

AGENDA ITEM

Audit Committee

DATE: 6th JUNE 2007

Annual Audit and Inspection Letter – March 2007

Paul Slocombe - Director Of Resources

PURPOSE OF THE REPORT

1. The purpose of this report is to inform Members of the contents of the Audit Commission's annual audit and inspection letter - March 2007.

BACKGROUND

2. The March 2007 audit and inspection letter included key messages in relation to Middlesbrough Council's performance, accounts and governance during 2005/06. In particular it provided details relating to the Council's Comprehensive Performance Assessment (CPA) score including the Use of Resources judgements and the Council's financial management. The annual letter also identified further actions needed by the Council.

ANNUAL AUDIT AND INSPECTION LETTER

Performance

3. The annual audit and inspection letter is based, to a large extent, on the performance of Middlesbrough Council during 2005/06. Key achievements include:
 - Continued improvement in educational achievement and at a faster rate than nationally for Key Stage 2
 - Adult social care continues to be good, with significantly high number helped to live at home
 - More people believe their neighbourhood is safer, with significant recent in progress in some crime performance

4. The Audit Commission's overall judgement is that Middlesbrough Council is improving well and is classified as four stars in its performance for 2006 under the Comprehensive Performance Assessment.

Accounts and Governance

5. The accounts received an unqualified audit opinion and the auditors were able to issue an unqualified conclusion that the Council has proper arrangements in place for securing economy, efficiency and effectiveness in the uses of its resources.
6. The findings of the auditor are an important component of the CPA framework, in particular the Use of Resources score is derived from the assessments made by the auditor. The key points arising from the audit included:
 - scores for financial reporting and internal control have improved
 - the processes for financial reporting have improved through better project management which ensured that the Statement of Accounts was produced earlier to a more demanding timetable;
 - the Council has sound internal control procedures
 - the Council's spending per head of population compares favourably with similar local authorities and high cost areas are also the Council's priority areas.

Annual audit letter recommendations

7. Two recommendations were made to sustain improvement these were:
 - consider what action it can take to improve those services where user satisfaction has declined; and
 - review the approach to project management and ensure it is applied consistently across all departments.
8. The Strategic Plan 2007/08 includes the following actions in response to the recommendations:
 - Implement the Community Consultation strategy and associated action plan
 - Introduce a Corporate Project Management Framework

RECOMMENDATIONS

9. That the audit Committee notes the contents of the Audit Commission's annual audit and inspection letter-March 2007.

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