



Leicester
City Council

WARDS AFFECTED
All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

**Resources and Equal Opportunities Scrutiny Committee
Cabinet**

**6 April 2006
15 May 2006**

Annual Audit Letter 2004/5

Report of the Chief Finance Officer

1. Purpose of the Report

To introduce the Annual Audit Letter for 2004/5, a copy of which has been sent to all members of the Council and has been published on the Audit Commission and Council websites (www.audit-commission.gov.uk and <http://www.leicester.gov.uk/your-council--services/key-documents/annual-audit-letter>) respectively.

2. Summary

The letter confirms continued improvements in the Council's performance in a number of areas, as well as identifying areas where improvements are indicated. The overall conclusion of the letter is that the Council faces a demanding agenda for change but is well placed to deliver its plans.

3. Recommendations

The Scrutiny Committee is asked to consider the letter and make such comments on it, to the Cabinet, as it so wishes. The Cabinet is asked to consider and note the report in the light of any scrutiny comments.

4. Report

4.1. The Audit Commission Code of Audit Practice requires the District Auditor to report to the Council on the findings of the work of the Audit Commission's Joint Inspection and Audit Team.

4.2. The Annual letter focuses on

4.2.1. The Accounts

4.2.2. The financial aspects of Corporate Governance

4.2.3. Performance Management

4.3. The current letter covers the period 2004/5 and identifies key issues for the consideration of the Council.

5. Key Findings

5.1. The Council

5.1.1. has good overall arrangements for preparing its annual financial statements.

5.1.2. has been given an unqualified opinion on its accounts.

- 5.1.3. has governance arrangements which are generally satisfactory.
- 5.1.4. has contained spending within its budget and maintained reserves above the minimum levels specified in its financial strategy.
- 5.1.5. has taken action to address failings exposed by the overspending in the Education Department by strengthening internal controls and recognising the need to build a culture of good governance.
- 5.1.6. has improved its level of collection of local taxes although it remains below average.
- 5.1.7. attained a CPA rating of “4*” and been assessed as improving well.
- 5.1.8. has key accounting controls which can be relied upon to support the auditor’s opinion on the financial statements.
- 5.1.9. has a good corporate assurance system for ensuring key controls are operating effectively which is being let down by poor implementation in some departments.
- 5.1.10. has no identified weaknesses in the overall internal control framework, although there is scope to strengthen controls in respect of revenue contracts.
- 5.1.11. has an Internal Audit Service which had improved but which did not fully meet all the revised standards.
- 5.1.12. has no identified significant weaknesses in its arrangements for preventing and detecting fraud and corruption and maintaining standards of conduct.
- 5.1.13. has no identified significant weaknesses in the framework established for ensuring the legality of its significant financial transactions.

6. Financial Implications

The letter concerns itself heavily with the Council’s accounts, and with financial aspects of corporate governance, including the legality of financial transactions.

7. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Crime and Disorder Implications	N	-
Human Rights Act	N	-
Legal	N	-
Equal Opportunities	N	-
Policy	N	-
Sustainable and Environmental	N	-
Elderly/People on Low Income	N	-

8. Background papers

None

9. Consultations

Consultation has taken place with relevant departments during the conduct of individual audits and inspections.

10. Report Author

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Mark Noble

Chief Finance Officer

DECISION STATUS

Key Decision	No
Reason	N/A
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)

