

BROMSGROVE DISTRICT COUNCIL
PERFORMANCE MANAGEMENT BOARD

18th MARCH 2008

ANNUAL EXTERNAL AUDIT REPORT 2006/07

Responsible Portfolio Holder	Councillor Geoff Denaro
Responsible Head of Service	Head of Financial Services

1. SUMMARY

- 1.1 The Council's previous External Auditor (KPMG LLP) has issued the Annual External Audit Report for 2006/07 (Appendix A). This was issued to Officers of the Council in draft form at the end of December and has been amended to take account of the majority of those comments. It also includes the management response to the recommendations.

2. RECOMMENDATION

- 2.1 The Board is asked to consider the Annual External Audit Report for 2006/07 and make any recommendations required to Cabinet.
- 2.2 The Board is asked to endorse the management response to the Annual External Audit Report for the 2006/07 recommendations.

3. BACKGROUND

- 3.1 Attached at Appendix A is the Annual External Audit Report for 2006/07 which reports the significant findings from work undertaken by KPMG LLP (the Council's appointed auditors for 2006/07) as part of the 2006/07 Audit and Inspection Plan. The report focuses on the following main areas:
- Audit of Accounts
 - Audit of Use of Resources
- 3.2 The report also includes:
- Data Quality
 - Follow up of previous years Annual Audit and Inspection Letter recommendations
 - Statutory report on Best Value Performance Plan
 - Summary of audit reports issued during the year
- 3.3 The findings of the report include the demonstration of clear improvements in a number of areas including the Medium Term Financial Strategy and budget monitoring arrangements. The score of 2 in relation to Use of Resources shows the
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Council is sustains its improvements in Financial Management and has the procedures in place to improve in the future.

3.4 From the 12 criteria that the Council is assessed on the auditors concluded that we met 9 of the criteria. This is an improvement on the 2005/06 judgement of 4 out of the 12 criteria being met.

3.5 The areas where the Council did not meet the criteria were:

- Setting strategic and operational objectives
- Consultation with stakeholders
- Monitoring and Scrutiny of performance.

3.6 It is considered by officers that the above areas have been addressed during 2007/08 and further improvements have been identified in the Management Response to the recommendations as identified by KPMG in the report.

4. FINANCIAL IMPLICATIONS

4.1 None

5. LEGAL IMPLICATIONS

5.1 The presentation of the Annual Report is a responsibility of the External Auditors under the Audit Commissions Code of Practice

6. COUNCIL OBJECTIVES

6.1 Council Objective 02: Improvement.

7. RISK MANAGEMENT

7.1 Addressing the recommendations identified will further support the Councils Use of Resources scoring in ensuring that we have a robust internal control and financial management framework for officers to work within.

8. CUSTOMER IMPLICATIONS

8.1 No customer implications.

9. EQUALITIES AND DIVERSITY IMPLICATIONS

9.1 No equalities and diversity issues.

10. OTHER IMPLICATIONS

Procurement Issues: None
Personnel Implications: None

Governance/Performance Management: Effective governance process.
Community Safety including Section 17 of Crime and Disorder Act 1998: None
Policy: None
Environmental: None

11. **OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	No
Chief Executive	Yes
Corporate Director (Services)	No
Assistant Chief Executive	No
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	No
Head of Organisational Development & HR	No
Corporate Procurement Team	No

12. **APPENDICES**

12.1 Appendix A – External Audit Report.

13. **BACKGROUND PAPERS**

13.1 None.

CONTACT OFFICER

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