

Annual Audit Letter Progress Report Performance Select Committee item 8(i)

Committee: Performance Select

Agenda Item

Date: 15 November 2006

8(i)

Title: Annual Audit Letter Progress Report

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Item for decision

Summary

1. This report gives details of the progress made in addressing improvements identified by the Audit Commission's Annual Audit Letter 2004/05 considered by this Committee in April 2006. It highlights improvements that can already be evidenced and outlines other activities that are expected to show further improvements by the time the Audit Letter for 2005/06 is considered by this Committee in April 2007.

Recommendations

2. The Committee is recommended to note this progress report and make any comments or recommendations it considers appropriate.

Background Papers

3. Annual Audit Letter 2004/05. Performance Select Committee agendas and minutes 4th & 19th April 2006.

Impact

- 4.

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| Communication/Consultation | Several of the issues in this report relate to improved consultation with the public and other stakeholders and this is being given the required priority. |
| Community Safety | No direct implications. |
| Equalities | Several issues in this report relate to the equalities agenda which the Council is pursuing as a key priority in the Corporate Plan. |
| Finance | All current year actions in this report are within existing budget provisions or powers. Any implications for future years are included in |

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| | the draft Council budget and are subject to final decisions by Members. |
| Human Rights | No direct implications. |
| Legal implications | Several actions in this report are based on legal requirements. |
| Ward-specific impacts | No direct implications. |
| Workforce/Workplace | Issues in this report relating to staffing are or will be subject to consultation with staff and unions as appropriate. |

Situation

5. The Annual Audit Letter from the Audit Commission now contains two basic strands. The first is the 'traditional' view on the Council's accounts (although this is reported on in much more detail in the Annual Governance Report considered in the autumn) and financial standing. The second strand is the 'Direction of Travel' and other performance work, mainly linked to the Comprehensive Performance Assessment (CPA) framework.
6. Timing is a key, and to some extent unsatisfactory issue within the Audit Commission's approach, a view that has been fed back to them. In April this year this Committee received the 2004/05 Annual Audit Letter, which in practice made observations on the Council's performance up to 31st December 2005 (i.e. outside the 2004/05 financial year). Similarly, the Annual Governance Report, received at the end of September 2006 as finalisation of the 2005/06 Statement of Accounts process, contained essentially the same views as the Audit Letter had six months earlier, arguably making little contribution to the debate. It merely included an updated view to 31st March 2006, although it is unclear how such views were formed.
7. Notwithstanding this issue relating to timing, it is considered appropriate and desirable to bring this updated position statement to the Committee at this time. The Committee may recall the resolutions it made at its meeting on 19th April 2006:
 - 1 The Committee has welcomed the Audit Commission's Annual Letter and has thanked them for it.
 - 2 The Committee has noted the Key Messages and in particular the paragraph 'Council Performance' and advises the Council to act to achieve improvement.
 - 3 The Committee has welcomed both the open acknowledgement by the Chief Executive that progress of improvement has been slower and more difficult than

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expected to achieve, and the recognition by leading Members that focused action is needed to boost progress.

- 4 The Committee is recommending the following to support future improvement
 - Further development of partnership working
 - Increased focus on procurement best practice
 - A workshop facilitated by the Audit Commission on the Council’s Direction of Travel performance
 - Appointment of Member Champions for key priority areas and improvement initiatives and other action to clarify Member responsibilities.”

Main Issues in the Audit Letter

8. There were many positive comments in the Annual Audit Letter, and some of these provide the basis for still further improvements that are expected to be acknowledged in the next Letter. The focus must however be on those areas where more work was identified as necessary. Appendix 1 attached to this report provides a summary of progress. It contains:

- The page/paragraph number of each adverse comment in the Annual Audit Letter
- The comment made by the Audit Commission, in summarised form
- The Executive Manager with lead responsibility for addressing the issue, bearing in mind that many of the issues require corporate effort
- The action taken so far on each issue
- The action still proposed or outstanding on each issue
- The deadline for overall completion of all actions required to deal with each issue or an indication that the issue, by its nature is ‘ongoing’

9, Any action included in the action taken column, plus any further work undertaken prior to the end of January 2007 (the date to which the next Annual Audit Letter and re-examination of the Use of Resources assessment work is expected to run to) will require evidencing to the Audit Commission.

10. A numerical summary of the position on all the comments made, bearing in mind that some issues are clearly more important than others and that some overlap, is as follows:

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| Complete resolution of the issue | 4 (6%) |
| Significant progress | 18 (29%) |

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| Some progress | 18 (29%) |
| No progress, but plans existing | 23 (36%) |

Total number of issues 63

This analysis excludes 3 issues regarding performance indicators not accepted as problems in the first place, as indicated in Appendix 1. The analysis indicates completion or significant progress on 35% of issues. Adding in issues where some progress has been made the total is 64%. Of their nature, many items on the list are ongoing in nature.

11. In relation to minute 4 (above) of this Committee's April meeting, the following updated position can be given:

Further development of partnership working

- This is an area of priority focus within the Corporate Plan
- Continued exploration of partnership and shared services agenda – eg Essex Procurement Hub
- Review of governance arrangements within the Essex Partnership
- Impact of Local Government White Paper proposals to be considered and factored into future development of UDC and local government in Essex and beyond
- Review of governance arrangements of Uttlesford Futures
- Establishment of Strategic Partnerships Reference Group

Increased focus on procurement best practice

- This is an area of priority within the Corporate Plan
- Essex Procurement Hub now established and running on behalf of UDC and other partners
- Procurement Working Group established and meeting in November to consider a draft procurement strategy

A workshop facilitated by the Audit Commission on the Council's Direction of Travel performance

Despite several reminders, the Audit Commission has so far been unable to offer a date for such a workshop. This is currently being pursued by officers.

Appointment of Member Champions for key priority areas and improvement initiatives and other action to clarify Member responsibilities

The Corporate Plan projects now each have a Member champion. The People Performance and Accountability project will clarify Member responsibilities on a range of issues.

Risk Analysis

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| Risk | Likelihood | Impact | Mitigating Actions |
|--|------------|--------|---|
| Failure to address Issues within the Annual Audit Letter | Low | High | EMT are monitoring progress on the Audit Letter as a matter of priority |