



## **2003-04 JOINT AUDIT AND INSPECTION LETTER**

### **RECOMMENDATIONS**

- 1.1 To note the contents of the Joint Audit and Inspection Letter.
- 1.2 To refer the letter to Council at its meeting on 2 March 2005.

### **SUPPORTING INFORMATION**

- 2.1 From 2004 onwards, the Audit Commission and the Council's external auditors, PriceWaterhouseCoopers, will produce a joint audit and inspection letter in place of the previously separate Relationship Manager's Letter from the Commission and the Annual Management Letter from the external auditors.
- 2.2 The joint letter summaries the Commission's performance and inspection work and provides the annual 'Direction of travel statement' on progress made in addressing our priorities and the auditor's work on the Council's accounts and governance. It has also been informed by the November 2004 Corporate Assessment undertaken as part of the Comprehensive Performance Assessment, CPA.
- 2.3 It is expected that the contents of the letter will be reported to Members at a formal meeting of the Council, in accordance with the Council's constitution. The contents of the letter are relevant to the responsibilities of Council Cabinet, including that for performance management.
- 2.4 A copy of the Joint Letter can be found on the CMIS document management system at <http://192.168.4.35/CMISWebPublic/Binary.ashx?Document=2986>. All Councillors will be provided with a hard copy of the Joint Letter.
- 2.5 The letter provides a positive report on the Council's progress in 2003-04 and its continuing good governance and financial management. The Executive Summary identifies some of the key issues, which are highlighted here.
- 2.6 The following are identified as strengths . . .
  - In the context of our achieving Excellent status under CPA, we have increased our capacity to sustain improvement.
  - All three Best Value type inspections of Customer Access, Cultural Services and Supporting People found promising improvement prospects.
  - Performance management processes have improved and officers have a greater understanding of the importance of effective performance management.

- The audit on the accounts is unqualified and the Council's finance team should be commended for their efforts in achieving an efficient and timely accounts closure.

2.7 Since the Joint Letter was finalised, the auditors have confirmed their unqualified opinion on the 2004-05 Best Value Performance Plan, noting that fewer issues were raised compared to the previous audit with just one reserved indicator.

2.8 The following areas will require further attention . . .

- Lack of appropriate accommodation is a barrier to progress in some areas, although an accommodation strategy is emerging.
- Although evidence of improvement through performance indicators is slightly stronger than a year ago, there are areas of poor performance the Council will need to significantly improve to demonstrate achievement in all service areas. The Council wants to further develop its performance management framework and there is planned audit work early in 2005 to support this.
- The setting and managing of budgets will become increasingly challenging as cost pressures in some areas are expected to increase and there will be pressures from non-operational commitments such as pension liabilities.

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**Background papers:** 2003/04 Joint Audit and Inspection Letter, Audit Commission /  
PriceWaterhouseCoopers available on CMIS at  
<http://192.168.4.35/CMISWebPublic/Binary.ashx?Document=2986>.

**List of appendices:** Appendix 1 – Implications

<b>IMPLICATIONS</b>
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**Financial**

- 1 Actual audit fees for 2002-04 of £475,000 were in line with the proposals in the Audit Plan. Similarly, inspection fees for 2003-04 of £53,040 were in line with those agreed with the Council.

Audit fees for 2004-05 audit will depend on the Audit Plan which will be reviewed to make sure it remains appropriate. As an Excellent council, we can expect lower inspection fees as there should be much reduced inspection activity by the Audit Commission.

**Legal**

2. The Joint Audit and Inspection letter has been produced in accordance with Section 10 of the Local Government Act 1999 and the Audit Commission's Code of Audit Practice.

**Personnel**

3. None directly arising from the report.

**Equalities impact**

4. None directly arising from the report.

**Corporate objectives and priorities for change**

5. None directly arising from the report.