

AUDIT COMMISSION USE OF RESOURCES REPORT

Report By: Director of Resources

Wards Affected

County-wide.

Purpose

To update Members of the Audit and Corporate Governance Committee on the Audit Commissions Report on the Councils Use of Resources (Appendix 1 refers), and to out line the action being taken on improvements identified.

Financial Implications

None Identified

RECOMMENDATION

THAT the report be noted.

Reasons

The Use of Resources Judgement assesses how well the Council manages and uses its financial resources. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the council's priorities and improve services. The five themes covers:

- financial reporting;
- financial management;
- financial standing;
- internal control; and
- value for money.

The Use of Resources assessment reflects the requirement for continuous improvement and helps to establish clear minimum requirements that will provide the foundation for reducing regulation in the future.

The Councils target is to achieve a level 4 by no later than 2009-10.

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

Considerations

1. The Councils Use of Resources score for 2006 has remained at 3, however it should be borne in mind that to support scores of 3 and above the Audit Commission has to consider whether relevant arrangements are embedded, that is, they have been operating consistently with clear outputs and are having an impact.
2. Comparison of the theme score for 2006 and 2005 has been summarised in the table below.

Theme	Score 2006	Score 2005
Financial Reporting	3	3
Financial Management	3	3
Financial Standing	2	2
Internal Control	2	2
Value for Money	3	3
Overall score	3	3

3. The standard scales used in the assessment are:
 - 1 Below minimum requirements- inadequate performance
 - 2 Only at minimum requirements – adequate performance
 - 3 Consistently above minimum requirements- performing well
 - 4 Well above minimum requirements – performing strongly.
4. Although the overall score remained the same when compared to last year this has been a year for embedding processes and procedures. However there were movements in two Key Lines of Enquiry (KLOE). Within the theme Financial Management KLOE 1.2 **The Council promotes external accountability** moved from a 2 to a 3 in 2006. However within the theme Internal Control KLOE 4.3 **The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business** moved from a 3 to a 2 in 2006.
5. The adverse movement in KLOE 4.3 was due to:
 - The Codes of Conduct for Members and Officers requires review with some tightening of the rules around the receipt of gifts and hospitality:
 - 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.) Whistle-blowing.
 - The Whistle-blowing process must be communicated to all staff and external partners.

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6. A 'next step' document (Appendix 2 refers) has been developed, in consultation with Corporate Management Board Colleagues and relevant Heads of Service and outlines the key areas requiring action. The Audit Services Manager will be acting as Project Manager and will agree specific actions and timescales with the relevant officers, once agreed the detailed action plan will be submitted to the Audit and Corporate Governance Committee for consideration and comment and then on to Cabinet for approval.
7. Looking into the future it is going to be a challenge retaining our 3 score in 2007 as the tests get harder, the assessment period changes and the Audit Commission will continue to seek embeddedness of the new financial management culture.

Risk Management

8. The Council now has in place a Statement of Internal Control Assurance Framework, which was approved by the Audit Committee. Part of the process involves actions that arise from the Council's Annual Audit and Inspection letter and associated reports. Lack of action on the Council's part could have an adverse effect on the Council's Use of Resources score at the next assessment

BACKGROUND PAPERS

Use of Resources Auditor Judgement

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