
REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 6
DATE OF MEETING:	27th FEBRUARY 2008	CATEGORY: DELEGATED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/audit committee/UOR covering report Feb 08
SUBJECT:	USE OF RESOURCES AUDITOR JUDGEMENTS 2007	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE:

1.0 Recommendations

- 1.1 That the Audit Commission's Use of Resources Assessment for the Council for 2007 is considered.
- 1.2 That the outline requirements for the 2008 and 2009 assessments are also considered and any conclusions or recommendations are referred to the Finance and Management Committee for inclusion in the associated work plan.

2.0 Purpose of Report

- 2.1 In accordance with its Terms of Reference, the Committee is requested to consider the Audit Commission's Use of Resources (UOR) assessment for the Council in 2007. Their report is attached.
- 2.2 In addition, the Committee it is requested to review the changes to the 2008 assessment and potential requirements for 2009 in readiness for the new Comprehensive Area Assessment framework.

3.0 Detail

Background

- 3.1 The Use of Resources (UOR) is an annual assessment undertaken by the Audit Commission. Essentially, it evaluates how well councils manage and use their financial resources.

- 3.2 It is used by the Audit Commission as one of the indicators that judges the degree of improvements being made at an authority. As such, it is part of the national Comprehensive Performance framework.
- 3.3 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 assessment covers 5 themes.
- 3.4 The first 3 themes cover financial reporting, financial management and financial standing; a further 2 themes cover the wider aspects of internal control and to what extent and how authorities manage value for money.
- 3.5 Scoring is based on the following scale.
- 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
- 3.6 This is the 3rd (year) assessment undertaken. In 2005, the Council scored an overall 2, moved to an overall 3 in 2006 and improved on this further in 2007 by scoring a 3 in every category in every theme.
- 3.7 The scores for 2007, with a comparison to 2005 and 2006 are shown in the following table.

Scores for Each Theme

Key Lines of Enquiry (KLOE)	2007 Score	2006 Score	2005 Score
Theme 1 - Financial Reporting			
• The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers	3	1	2
• The Council promotes external accountability	3	3	2
Overall Score – Financial Reporting	3	2	2
Theme 2 - Financial Management			
• The Council's medium-term financial strategy, budgets and capital programmes are soundly based and designed to deliver its strategic priorities	3	3	3
• The Council manages performance against budgets	3	3	3
• The Council manages its asset base	3	3	1
Overall Score – Financial Management	3	3	2
Theme 3 - Financial Standing			
• The Council manages its spending within the available resources	3	3	2
Theme 4 - Internal Control			
• The Council manages its significant business risks	3	3	2
• The Council has arrangements in place to maintain a sound system of internal control	3	3	3
• The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct	3	3	2

of its business			
Overall Score – Internal Control	3	3	2
Theme 5 - Value for Money			
• The Council currently achieves good value for money	3	2	2
• The Council manages and improves value for money	3	3	2
Overall Score – Value for Money	3	2	2

Calculating the Overall Score

- 3.8 The overall score for each theme is then assessed against the criteria shown in the following table.

At least two 4's and no other scores below 3	4
At least three 3's and no score below 2	3
At least three 2's	2
Any other combination	1

- 3.9 The main improvements in 2007 were in the production of the Council's annual accounts and developing value for money. In addition, an overall 3 was maintained after meeting some additional requirements compared to 2006.

- 3.10 The Council has been assessed as "consistently above minimum requirements – performing well" in all categories.

Areas for Further Improvement

- 3.11 As part of the Commission's work, they also highlight opportunities for the Council to improve. Some areas have been identified and these are summarised below:

- Producing a set of accounts that are effectively exemplary
- Closer monitoring of performance on debt collection
- A planned programme of ethics training for staff
- Looking closely at the costs of all services and value for money provided
- Continue to develop a value for money culture within the Council

- 3.12 Plans are already in place to meet these opportunities, such as greater use of I.T. for the final accounts process, including working papers for auditors and the implementation of a new Debt Recovery Section. In addition, several services are being reviewed and tested against procurement and efficiency principles; value for money is now a key theme in the Council's Corporate Plan.

The 2008 assessment

- 3.13 Perhaps the greatest challenge however for 2008, are the new requirements introduced for that assessment. These are detailed in Appendix 1 (page 12) of the Commission's report and focus on:

- Greater accountability through annual reporting
- Adherence to equalities legislation in strategies and reporting
- Greater integration of asset management into business planning
- Rationalising asset holdings and the involvement of community groups
- Stretching performance of debt recovery
- The work of the Standards Committee
- Data Quality
- Being clearer on what outcomes are delivered to the local community

3.14 Many of these requirements actually stretch to a level 4 and the Council will strive to hit this level where it can. The above factors should be achievable as the Council is working towards these “targets” in any case. It is considered that the additional requirements for asset management will be harder to achieve.

3.15 However, a progress report and work programme to determine this, along with a plan to achieve level 4 (if possible) is currently being formulated. This will be reported to the Finance and Management Committee.

Beyond 2008

3.16 The 2005 and 2006 assessments focused more on financial aspects. Having seen this embedded across most authorities, the 2007 assessment started to focus more on accountability and other internal control issues, including partnership working.

3.17 The 2008 assessment is being seen as a transition year towards the new Comprehensive Area Assessment in 2009. The Government have already indicated a keener focus will be on:

- Partnership working and joint procurement
- Citizen engagement
- Sustainability
- Data quality
- Asset management
- Value for Money and Efficiency

4.0 Financial Implications

4.1 None associated directly with this report.

5.0 Corporate Implications

5.1 None associated directly with this report.

6.0 Community Implications

6.1 None associated directly with this report.