USE OF RESOURCES REPORT 2008

PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET   **27 MARCH 2008**

Wards Affected

County-wide.

Purpose

1.   To note the Audit Commission's Use of Resources report for 2008 and the comments made by the Audit & Corporate Governance Committee.

2.   For Cabinet to approve the response to each of the opportunities for improvement identified in the Use of Resources report for 2008 and notes the comments made by the Audit & Corporate Governance Committee.

Key Decision

3.   This is not a Key Decision.

Recommendation(s)

THAT (a)   Cabinet notes the Audit Commission's Use of Resources report for 2008 and the comments made by the Audit & Corporate Governance Committee; and

(b)   Cabinet approves the response to the opportunities for improvement identified in the Use of Resources report for 2008 and notes the comments made by the Audit & Corporate Governance Committee.

Reasons

4.   The Council needs to respond appropriately and promptly to the Use of Resources report for 2008 in preparation for the next assessment.

5.   The Council's overall score for Use of Resources has fallen to 2 (adequate performance in 2006/07) from a 3 (performing well in 2005/06).

6.   The score for internal control has fallen to 1 (inadequate performance in 2006/07) from a 2 (adequate performance in 2005/06).

7.   The score for value for money has fallen to 2 (adequate performance in 2006/07) from a 3 (performing well in 2005/06).

Further information on the subject of this report is available from
Mrs Sonia Rees, Director of Resources on tel (01432) 383519

Considerations

8. The Use of Resources assessment is a significant element of the Comprehensive Performance Assessment (CPA) framework, the Audit Commission's annual assessment of the services provided by councils for local people. The Use of Resources assessment encompasses financial reporting, financial management and financial standing, together with internal control and value for money. The Use of Resources report for 2008 is attached as Appendix 1 to this report.

9. The Director of Resources is accountable for many of the criteria within the Use of Resources assessment. Many other officers also have direct accountabilities as can be seen in Appendix 2. Together these officers ensure that the framework for effective financial governance is in place so that use of resources is optimised in providing services to local people.

10. Being able to evidence that effective financial governance arrangements are in place to support the optimal use of resources is not, however, the end of the story. The Council has to be able to demonstrate that all parts of the organisation work consistently within the agreed framework with the utmost regard for probity and propriety. This makes the Use of Resources an issue for every officer and councillor.

11. The Corporate Management Board has therefore been consulted at length in preparing the commentary on and agreeing the actions in response to the improvement opportunities identified by the Audit Commission (Appendix 2 refers).

12. The key priorities for the Council in restoring its overall Use of Resources score are:

    Internal Control

    (a) Developing a consolidated business continuity plan.

    (b) Reaffirming the standards expected with regard to accepting and declaring gifts and hospitality.

    (c) Providing assurance that the financial governance issues identified within ICT have been addressed.

    Value for Money

    (d) Continued improvement in performance indicators across the board.

    (e) Adopting a systematic approach to evidencing that service provision represents value for money and to benchmarking the cost of services.

    Financial management, reporting and standing

    (f) Continued improvement in response to the improvement opportunities identified and progress already made.

13. The Audit Commission presented their Use of Resources report for 2008 to the Audit & Corporate Governance Committee on 29th February 2008 as the Council body charged with responsibility for financial governance. The Audit & Corporate Governance Committee asked questions and their views can be summarised as follows:

(a)   The need for improvements in fixed asset management particularly in relation to schools, which was a major area due to the number of buildings.

(b)   There might be some areas where PRINCE 2 methodology was not being applied to procurement projects as a measure to improve internal control.

(c)   In response to a question the committee was also informed that the opportunities for improvement appended to the report were ultimately the Chief Executive's responsibility and that assurance on actions taken could be tracked by quarterly audit reports

14.   The Corporate Management Board has drafted a response to each of the action points in the Use of Resources Report for 2008 (Appendix 2 to this report refers). The Audit Commission commented positively on the thoroughness of the Corporate Management Board's response. These actions will be incorporated into relevant directorate and service plans for 2008/09.

15.   **The Audit & Corporate Governance Committee noted the report and current progress and subject to any comments from Cabinet approved the Corporate Management Board's action plan.**

Financial Implications

16.   None arising as a direct result of this report.

Risk Management

17.   Failure to improve across the board in relation to the assessment criteria within Use of Resources will have a reputational impact for the Council as the CPA is replaced by the Comprehensive Area Assessment (CAA). The new assessment framework will start in Spring 2009 and will be much more focused on the community's perceptions of how well the Council is performing.

Alternative Options

18.   There are no Alternative Options.

Consultees

19.   The Audit & Corporate Governance Committee has been consulted on the Use of Resources report for 2008.

Appendices

20.   Appendix 1 – The Use of Resources report for 2008.

21.   Appendix 2 – The Corporate Management Board's response to each of the opportunities for improvement in the Use of Resources report for 2008.

Background Papers

None identified.