

BROMSGROVE DISTRICT COUNCIL
PERFORMANCE MANAGEMENT BOARD

23rd MARCH 2007

Annual External Audit Report 2005/06

Responsible Portfolio Holder	Councillor Roger Hollingworth / Councillor Rita Taylor
Responsible Head of Service	Acting Chief Executive

1. **SUMMARY**

- 1.1. The Council's External Auditor (KPMG LLP) has issued the Annual External Audit Report for 2005/06 (see Appendix). 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. **RECOMMENDATIONS**

- 2.1 Members are asked to consider the Annual External Audit Report for 2005/06 and, subject to any comments they may wish to make, to accept it.
- 2.2 Members are asked to endorse the management response to the Annual External Audit Report for 2005/06 recommendations.

3 **BACKGROUND**

- 3.1 Appended to this Report is the Annual External Audit Report for 2005/06 which reports the significant findings from work undertaken by KPMG LLP (the Council's appointed auditors) as part of the 2005/06 Audit and Inspection Plan. The memo 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 It is felt that the report does accurately reflect the Councils position however it is felt that a number of points are worth clarification / further comment:

- Page 4 – financial position – it could be inferred here that the situation wasn't effectively managed however it is officers firm belief that the potential overspend was identified early and corrective actions put in place.
- Page 5 – the report states that “Although the Authority is currently examining ways of addressing spending and activity levels, these need to be carefully monitored...” This could again be inferred that they weren't before – officers believe that there have been significant improvements in financial management within the Council over the last 2 years.
- Data quality – it is a recognised that the Council needs to improve significantly with regard to data quality however it is worth noting that this is a new Key Line of Enquiry and that lots of other councils are in a similar position.

3.4 The Memo does contain a series of Recommendations and a Management response has been included. Members are asked to endorse the Management response.

4. FINANCIAL IMPLICATIONS

4.1 None.

5. LEGAL IMPLICATIONS

5.1 None.

6. CORPORATE OBJECTIVES

6.1 Overall objective of improvement.

7. RISK MANAGEMENT

7.1 None.

8. CUSTOMER IMPLICATIONS

8.1 None.

9. OTHER IMPLICATIONS

Procurement Issues N/A
Personnel Implications N/A
Governance/Performance Management N/A
Community Safety including Section 17 of Crime and Disorder Act 1998 N/A
Policy

N/A
Environmental N/A
Equalities and Diversity N/A

10. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	To be sent 26/1/07
Acting Chief Executive	Author
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	N/A

11. APPENDICES

Annual External Audit Report 2005/06

12. BACKGROUND PAPERS

None

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