

## Use of Resources 2006/07 Action Plan

|     | <b>Key Line of Enquiry</b>   | <b>Audit Commission Comments</b>  | <b>Action Taken</b>  | <b>Action to be taken by</b> | <b>Date Action to be completed</b> |
|-----|--|---|--|------------------------------|------------------------------------|
|     | <b>Financial Reporting</b>   |   |  |                              |                                    |
| 1.1 | The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.                              | Further improve quality of working papers particularly in relation to capital accounts.   | Head of Financial Services reviewed working papers for 2006/07.  | David Powell                 | Completed                          |
|     |  | Improve the analytical review in relation to the Consolidated Revenue Account.  | Variance analysis undertaken prior to working papers being sent to the Audit Commission.   | David Powell                 | Completed                          |
| 1.2 | The Council promotes external accountability.  | The preferred formats for the annual report could be further developed by incorporating user views.                                       | Head of Financial Services to develop a questionnaire and liaise Martin Heuter (Senior Community Involvement Officer) on the best approach.  | David Powell                 | October 2007                       |
|     | <b>Financial Management</b>  |   |  |                              |                                    |
| 2.1 | The Council's Medium-term Financial Management Strategy (MTFMS), budgets and capital programme are soundly based and designed to deliver its strategic priorities. | There have been a number of innovations during this financial year (see above), which now need embedding into the culture of the Council. | The Performance Improvement Cycle for 2008/09 budget setting is a more rigorous test of budget and service planning than in 2007/08 and has allowed closer integration of service and financial planning.. | David Powell<br>Tony Geeson  | Ongoing                            |
|     |  | The Corporate Business plan needs to include financial sensitivity analysis.  | To be completed as part of the 2008/09 planning process.   | David Powell                 | March 2008                         |
|     |  | A new system for revenue and capital projects including a project appraisal, business plan and  | The new Head of Asset Management & Property Services arrived in post in May 2007. The  | Head of Asset Management     | Ongoing                            |

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|     |   | affordability test needs to be embedded.  | Corporate Asset Strategy Group has been set up, with two sub-groups. One to monitor the capital programme, the other to look at asset strategy. There has been one meeting in June 2007 and one in August 2007. | and Property Services |                             |
|     |   | Level 4 tests need consideration.   | Included as part of service improvement planning in Financial Services.   | David Powell          | Ongoing                     |
| 2.2 | The Council manages performance against budgets | Innovations during this financial year (see above) which now need embedding into the culture of the Council | Revised Integrated Performance Report in place.   | David Powell          | Completed                   |
|     |   | Training must be provided to Members and relevant non-financial staff.                                      | Members have received training on financial scrutiny from the Head of Financial Services. Further training for Members took place in July 2007.   | Sonia Rees            | July 2007                   |
|     |   |   | Level 1 training for non- Financial Managers commenced. Regular events included in the Corporate training calendar.   | David Powell          | March 2007 and on going     |
|     |   |   | Level 2 training for non Financial Managers held 28th March 2007. Regular events included in the Corporate training calendar.   | David Powell          | March 2007 and ongoing      |
|     |   | Underspends and overspends need to be closely managed with  | Integrated Performance Report format changed to give more   | David Powell          | Completed                   |

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|     |  | reported variances to Members being a more accurate reflection of the Council's spend to date  | clarity to members and management of budgets will form part of the level 2 training to officers.  |  |                                    |
|     |  | Level 4 tests need consideration   | Part of service improvement planning in Financial Services.   | David Powell                                   | Ongoing                            |
| 2.3 | The Council manages its asset base.                              | Innovations during this financial year which now need embedding into the culture of the Council.   | The creation of the Corporate Asset Strategy Group allows a cross-departmental approach to asset management that was previously missing.  | Head of Asset Management and Property Services | Completed                          |
|     | <b>Financial Standing</b>  |  |   |  |                                    |
| 3.1 | The Council manages its spending within the available resources. | The Council must ensure that it continues to manage its level of reserves more robustly. This includes regular reports to members on the level of reserves needed. | Head of Financial Services reported to Strategic Monitoring Committee on 30 <sup>th</sup> March and Cabinet 12 <sup>th</sup> April 2007.  | David Powell                                   | Completed                          |
|     |  | The Council must set and monitor targets for all material categories of income collection and recovery of arrears, based on age profile of debt.                   | Responsibility for debt recovery has now been brought together under one team. All outstanding debt is currently being reviewed and once this is completed age profiles will be created and recovery targets set for all years debts. | Mike Toney                                     | April 2007                         |

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|     | <b>Internal Control</b>   | .   |   |                       |                               |
| 4.1 | The Council manages its significant business risks  | The risk management process should be reviewed and updated at least annually.   | Forms part of The Audit Plan Draft Risk Management Audit Report with Audit Manager  | Tony Ford             | September 2007                |
|     |   | All significant risks should be included in the corporate risk log.   | The Corporate Risk Register has been reviewed and is an ongoing process.  | David Powell          | Ongoing                       |
|     |   | All appropriate staff should be offered relevant training.  | Risk Management Training for appropriate staff now complete and external provider engaged.  | David Powell          | Completed but will be updated |
|     |   | The Council risk register must be clearly aligned to the Council's strategic objectives.                                | To be part of the Corporate Risk Manager's work programme.  | David Powell          | May 2007                      |
| 4.2 | The Council has arrangements in place to maintain a sound system of internal control  | The assurance framework should more clearly map the strategic objectives to the risk register, controls and assurances. | This will be completed for the Council's 2007/08 objectives and is in progress. Programme of meetings with Directorate Management Teams arranged. | Tony Ford             | September 2007                |
|     |   | All reports submitted to Members must be formally considered for legal issues before presentation.                      | The Head of Service sees reports with any legal implication and advises authors accordingly.  | Alan Mclaughlin       | April 2007                    |
|     |   | Regular reconciliations of all significant financial systems should be carried out.                                     | Significant systems identified and reconciliation commenced.  | David Powell          | Ongoing                       |
| 4.3 | The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business. |   |   |                       |                               |
|     |   | The Code of Conduct for   | New Code of Conduct adopted by  | Alan                  | November                      |

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|     |   | Members and Officers needs review and there should be some tightening of the rules around the receipt of gifts and hospitality.  | resolution of full Council on 27 <sup>th</sup> July 2007 and includes hospitality and gifts.   | Mclaughlin                   | 2007 Completed                     |
|     |   | More emphasis needs to be placed on having stronger arrangements for probity and propriety in place by actively ensuring staff and others involved with the Council are aware of and understand policies and processes (e.g. Whistleblowing) | Whistle-blowing Policy on website. SMT informed October 2006. Policy due for annual review.  | Alan Mclaughlin              | Ongoing                            |
|     |   | Whistle blowing processes must be communicated to all staff and external partners. This can be carried out internally by displaying posters etc  | All payment remittance slips sent out has a 'Please note the Council's Whistle-blowing policy' message that includes the web link.<br><br>Posters displayed on notice boards.<br><br>Reminder in News and Views. | Tony Ford                    | Completed                          |
|     | <b>Value For Money</b>                              |  |  |                              |                                    |
| 5.1 | The Council currently achieves good value for money | The Council's understanding of its cost pressures is improving, with a more robust and rigorous approach to medium term planning. The Council needs to continue to embed this  | Financial Services supported Adult Services needs analysis work. The bi-annual 'refresh' of the MTFMS will draw out these issues   | David Powell                 | Ongoing                            |

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|     |   | understanding.  |  |                                      |  |
|     |   | Significant service overspends need to be robustly tackled  | Part of ongoing discussions with Directorates. Working with Adult & Community Services on a recovery plan.   | David Powell                         | Ongoing  |
| 5.2 | The Council manages and improves value for money. |   |  |                                      |  |
|     |   | Embed the improvements made in planning for and delivering value for money, e.g. Herefordshire Connects.  | This will be developed when the partner has been identified.   | Herefordshire Connects Project Board | Ongoing  |
|     |   | Ensure robust approaches to benchmarking in all service areas, and ensure that challenge (e.g. Scrutiny) is robust                                  | The performance improvement network will undertake an assessment of current benchmarking and rectify the major gaps — commenced in June 07.<br><br>Other benchmarking gaps to be addressed subject to findings in action above.<br><br>Approval for a new scrutiny development plan. | Head of Performance Management       | By April 2008<br><br>By April 2009<br><br>31 December 07 |
|     |   | Ensure that improvements in value for money are accounted for in a straightforward and transparent way, by improving service planning and reporting | The benefit card is now being used as part of Herefordshire Connects and is part of various procurement activities in each directorate.  | Dean Hogan                           | Ongoing  |

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|  |                     | arrangements  | Some further work required to embed this process.  |                       |                             |
|  |                     | Issue updated guidance to services on measuring efficiencies, and improve the assurance arrangements to ensure that efficiency gains are robustly stated. | As above.  | Dean Hogan            | Completed                   |
|  |                     | Corporate approaches to procurement are still not well developed  | The postal service review has been completed and the agency staff contract started on 1 <sup>st</sup> September 2007.<br>The telephone usage Audit Action Plan has been completed. The Strategic Procurement and Efficiency Review Manager is involved in major procurement exercises within directorates. This will help improve the corporate approach to procurement and improve the quality of outcomes. | Dean Hogan            | Ongoing                     |