



Report of the Chief Officer (Executive Support)

Corporate Governance and Audit Committee

Date: 29th June 2007

Subject: Annual Audit and Inspection Letter June 2007

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 Purpose Of This Report

- 1.1 The purpose of this report is to introduce the Annual Audit and Inspection letter presented by Paul Lundy, the Audit Commission's Relationship Manager and the Council's appointed auditor Adrian Lythgo of KPMG LLP.

2.0 Background Information

- 2.1 Each year the Council receives a letter from our Relationship Manager at the Audit Commission and our Appointed Auditor (KPMG). The letter summarises the conclusions and significant issues arising from their audit and inspection programme over the previous year.

3.0 Main Issues

- 3.1 The Annual Audit and inspection letter is attached to this report. It covers; council performance; the accounts, data quality; and, use of resources.
- 3.2 In February 2007 Leeds City Council was designated as a 'Three Star' authority that is 'improving adequately'. Three Stars is the second highest level of performance under the CPA Harder Test methodology but represents a reduction in score from Four Stars in the previous year. The letter attributes this fall "almost entirely" to a drop (from 4 to 2) in the score for the Culture block which, in turn, was triggered by changes to the scoring system rather than by a significant deterioration in actual performance from the previous year

- 3.3 The annual audit of the accounts and financial systems was completed in line with national timescales. KPMG LLP issued an unqualified audit opinion on the 27 September 2006.
- 3.4 KMPG also completed the first review of data quality last year. The overall conclusion was that the Council has adequate arrangements for data quality.
- 3.5 The overall score under the auditor's Use of Resources assessment for 2006 was 3. This is the same as last year, although there have been some improvements in some of the elements that contribute to the overall score

4.0 Implications For Council Policy And Governance

- 4.1 Under its terms of reference the Corporate Governance and Audit Committee is responsible for considering the Authority's arrangements in relation to the accounts and external audit. Receipt of the Annual Audit and Inspection Letter contributes to the fulfillment of this obligation.

5.0 Legal And Resource Implications

- 5.1 None

6.0 Conclusions

- 6.1 The Annual Audit Letter is generally positive and reflects the overall assessment of the council being a Three Star authority that is 'improving adequately'.

7.0 Recommendations

- 7.1 Members are asked to agree the attached Annual Audit and Inspection letter.