District Council

Audit 2007/08

March 2009































