
AUDIT SERVICES' ANNUAL REPORT 2005/06

**Responsible Cabinet Member(s) - Councillor Don Bristow,
Resource Management Portfolio**

Responsible Director(s) - Paul Wildsmith, Director of Corporate Services

Purpose of Report

1. To provide Cabinet with Audit Services' Annual Report for 2005/06 in accordance with Audit Services' role and terms of reference.

Information and Analysis

2. The Annual Audit Plan for 2005/06 was approved by Cabinet in March 2005 (Minute No. C238/Mar/05) and Audit Services' Annual Report against this plan is attached at **Appendix A**.
3. The Annual Report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council's internal control environment and the Internal Audit service provided.
4. The report details the internal audit service provided; operational performance achieved; audit assignment, consultancy work and contingency activity undertaken; outcomes against key performance indicator targets; and looks forward to the next financial year.
5. The outcomes from the audit assignments undertaken, together with the positive responses from management to accept and implement required improvements to control systems, complemented by consultancy work carried out to advise and assist management to establish appropriate controls at source, demonstrate that the Council continues to operate within a control environment that is generally sound.
6. In addition, the Council has made further progress during the year upon corporate governance issues. Council approved the establishment of an Audit Committee from the start of the 2006/07 Municipal Year to help raise the profile of internal control, risk management and financial reporting issues and provide a forum for discussion of issues raised by internal and external auditors. In addition, the Council's anti-fraud and corruption arrangements were updated to give greater clarity by making the necessary linkages between a series of comprehensive and inter-related processes/procedures designed to prevent, detect and deter fraud and to take effective action against an attempted or actual fraudulent act affecting the Council.

7. The position upon Audit Services' Key Performance Indicators is positive. The Council's Internal Control environment overall was scored 3/4 as evaluated through the CPA Use of Resources 'harder test' methodology. This equates to a definition of 'performing well – consistently above minimum requirements'. All other targets covering service standard, customer satisfaction and service quality and staffing were met.
8. The positive position upon the Council's internal control environment will be reflected in the Council's Statement of Internal Control (SIC) which will be published alongside the Statement of Accounts for 2005/06.

Outcome of Consultation

9. No formal consultation was undertaken in production of this report.

Legal Implications

10. This report has been considered by the Legal Services Manager for legal implications in accordance with the Council's approved procedures. There are no issues which the Legal Services Manager considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

11. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

12. The issues contained within this report do not represent change to Council policy or the Council's policy framework

Decision Deadline

13. For the purpose of the 'call-in' procedure this does not represent an urgent matter

Conclusion

14. The Council continues to operate within a control environment that is generally sound.

Recommendation

15. It is recommended that Audit Services' Annual report for 2005/06 be noted.

Reasons

16. The recommendation is supported as it comprises part of the Council's corporate governance arrangements.

Paul Wildsmith
Director of Corporate Services

Background Papers

- (i) Audit Services' Role and Terms of Reference
- (ii) Audit Assignment Synopsis Sheets
- (iii) PWC Use of Resources Judgment Letter dated 7th November, 2005
- (iv) Audit Commission Use of Resources Scores
- (v) CIPFA Audit Benchmarking Statistics for Unitary Authorities

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TAB

**AUDIT SERVICES
ANNUAL REPORT
2005/06**

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Appendix 3 - Audit Services - Key Performance Indicators

1. Introduction

- 1.1 Audit Services comprises an establishment of seven (6.3 FTEs) and operates in accordance with professional standards.
- 1.2 The aim of the Section is to provide an independent and objective service that wherever possible adds value to the business of clients by being responsive to their needs, constructive in approach, appraisal and recommendations, whilst satisfying statutory responsibilities.
- 1.3 The position on performance targets and objectives set for the year upon service standards, staffing and customer/service quality was positive and this solid base of internal audit service delivery is a major benefit to the Council with the increased importance of the corporate governance agenda, not least in terms of the Comprehensive Performance Assessment (CPA).
- 1.4 The remainder of this report chronicles in more detail operational performance during the year.

2. Service Provided

- 2.1 The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs”. The Accounts and Audit Regulations 2003 specifically require that a “relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”. The Director of Corporate Services has been delegated with this requirement by the Council and the Audit Services Section carry out the internal audit role.
- 2.2 Although internal audit has a statutory basis and therefore, has a major corporate inspection and monitoring role, it is operated as a service to management and provides assurance and consultancy upon all aspects of management and administration. Audit Services has limited resources and consequently its workforce is deployed in accordance with an audit strategy having regard to relative risks and levels of assurance required, translated into an agreed annual plan.
- 2.3 Service level agreements are in place across the client base which include details upon audit assignments, consultancy tasks, charges, working protocols, response times and client responsibilities.

3. Operational Performance

3.2 A summary of the year in person days is outlined in the following table, which analyses chargeable time, by category, as well as non chargeable and non productive time.

Summary of 2005/06 Year In Person Days				
	Annual Plan	Actual Allocation	Variance	
			+	-
Chargeable Time				
• Audit Assignments	695	611		84
• Advice and Consultancy	413	337		76
• Financial Appraisals	30	19		11
• Contingency Allocation	130	249	119	
SUB TOTAL	1268	1216	119	171
Non Chargeable Time				
• Training, ISO Administration, Supervision and Management etc.	116	118	2	
Non Productive Time				
• Annual Leave, Bank Holidays, Sickness etc.	278	328	50	
TOTAL	1662	1662	171	171

3.2 Actual chargeable time in total during the year was some 96% of that planned. This shortfall resulted from greater sickness absence than estimated which also explains the increase in non-productive time. This increase in sickness absence is unusual for this small section with such a good record. It resulted from one long term injury case spanning the majority of the last quarter but happily the employee concerned returned to work in late March 2006.

3.3 Although chargeable time was broadly in line with that planned there were significant variations between categories. Increased contingency work was undertaken on a range of issues and as a result there was, of necessity, a corresponding decrease in time spent upon audit assignments and consultancy work which was agreed with Directors.

3.4 Financial appraisal work upon potential contractors was less than anticipated but this is essentially a demand led service that is difficult to accurately predict.

4. Review of Audit Assignment Work

- 4.1 Planned audit assignments for the year totalled 59 of which 52 were completed i.e. 88%. These audits spanned all Departments of the Council and details of the assignments undertaken, together with the audit opinion and relevant commentary where the opinion was less than substantial assurance, is shown at **Appendix 1**.
- 4.2 One such area related to the core financial system of Council Tax and work has commenced to deliver agreed improvements in IT systems administration and levels of access rights by the end of June 2006.
- 4.3 Other instances were more establishment - related or service based and in all cases management have responded positively to the audit reviews. The Assistant Director - Leisure and Arts either has taken or has planned action to resolve audit issues raised with the operation of legacy systems and the granting of complimentary tickets/gift vouchers at the Civic Theatre and the operation of the computerised leisure management system at the Eastbourne Sports Complex; necessary improvements have been implemented to the control environment for car parking enforcement and residents parking; progress has been made within the Building Design and Highways and Bridges Services to ensure that key controls are applied and operational procedures are documented and compliance monitored; the Libraries Service has implemented audit recommendations within agreed timescales to strengthen controls over the spending of a Bequest and income and purchasing arrangements; action is to be taken to both document procedures, including the flow of information, within Home Care and to evidence independent management checks within the Supported Living Scheme; and the Head Teachers and Governors at two primary schools have taken action to resolve the audit issues raised.
- 4.4 As regards audit assignments in general, in line with good practice, at an appropriate time Audit Services follow up with Managers progress upon the implementation of recommendations agreed in audit reports. As part of this follow up process, any significant recommendations remaining outstanding are reported quarterly to the Corporate Management Team. It is pleasing to report no matters of concern on this point.
- 4.5 The overall outcomes from the audit assignments undertaken, together with the positive responses from management to accept and implement required improvements to internal control systems, demonstrate that the Council continues to operate within a control environment that is generally sound.

5. Review of Outputs from Consultancy Work/Contingency Activity

- 5.1 The Section worked upon a number of consultancy projects identified in the original Audit Plan but with recognised flexibility some were replaced by others at the request of Directors or given up to contingency activity with their agreement. A summary of the more significant outputs from consultancy work/contingency activity is given at **Appendix 2**.
- 5.2 The work undertaken was wide-ranging and included corporate governance matters, systems development work, service delivery enhancements and carrying out investigations into irregularities.
- 5.3 Particularly noteworthy was progress made upon corporate governance issues. Council has agreed to the establishment of an Audit Committee from the start of the 2006/07 Municipal Year to help raise the profile of internal control, risk management and financial reporting issues and provide a forum for discussion of issues raised by internal and external auditors; the Council's anti-fraud and corruption arrangements were updated to give greater clarity by making the necessary linkages between a series of comprehensive and inter-related processes/procedures designed to prevent, detect and deter fraud and to take effective action against an attempted or actual fraudulent act affecting the Council; a draft partnership toolkit was produced to address the issue of partnership governance arrangements which is to be piloted early in the new financial year prior to formal adoption and implementation; draft managers assurance statements to support the Statement of Internal Control (SIC) were produced and are to be piloted early in 2006/07 with the intention that they be completed formally by senior managers to support the SIC due for approval in June 2007; and initial work commenced upon the implementation of learning management software to better record acceptance and understanding by employees and members of a range of corporate policies/documentation/processes.
- 5.4 Systems development work comprised advice provided on the design and documentation of systems for on-line use of the Landfill Allowance Trading Scheme (LATS) register, negotiation of LATS allowances and making payments; guidance to automate bailiff payment files and the streamlining of lease payments profiles within the Sales Ledger; and assistance to implement client monies software within Social Services to improve the administration of client finances.
- 5.5 Service delivery enhancements included support in the introduction of both the cashless school meals payment system at Hummersknott Secondary School and the new catering facility at South Park as well as the introduction of an automated teller machine (ATM) at Vicarage Road.
- 5.6 There were investigations carried out during the year into irregularities and appropriate action was taken by management on findings.
- 5.7 In addition to the outputs stated in **Appendix 2**, the Section has responded to numerous requests from Departments, including schools, for advice and assistance upon all aspects of the Council's internal control framework.
- 5.8 Generally, the aim of the consultancy work is to complement the audit review process by advising and assisting management to implement, at source, appropriate internal controls within systems. This approach is seen as an effective way to help underpin the sound nature of the Council's control environment.

6. Statement of Internal Control

- 6.1 In accordance with statutory requirements the Council must publish a statement on its system of internal control alongside the Statement of Accounts for 2005/06.
- 6.2 The statement will be positive since, as a result of the range of audit work undertaken, it is concluded that overall the Council continues to operate within a control environment that is generally sound.

7. Performance Indicators

- 7.1 A summary of outcomes against targets and objectives for the year covering service standard, customer satisfaction and service quality and staffing is included at **Appendix 3** together with targets and objectives set for the following year. The position shown for 2005/06 is extremely positive.
- 7.2 The Council's Internal Control environment overall was scored 3/4 as evaluated through the CPA Use of Resources 'harder test' methodology. This equates to a definition of 'performing well – consistently above minimum requirements'. Indeed, the Council was one of 58 single tier Authorities (39%) to achieve either of the top two scores for Internal Control and one of only 13 Unitary Authorities (28%). The revised methodology raised the bar considerably in terms of scoring requirements and whereas previously adequate arrangements were sufficient to score 3, under the new approach adequate performance scores 2. This has been the case for the risk management element of Internal Control overall. Improvements to be addressed in an effort to achieve a score of 3 for this element next year include the requirement to report regularly to Members.
- 7.3 Audit Services maintained accreditation under the ISO 9001:2000 Quality Standard for all aspects of business following external scrutiny by the accreditation body. The system itself reflects Audit Services' proactive approach to involving clients in the audit process with the belief that by working in partnership the more both parties will benefit. Indeed, the results from client satisfaction surveys undertaken following each audit assignment remain impressive and demonstrate the high regard clients have for the service provided.
- 7.4 Productive days per auditor were top quartile as measured by the CIPFA Benchmarking Statistics for Unitary Authorities and costs per audit day were within the second bottom quartile.
- 7.5 Identified aims for the Service for 2005/06, as outlined in the 2004/05 Annual Report, to update the Council's anti-fraud and corruption arrangements and produce draft managers assurance statements to support the SIC, have been met. (See paragraph 5.3)

8. The Future

8.1 The aims of Audit Services for the year ahead are to :-

- Support the establishment and servicing of the Council's Audit Committee.
- Deliver against set service targets and objectives which incorporate the more stringent key lines of enquiry requirements of the revised CPA methodology.
- Assist with work related to the :-
 - Completion of assurance statements by senior managers to support the SIC due for approval in June 2007;
 - Formal adoption and implementation of a Council partnership toolkit.
 - Implementation of learning management software to better record acceptance and understanding by employees and members of a range of corporate policies/processes.

**AUDIT SERVICES SECTION
SUMMARY OF AUDIT ASSIGNMENTS 2005/06**

Department	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
Corporate Services	Central Payroll Function	Substantial Assurance		
	Sundry Debtors	Substantial Assurance		
	Central Creditor Function	Substantial Assurance		
	Departmental Creditors	Substantial Assurance		
	Council Tax	Limited Assurance	Issues identified around IT systems administration and levels of access rights	Management have responded positively to the report and an action plan has been agreed to implement recommendations by the end of the first quarter of 2006/7
	Income collection & Reconciliation	Substantial Assurance		
	Bank Reconciliation	Substantial Assurance		
	Payroll	Substantial Assurance		
	Loans & Investments	Substantial Assurance		
	Car Parking - Enforcement	Limited Assurance	Issues identified around the system of charging and coding of legal costs. In addition, improvements required in the control of the authorisation of write offs and the subsequent reporting of write offs in line with the Authority's Financial Procedural Rules.	Management responded positively to the report and agreed audit recommendations have been implemented.
Community Services	Payroll Weekly	Substantial Assurance		

APPENDIX 1

Department	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
	Departmental Creditors	Substantial Assurance		
	Housing Rents	Substantial Assurance		
	Housing Benefits	Substantial Assurance		
	Stressholme Golf Course	Substantial Assurance		
	Eastbourne Sports Complex	Limited Assurance	A number of control issues identified in particular around the operation of the computerised leisure management system, inventory control and facilities hire agreements.	Management have responded positively to the report and audit recommendations have been/are to be implemented in accordance with agreed timescales.
	Dolphin Centre	N/A	Opinion not given as work not standard appraisal. Effort directed to guidance upon income control and security procedures to be adopted during refurbishment.	
	Civic Theatre	Limited Assurance	Review required in respect of issuing complimentary tickets and gift vouchers. All contracts need to be signed before performances take place. More robust procedures required for the selling of merchandise. The review of legacy systems should be expedited to ensure a robust and secure environment is maintained.	Management have responded positively to the report and an agreed action plan has been produced to facilitate the implementation of audit recommendations
	Community Safety	N/A	Opinion not given as work not	

APPENDIX 1

Department	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
			standard appraisal. Effort directed into contributing towards production of a corporate partnership toolkit. (See also outputs from consultancy work – Appendix 2).	
Development and Environment	Departmental Creditors	Substantial Assurance		
	Payroll	Substantial Assurance		
	Transport	Substantial Assurance		
	Car Parking – Collection and Administration of Pay and Display	Substantial Assurance		
	Contracting –Building Design Services	Limited Assurance	The audit revealed a number of instances where key controls, such as the issuing of variation orders and support for payments were not in place, and more than one instance where key documents had been lost or misplaced. This is reflective of the fact that the service also needs to document and review operational procedures, and monitor compliance with these.	Management are positively addressing all the issues raised to ensure that the control environment is promptly improved. Good progress has already been made with partners Ferguson McIlveen towards reviewing and documenting procedures.

APPENDIX 1

Department	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
	Contracting- Highways and Bridges.	Limited Assurance	<p>The audit revealed a number of instances where key controls, such as the issuing of variation orders and support for payments were not in place.</p> <p>This is reflective of the fact that the service also needs to document and review operational procedures, and monitor compliance with these.</p>	Management have agreed to address all the issues raised to ensure that the control environment is promptly improved.
	Car Parking – Residents Parking	No Assurance	<p>Fundamental control weaknesses identified with regard to income reconciliations and IT access controls to the systems database making it impossible to verify that all income and permits have been properly accounted for. Recommendations made to secure the system, reintroduce reconciliations and overhaul access rights.</p>	Management responded swiftly to the report with the implementation of the audit recommendations.

APPENDIX 1

Department	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
Education	Primary Schools x 12	Full Assurance x 1 Substantial Assurance x 9 Limited Assurance x 2	1. Finance Policy requires update and formal endorsement. Robust asset management arrangements need to be put in place. 2. Governance arrangements not adequate and inconsistencies in lettings administration.	Management have responded positively to the reports, which are to be formally presented by Audit Services at the next meeting of each school's Governing Body.
	Comprehensive Schools x 3	Substantial Assurance x 3		
	Special School x 1	Substantial Assurance		
	Libraries	Limited Assurance	The policy for public access to the internet needs to be reviewed as regards filtering and monitoring and must receive appropriate endorsement through the Corporate IT Working Group. The spending of a Bequest to be brought in line with its conditions. A number of further recommendations made to strengthen controls over both income and purchasing arrangements, inventories, the Galaxy libraries computer system and procedural documentation.	Management have responded positively to the report with implementation of audit recommendations in accordance with agreed timescales.

APPENDIX 1

Department	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
	Payroll	Substantial Assurance		
	Departmental Creditors	Substantial Assurance		
	Trusts and Funds	N/A	Opinion not given as work involved annual audit of accounts to meet Charity Commission requirements.	
Social Services	Payroll	Substantial Assurance		
	Departmental Creditors	Substantial Assurance		
	Home Care	Limited Assurance	Comprehensive procedures needed to document authorised practice. Issues identified with the flow and recording of care management information and the control of commissioned hours.	Management have responded positively to the report and all recommendations have been accepted and are to be implemented within agreed timescales.
	Supported Living Scheme	Limited Assurance	Evidenced independent management checks should be carried out to confirm care and finance records are to the required standard and protect staff that deal with client monies. Arrangements for the use of bank/savings cards should be reviewed and made secure.	Management have responded positively to the report and all recommendations have been accepted and are to be implemented within agreed timescales.
	Residential Accommodation for Children in the Borough	Substantial Assurance		
	Harewood Hill Lodge – Short Break Service	Substantial Assurance		
	Foster Care Payments	Substantial Assurance		

Department	Audit Assignment	Assurance Opinion	Where Assurance Opinion Less Than Substantial	
			Audit Comment	Management Response
Corporate Core	Performance Indicators	N/A	Opinion not given as work not standard appraisal. Effort focussed upon verifying robustness of BVPI information for CPA purposes. Positive position found.	
	Corporate Governance	N/A	Opinion not given as work not standard appraisal. Effort directed to validating evidence quoted in progress reports to Resources Scrutiny on implementation of the Local Code of Corporate Governance. Positive position found.	

Assurance Opinion

Full Assurance – controls in place and operating effectively – the system should achieve its objectives.

Substantial Assurance – controls in place and operating to the extent that the system should achieve its objectives. Some control improvements required.

Limited Assurance – controls inadequate or controls in place but operating poorly – there is a risk that the system may not achieve its objectives.

No Assurance – controls weak or not present or controls failing – it is likely that the system will not achieve its objectives.

SUMMARY OF THE MORE SIGNIFICANT OUTPUTS FROM CONSULTANCY WORK UNDERTAKEN DURING 2005/06

DEPARTMENT	DESCRIPTION	OUTPUT
Corporate Services	Use of Resources Key Lines of Enquiry	Extensive information supplied in support of the Council's position on relevant aspects of the Key Lines of Enquiry (KLOE). This contributed to the positive results obtained.
	Girobank Re-tender exercise	Re-tender exercise undertaken in respect of the Girobank Service. Tendered via the EU procurement route, tender subsequently re awarded to Alliance and Leicester Commercial Bank (formerly Girobank).
	Banking Matters/Banking re-tender exercise	Re-tender exercise undertaken in respect of the Corporate Banking Service. Tendered via the EU procurement route, tender subsequently re awarded to Nat West for corporate banking and to Nat West Streamline for debit and credit card processing.
	Sales ledger	Provided advice and guidance in respect of the automation of bailiff payment files and the streamlining of payment profiles in respect of lease payments.
Community Services	Galathea	Advice and guidance provided in the implementation of an on line booking system for the Theatre and Arts. The system is currently in test with a live date anticipated in June 2006.
	Catering	Advice and guidance provided on the implementation of controls in respect of both the introduction of the cashless school meals payment system at Hummersknott Secondary School and the new catering facility at South Park.
	ATM Machine	Facilitated the introduction of an automated teller machine (ATM) to be managed by the Council at Vicarage Road, including negotiations with the provider, devising internal system controls and advising on security implications. The service was made live in March 2006.
	Housing	Provided assistance in developing the response to the Housing KLOE in respect of income management requirements.
Development and Environment	Special Investigation	Investigation undertaken into cash receipting discrepancies. Recommendations made to improve the security of income, improved reconciliations, security over access to the safe.

DEPARTMENT	DESCRIPTION	OUTPUT
	Landfill Allowance Trading Scheme	Advice provided on the design and documentation of systems for on-line use of LATS register, negotiation of purchase of LATS allowances and making payments.
Education	Education Village	Guidance upon implementation of systems and procedures at the Education Village including comment upon content of the draft Education Village Finance Policy.
	Extended Schools	Review of and comment upon content of draft Extended Schools Good Practice Guide that was finalised and implemented with effect from January 2006..
	Schools Rationalisation	Closure audits completed in respect of two primary schools and a nursery school.
	Specialist School Fund	Assistance with preparation and certification of grant claim in accordance with grant terms & conditions
	Special Investigation	Provided support and assistance to the Investigating Officer at a school during an investigation into financial irregularities in respect of private school funds.
	Sixth Form Funding & Education Maintenance Allowances	Preparatory work commenced and training completed for a data assurance audit to be undertaken in partnership with the Learning and Skills Council.
Social Services	Administration of Client Finances	Assistance with the successful implementation of Client Monies software.
	Care First	Advice upon division of duties for Care Pay module together with other support as required.
	Learning Disability Service	Initial contributions to the review of the commissioning function.
Corporate Core	National Fraud Initiative (NFI) 2004	All work completed in accordance with Audit Commission requirements and final return submitted 31st December 2006. Work carried out in conjunction with Adult Services and Development Environment to address data subject consultation issues for systems which are to be included as optional data sets in NFI 2006.

DEPARTMENT	DESCRIPTION	OUTPUT
	Procurement Initiatives	Advice and guidance provided in facilitating the implementation of a Purchasing Card facility designed for low value/ high volume purchases with a view to making efficiencies by streamlining the current procurement cycle/process. Also expedited the role out of Government procurement cards across the Authority to facilitate the purchase of ad hoc/ internet purchases etc. Some 70 cards now in use within the Authority with further expansion anticipated
	Anti Fraud & Corruption Strategy	Anti-Fraud and Corruption arrangements updated, approved by Council and constitution amended accordingly.
	Mayor's Charity Fund	Annual audit of accounts completed.
	Partnership Toolkit	Draft partnership toolkit produced in conjunction with the Policy Unit to address the issue of partnership governance arrangements. Draft toolkit approved by CMT and to be piloted early in the new financial year prior to formal adoption and implementation.
	Managers assurance statements	Draft annual managers assurance statements to support the Statement of Internal Control (SIC) produced and approved by CMT. Statements to be piloted during early 2006/07 with the intention that they be completed formally by senior managers to support the SIC due for approval in June 2007.
	Learning Management Software	Initial work commenced upon a pilot within Corporate Services Department to better record acceptance and understanding by employees of a range of corporate governance policies/documentation/processes. The ultimate intention is to roll out this system throughout the Council and include Members.
	Establishment of an Audit Committee	In March 2006 Council approved the establishment of an Audit Committee from the start of the 2006/07 Municipal Year. Such a Committee will enhance the Council's corporate government arrangements by helping to raise the profile of internal control, risk management and financial reporting issues as well as providing a forum for the discussion of issues raised by internal and external auditors.

AUDIT SERVICES – KEY PERFORMANCE INDICATORS

	2005/06		2006/07
	Target	Outcome	Target
1. The Council's Internal Control environment overall – as evaluated through CPA Use of Resources Key Lines of Enquiry.	3/4	3/4	3/4
2. Elements of the Internal Control KLOE			
• The Council manages its significant business risks	3/4	2/4	3/4
• The Council has arrangements in place to maintain a sound system of internal control	3/4	3/4	3/4
• The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business	3/4	3/4	3/4
3. Days per auditor as per CIPFA Benchmarking Statistics for Unitary Authorities	183 Top Quartile	193 Top Quartile	187 Top Quartile
4. Cost per audit per day as per CIPFA Benchmarking Statistics for Unitary Authorities	£243 Second Bottom Quartile	£235 Second Bottom Quartile	£269 Second Bottom Quartile
5. Customer satisfaction rating received from client surveys following the completion of each audit assignment (where 1= very Poor to 5 = Very Good)	Average 4	Average 4.5	Average 4
6. Maintain ISO9001:2000 Quality Accreditation	Achieve	Achieved	Achieve