

AGENDA ITEM 7

AUDIT COMMITTEE

2nd AUGUST 2006

Key Decision	No
Listed on Forward Plan	Yes
Within Policy	Yes
Policy Document	N/a

EXTERNAL AUDIT - ANNUAL AUDIT AND INSPECTION LETTER 2004-5

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1. Purpose

- 1.1. To provide the Committee an opportunity to consider and discuss the future relationship with the Audit Commission and how future Audit Letters and reports shall be considered by the Committee.

2. Recommendations

- 2.1. That the Committee identify Audit Commission issues and reports it wishes to be provided an opportunity to comment in draft.
- 2.2. That the Committee discuss with the Audit Commission the Committees involvement in their work programme and reports.

3. Issues and Choices

- 3.1. The Annual Audit and Inspection Letter (AAIL), attached at Annex A, is issued every year by the Audit Commission. This represents a summary of the work and findings arising in respect of the financial year April 2004 to March 2005.
- 3.2. The AAIL was issued in January 2006 and has been considered by both Cabinet and the Performance Review and Audit Panel. It is attached to this report to provide members of the Audit Committee an opportunity to consider how the Committee wishes to ensure its involvement in the development of the 2005/6 AAIL.
- 3.3. Appendix 2 of the AAIL is a list of all individual reports issued between December 2004 and December 2005. The Committee has the opportunity to identify any report issued by the Audit Commission for specific consideration. To avoid extending future Committee agendas unnecessarily it is proposed that :

- 3.3.1. Members of the Committee request specific reports individually
- 3.3.2. Those reports will be provided individually and a list of all reports requested will be provided to the 3 spokespersons
- 3.3.3. Queries arising and responses provided will be summarised and circulated to all Committee members
- 3.4. Also attached at Annex B, is the Comprehensive Performance Assessment report issued by the Audit Commission. This is the most recent report issued by the Commission and provides in effect an update on the Council's improvements. In summary the report identifies:
- Overall the council is performing well, consistently above minimum requirements. Milton Keynes Council, with its partners, has a bold set of ambitions to successfully manage the continued growth of the city to the point where in 2032 it will be one of the ten biggest cities in the country. (para 5)
 - The Council needs to improve in four areas (these will be fed into the Council's Improvement Plan):
 - its relationships with an increasingly diverse community;
 - customer care;
 - performance management; and
 - the use of scrutiny and overview. (para 16)
- 3.5. Overall the Council scores 3 for its corporate assessment which within the CPA criteria is determined as consistently above minimum requirements – performing well.
- 3.6. Also attached at Annex C is a document that was prepared in February 2006 to track areas for improvement across Milton Keynes Council drawing on two key documents:
- Annual Audit and Inspection Letter 2004-05 (AAIL)
 - Self Assessment prepared in advance of the March 2006 Corporate Assessment by the Audit Commission (SA)
- 3.7. The document is an analysis rather than an action plan and details the Council's response and/or the arrangements for delivering a response.
- 3.8. Where reference is made to a corporate priority, the relevant high level action plan can be found in the Council Plan 2006-09. Other of these actions have been incorporated in section 4 of the Council Plan. Progress will be monitored through the arrangements for implementing the Council Plan.

4. Implications

- 4.1. Policy: None
- 4.2. Resources & Risk: None

N	Capital
N	IT

N	Revenue
N	Medium Term Plan

N	Accommodation
N	Asset Management

4.3. Legal: None

4.4. Other Implications: None

N	Equalities / Diversity
N	E-Government

N	Sustainability
N	Stakeholders

N	Human Rights
N	Crime & Disorder

Background Papers : none