

## ITEM NO: 7

<b>DECISION-MAKER:</b>	AUDIT COMMITTEE		
<b>SUBJECT:</b>	ANNUAL AUDIT AND INSPECTION LETTER 2006		
<b>DATE OF DECISION:</b>	28 <sup>TH</sup> JUNE 2007		
<b>REPORT OF:</b>	CHIEF INTERNAL AUDITOR		
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### STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

### SUMMARY

The 2006 Annual Audit and Inspection Letter presents the results of the statutory audit of the Council's 2005/6 Financial Accounts.

This Annual Audit and Inspection Letter was formally received by Council 16<sup>th</sup> May 2007 and highlights a number of areas where further improvements could be made. These areas will be reviewed and monitored by the Council's scrutiny panels during 2007/8.

### RECOMMENDATIONS:

- (i) That the Audit Committee notes the 2006 Annual Audit and Inspection Letter.

### REASONS FOR REPORT RECOMMENDATIONS

1. The Audit Committee Terms of Reference require it "To be satisfied and provide assurance to the Standards and Governance Committee that appropriate action is being taken on risk and internal control related issues identified by the internal and external auditors and other review and inspection bodies."

### CONSULTATION

2. The 2006 Annual Audit and Inspection Letter has been received by Council (16<sup>th</sup> May 2007).

### ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. None

### DETAIL

4. The final version of the 2006 Annual Audit and Inspection Letter was received by the Council on the 28<sup>th</sup> March 2007. Under Regulation 19 of the

Accounts and Audit Regulations 2003 the Annual letter must be published and copied to all Members of the Council; as such it was taken to Full Council on 16<sup>th</sup> May 2007.

5. The Annual Audit and Inspection letter attached at Appendix 1 sets out the Audit Commission's conclusions and any significant issues arising from the audit of the Council's 2005/6 accounts as well as other external inspections carried out within the Council up to the end of December 2006.
6. The letter indicates that under the 2006 CPA process the Council was judged by the Audit Commission to be "improving well and performing at the 3 (out of 4) star level".
7. The 2006 Annual letter outlines a number of areas where the Council should focus its attention during the course of next year. It highlights in particular four key actions that require member's attention in 2007/8:
  - Ensure that robust and consistent governance arrangements are applied to significant partnerships that involve financial commitments.
  - Ensure that the programme of improvements to the Benefits Service, Internal Audit and debt management are completed, and recent performance improvements sustained.
  - Ensure that councillors with risk management responsibilities are adequately trained and receive the information they need to discharge their responsibilities.
  - Review the outcomes of benchmarking and value for money monitoring, and the impact on service users and residents.
8. Council has agreed that key actions identified in the report will be monitored through the Council's scrutiny arrangements.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

9. None

### **Revenue**

10. None

### **Property**

11. None

### **Other**

12. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

13. The duties and powers of auditors appointed by the Audit Commission are set out in the Local Government Act 1999.

**Other Legal Implications:**

14. None.

**POLICY FRAMEWORK IMPLICATIONS**

15. none.

**SUPPORTING DOCUMENTATION**

**Appendices**

1.	Annual Audit and Inspection Letter 2006
2.	Analysis of Issues Raised in the Annual Audit and Inspection Letter 2006

**Documents In Members' Rooms**

1.	None
2.	

**Background Documents**

Title of Background Paper(s)

Relevant Paragraph of the  
Access to Information  
Procedure Rules / Schedule  
12A allowing document to be  
Exempt/Confidential (if  
applicable)

1.	None	
2.		

**Background documents available for inspection at:** Internal Audit Office, North Block  
Basement, Civic Centre

E-mail: [Sarah.l.dennis@southampton.gov.uk](mailto:Sarah.l.dennis@southampton.gov.uk)

**FORWARD PLAN No:**

N/A

**KEY DECISION?** N/A

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**WARDS/COMMUNITIES AFFECTED:**

None