



## **South Derbyshire District Council**

Interim Audit Report 2009/10

May 2010

# Contents

<b>1</b>	<b>Executive Summary</b>	<b>1</b>
<b>2</b>	<b>Use of Resources</b>	<b>3</b>
<b>3</b>	<b>Interim Accounts Audit</b>	<b>6</b>
<b>4</b>	<b>Follow Up of Prior Year Recommendations</b>	<b>10</b>

## Appendices

<b>A</b>	<b>Action Plan - Interim Accounts Audit</b>	<b>11</b>
<b>B</b>	<b>Use of Resources - Underlying principles</b>	<b>17</b>

# 1 Executive Summary

## Introduction

- 1.1 In carrying out our audit, we comply with statutory requirements governing our duties, in particular, the Audit Commission Act 1998 and the Code of Audit Practice (the Code).
- 1.2 The Code of Audit Practice emphasises the respective responsibilities between audited bodies and their auditors. The Council is responsible for putting in place proper arrangements for the preparation of its accounts, governance of its affairs and for making adequate arrangements to secure economy, efficiency and effectiveness in the use of its resources. We are required to form an opinion on the Council's annual financial statements and whether the Council has adequate arrangements to secure economy, efficiency and effectiveness in the use of its resources.

## Scope

- 1.3 We have completed our interim audit at the Council in accordance with our agreed audit strategy as set out in the Audit Approach Memorandum presented to the Audit Sub-Committee on 24 February 2010. The scope of our interim audit covered:
  - Use of Resources
  - Interim Accounts Audit
  - Follow Up of Prior Year Recommendations.

## Overall Conclusions

- 1.4 For the 2009/10 Use of Resources assessment we have provisionally assessed the Council as meeting at least minimum requirements in all areas. The Council has been assessed at level 3 for managing finances and governing the business and level 2 for managing resources. In particular, the Council has continuing good arrangements in place for financial planning and financial reporting. The Council also has good partnership arrangements in place for securing data quality and governance.
- 1.5 During our interim accounts audit we have reviewed and responded to our detailed risk assessment for our audit of the 2009-10 accounts, which reflects both national developments and issues as well as local risks that emerged during the course of our 2008-09 audit. This review has concluded that appropriate action is currently being taken by the Council to address all of these risks. Furthermore, our review of the risks facing the Council has not identified any new risk areas. We will continue to keep our risk assessment under review.
- 1.6 Our procedures indicate that the Council has made adequate progress implementing the recommendations made in our ISA 260 report issued last year, fully implementing two of the four recommendations. Work is ongoing to complete the remaining two recommendations.

### **Use of this report**

- 1.7 This report has been prepared to inform the Council of the matters arising from our interim audit and should not be used for any other purpose or be given to third parties without our prior written consent.
- 1.8 Our report is part of a continuing dialogue between the Council and ourselves and should not be relied upon to detect all errors, systems or control weaknesses or opportunities for improvements in management arrangements that might exist. The Council should assess the wider implications of our conclusions and recommendations before deciding whether to accept or implement them, seeking its own specialist advice as appropriate.
- 1.9 We accept no responsibility in the event that any third party incurs claims, or liabilities, or sustains loss, or damage, as a result of their having relied on anything contained within this report.

### **The way forward**

- 1.10 We have set out our findings and recommendations in the appendices to this report. We have agreed action to implement the recommendations made with the Head of Finance and Property Services.

### **Acknowledgements**

- 1.11 We would like to record our appreciation for the assistance and co-operation provided to us during our interim audit by the Council's staff.

**Grant Thornton UK LLP**

20 May 2010

## 2 Use of Resources

### Introduction

- 2.1 The Use of Resources (UoR) assessment considers how well the Council is managing and using its resources to deliver value for money. In order to conclude on the use of resources, we perform an assessment against a number of Key Lines of Enquiry (KLoE) in accordance with the procedures for Comprehensive Area Assessment (CAA), using the underlying principles of performance, attached at Appendix B.
- 2.2 The Use of Resources assessment is structured into three themes that focus on:
- sound and strategic financial management - Managing Finances
  - strategic commissioning and good governance - Governing the Business
  - the management of natural resources, assets and people - Managing Resources.
- 2.3 Our findings from the Use of Resources assessment are summarised in Exhibit One below together with the prior year assessment. It is important to note that **the scores for 2010 are provisional** at this stage and will be externally assessed by the Audit Commission and may be subject to change. The finalised scores will be published by the Audit Commission in October 2010.

### Exhibit One: Use of Resources scores 2010 compared to 2009

Theme	KLoE	KLoE description	2010 provisional score	2009 finalised score
Managing Finances	1.1	Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?	3	3
	1.2	Does the organisation have a sound understanding of its costs and performance and achieves efficiencies in its activities?	3	2
	1.3	Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?	3	3
Governing the Business	2.1	Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?	2	2
	2.2	Does the organisation produce relevant and reliable data and information to support decision making and manage performance?	3	3

Theme	KLoE	KLoE description	2010 provisional score	2009 finalised score
	2.3	Does the organisation promote and demonstrate the principles and values of good governance?	3	3
	2.4	Does the organisation manage its risks and maintain a sound system of internal control?	2	2
Managing Resources	3.1	Is the organisation making effective use of natural resources?	3	Not assessed in 2009
	3.2	Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?	Not assessed in 2010	Not assessed in 2009
	3.3	Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?	2	2

- 2.4 As part of KLoE 1.3, we are required to assess the performance of the Council in reporting the 2009/10 Statement of Accounts. This assessment will be undertaken in August/September during the final accounts audit and will be reported in the ISA 260 to be considered at the Audit Sub-Committee in September.
- 2.5 The main areas where action is required by the Council include:
- to continue to implement the integrated risk management framework that should result in positive outcomes for the Council in 2010/11 for KLoE 2.4;
  - to develop further existing arrangements across the other KLoEs to ensure that the Council continues to deliver positive outcomes for local people in 2010/11; and
  - to ensure that the current corporate services partnering project does not weaken the Council's performance during the transition to the new arrangements.

### **Theme: Managing Finances**

- 2.6 This theme focuses on assessing whether the Council has sound strategic and financial management, that is, whether it plans its finances to deliver its priorities, the extent to which it has a sound understanding of its costs and performance, and whether its financial reporting is timely, reliable and meets the needs of its population.
- 2.7 The Council has achieved an overall score of level 3 for this theme (2009 - level 3).
- 2.8 The Council has achieved a score of level 3 for KLoEs 1.1, 1.2 and 1.3, including an improved score of level 3 for KLoE 1.2.

**Theme: Governing the Business**

- 2.9 This theme focuses on strategic commissioning and good governance, in particular how well the Council governs itself and commissions services that provide value for money and deliver better outcomes for local people.
- 2.10 The Council has achieved an overall score of level 3 for this theme (2009 - level 3).
- 2.11 The Council has achieved scores of level 3 for KLoEs 2.2 and 2.3.
- 2.12 In addition, the Council has improved management arrangements for KLoEs 2.1 and 2.4, which should result in positive outcomes for local people being achieved in 2010/11.

**Theme: Managing Resources**

- 2.13 This theme considers areas which have not previously been assessed on their own in detail. There are three elements to this theme, but only managing natural resources (KLoE 3.1) has been assessed in 2009/10. In addition, the Audit Commission's methodology states that organisations will carry forward scores for any KLoEs assessed in prior years that are not being assessed in the current. This applies to KLoE 3.3 (Workforce management) for the Council, which was assessed at level 2 in 2008/09.
- 2.14 The Council has achieved a score of level 3 for KLoE 3.1 (Managing natural resources) which has been assessed for the first time at district councils in 2009/10. This assessment is subject to sufficient evidence of positive outcomes (e.g. reductions against targets) being demonstrated in the actual 2009/10 outturn figures.
- 2.15 We will continue to work with the Council during the year to help officers in the identification of outcomes and supporting them in telling "the story" of South Derbyshire, and ultimately to help with the ongoing planning for the 2010/11 UoR assessment.
- 2.16 A separate UoR report will be issued later in the year.

## 3 Interim Accounts Audit

### Introduction

- 3.1 We are required to evaluate the design of an entity's controls, including relevant control activities, over risks that could lead to material misstatement in the financial statements, and determine whether they have been implemented.
- 3.2 We undertake this work during our interim audit visit, which primarily focuses on our accounts audit responsibilities, under the Code of Audit Practice, but, where relevant, informs our Use of Resources responsibilities.
- 3.3 As part of the interim audit, and in advance of our final accounts audit visit, we considered:
- the key risks facing the Council;
  - the extent to which we can place reliance on the work of the Council's Internal Audit function;
  - the adequacy of controls over financial reporting systems;
  - a review of closedown procedures in preparation for the final accounts;
  - a review of the Information Technology control environment;
  - the National Fraud Initiative (NFI); and
  - emerging accounting issues.

### Key risks

- 3.4 Our 2009/10 Audit Approach Memorandum was presented to the Audit Sub-Committee on 24 February 2010 and set out the following key risks facing the Council which could impact on the 2009/10 audit:
- the economic climate - impact on the Council's ability to manage its finances and risk of misstatement in the accounts related to asset valuations, treasury management, increased pension costs and debtor recoverability;
  - SORP 2009 - changes in accounting for National Non Domestic Rates and Council Tax;
  - asset valuations - appropriateness of the basis of valuation and formal consideration of impairment;
  - fixed asset register (FAR) - adequacy of the audit trail between the FAR and accounts;
  - bad debt provision - appropriateness of the provisioning approach adopted and adequacy of working papers to support this;
  - estimated claims - accuracy of NNDR and Council Tax income reported in the accounts if estimated claims are used as a basis;
  - presentation and format of the accounts - compliance with financial reporting requirements as set out in the 2009 SORP;
  - corporate services partnering project - availability of key staff and records during the audit; and

- new depot - appropriate recognition and treatment of this phased project in the accounts.

- 3.5 As part of our interim audit, we have discussed each of these risks and, based on discussions with Council officers, consider that appropriate steps are being taken, at this stage, to address the matters identified. We will continue to work with the Council over the coming months to manage our audit risks and discuss any emerging issues. Our review of the risks facing the Council has not identified any new risk areas.
- 3.6 From these specific risks we have highlighted the following matters as being critical to our audit and it is in these areas that we focus much of our audit effort:

	Assertion <sup>1</sup>		
	Existence/ Occurrence	Valuation	Completeness
Council Tax Revenues	✓		
NNDR Revenues	✓		
Grant Revenues	✓		
Property, Plant and Equipment		✓	
Operating Expenses			✓

<sup>1</sup> Assertions are used in assessing risks by considering the different types of potential misstatements that may occur:

- valuation - assets and liabilities are included in the financial statements at appropriate amounts.
- completeness - all transactions and events that should have been recorded have been recorded
- existence/occurrence - transactions and events that have been recorded have occurred and pertain to the Council. Assets & liabilities exist.

### Internal Audit

- 3.7 The Council's Internal Audit function was reviewed against CIPFA's Standards for Internal Audit as part of our 2007/08 audit. Our review concluded that Internal Audit provides an independent and effective service to the Council and substantially complies with the CIPFA Code of Practice for Internal Audit.
- 3.8 As we review the Council's Internal Audit function against CIPFA's Standards for Internal Audit on a triennial cycle, our next detailed review will be undertaken as part of our 2010/2011 audit.
- 3.9 Having established in 2007/08 that Internal Audit arrangements were sufficient for us to place reliance on relevant systems work, we have used Internal Audit's system documentation as a basis to assist in our evaluation of the design effectiveness of the Council's controls. Its work has also contributed to our understanding of the Council's control environment and assurance framework.
- 3.10 The Internal Audit files and reports we reviewed as part of our work are detailed below:
- main accounting system
  - budgetary control

- fixed assets
- debtors
- creditors
- housing and council tax benefits
- NNDR
- payroll
- bank reconciliation
- treasury management

### **Review of financial reporting controls**

- 3.11 Our work in this area evaluates the design of the Council's controls, including relevant control activities, over risks that could lead to material misstatement in the financial statements, and determines whether they have been implemented. Emphasis is placed on identifying and obtaining an understanding of control activities that address the areas where we consider that material misstatements are more likely to occur.
- 3.12 Our work in this area considered the appropriateness of the Council's processes over the key accounting systems:
- housing benefit and council tax benefit expenditure;
  - recognised financial performance;
  - HRA rental revenue;
  - council tax revenues;
  - NNDR revenues;
  - grant revenues;
  - other revenues;
  - cash;
  - investments;
  - financial instruments;
  - property, plant and equipment;
  - employee remuneration;
  - operating expenses;
  - value added taxes; and
  - debt.
- 3.13 In addition, for the areas identified as presenting a higher risk of material misstatement in the financial statements, as set out at paragraph 3.6, we also evaluated the design of the Council's controls.
- 3.14 We found that the Council's processes over its key accounting systems and controls in these areas were generally sound with no material weaknesses. We have however made a few minor improvement recommendations which are set out at Appendix A.

### **Closedown procedures**

- 3.15 Our review considered the Council's timetable for closedown, and the arrangements for preparing the draft accounts, including guidance provided on working papers to be made available as part of the closedown process. The Council continues to closely monitor the timetable and expects to meet the statutory deadline of 30 June 2010, and also expects to

provide detailed working papers to support the accounts at the start of our final accounts audit visit.

### **Information Technology Control Environment**

- 3.16 We completed a high level review of the general Information Technology control environment as part of the overall review of the internal control system. We concluded that there were no material weaknesses within the IT arrangements that could adversely impact on our audit of the accounts.
- 3.17 Our work did however identify a number of issues that require attention which are summarised as follows and included at Appendix A.
- the Council should consider a number of control issues relating to the finance application, Agresso, in particular ensuring these are incorporated within, and addressed as part of, the Corporate Services Partnering Project;
  - the Council should establish a process whereby the IT department is notified immediately when a member of staff leaves the Council;
  - a vulnerability assessment of the IT network has not been conducted in the last 12 months. It is good practice to conduct these reviews every 12 month; and
  - gaps around the documentation of testing of changes to applications should be identified and managed appropriately.

### **National Fraud Initiative**

- 3.18 The National Fraud Initiative (NFI) matches electronic data within and between audited bodies to prevent and detect fraud and is operated by the Audit Commission. As part of our planned programme of work for 2009/10, we reviewed the procurement matches identified by the 2008/09 NFI exercise.
- 3.19 We have reviewed the reports included for South Derbyshire District Council and, following initial investigation, are content that the matches are not high risk. We have granted access to the report to the Council, as the audited body, in order that it can review, investigate and make comments as it sees fit.

### **International Financial Reporting Standards (IFRS)**

- 3.20 From 2010/11 the Council is required to produce its Statement of Accounts under IFRS based on an IFRS Code of Practice on Local Authority Accounting prepared by CIPFA. As part of our procedures, we have discussed with the relevant officers their readiness for conversion to IFRS and the preparation they have undertaken to date.
- 3.21 The Council has considered the requirements of IFRS transition and intends to commence the detailed work necessary to restate the 2009/10 accounts and prepare the 2010/11 accounts under IFRS when the 2009/10 audit has been concluded in September 2010.
- 3.22 We will continue to work with the Council's finance team to ensure that arrangements are in place to prepare an IFRS transition plan and we will monitor progress against this plan throughout 2009-10 and into 2010-11. We will discuss with the Council the required accounting treatments under IFRS, where this will not compromise our independence.

## 4 Follow Up of Prior Year Recommendations

### **Progress in implementing recommendations**

4.1 As part of our planned programme of work, we have followed up the recommendations made in our ISA 260 report issued last year. We are pleased to note that the Council has implemented two of the recommendations and is working towards the remaining two as follows:

- 1) the Council is continuing its efforts to locate evidence to support its liability to the Music Trust; evidence has not been forthcoming for the past 2 years and it has been requested that legal or other formal documentation is provided for the 2009/10 audit.

#### **Management Response:**

The Council has located legal evidence to support the liability. This will be available for review as part of the closedown process for 2009/10.

- 2) the Council was requested to continue to investigate the reconciliation differences identified from the first year implementation of the new asset management system, and this exercise remains ongoing.

#### **Management Response:**

This will be completed as part of the final accounts process for 2009/10.

## A Action Plan - Interim Accounts Audit

Rec. No.	Matter Arising	Priority H/M/ L	Recommendation	Management response
1	<p><b>Asset Management System</b></p> <p>One officer within the Property Services team makes all of the amendments to the land, buildings and dwellings register in the CIPFA asset management system. There is no second review undertaken, nor are there spot checks against source data to ensure amendments to the register are accurate.</p>	Medium	It is recommended that spot checks are introduced on a periodic basis to help ensure that the integrity of the CIPFA asset management system is maintained.	<p>Accepted.</p> <p>Although there is an independent reconciliation undertaken in the period leading up to final accounts closedown, Internal Audit will undertake future spot checks against source data on a quarterly basis throughout the year.</p> <p>Implementation date – September 2010, under the responsibility of the Head of Finance and Property Services.</p>

2	<p><b>Council Tax/NNDR Revenue Accounts</b></p> <p>There are no second reviews or spot checks performed by team leaders on the processing of customer Council Tax and NNDR revenue accounts by revenue officers.</p>	Medium	<p>It is recommended that spot checks are performed periodically on a sample basis by a team leader.</p>	<p>Accepted. Whilst there are already a number of secondary checks on key areas such as refunds and discretionary awards, it is accepted that further sampling of day to day account adjustments would give further assurance to the Council of the quality of work carried out by processing staff.</p> <p>A number of processing quality indicators have already been proposed for the work carried out by the successful Corporate Services business partner. These proposals will be amended to incorporate a periodic secondary check, that when combined, will lead to an overall 5% sampling of processing activity.</p> <p>Further checks by the Client Unit will be in addition to this and will raise the overall assurance regime to 10% of throughput to include recovery processes. This will be implemented from September 2010 under the responsibility of the Head of Finance and Property Services.</p>
---	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------	----------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

3	<p><b>Reconciliation of Academy System to Valuation Office Agency (VOA) Records</b></p> <p>There is an ongoing discrepancy whereby the Council's Academy system shows one property more than the VOA records (39,122 properties)g. The Council have attempted to resolve this issue without success and thus it remains an ongoing issue.</p>	Medium	It is recommended that the Council continue to investigate this discrepancy through to resolution.	<p>Accepted</p> <p>This relates to a small amount of Band A council tax adjustments. Work to reconcile the difference is in hand under the responsibility of the Head of Customer Services.</p>
4	<p><b>Vulnerability Assessment</b></p> <p>The Council last conducted a vulnerability assessment of their network in March 2008. It is good practice to conduct these reviews every 12 months.</p>	Medium	It is recommended that vulnerability assessments of the Council's network are conducted annually.	<p>Vulnerability assessment accepted.</p> <p>The Council has now appointed a Supplier to carry out a vulnerability assessment. This will be carried out in the summer 2010. In future such an assessment will be carried out annually under the responsibility of the Head of I.T.</p>

<p>5</p>	<p><b>Agresso (version 5.4)</b></p> <p>The Council has been using Agresso, version 5.4, with no upgrades, since it was implemented in 2004. Due to the age of this version there is little support and training available. This has led to a number of security weaknesses in version 5.4 and training issues not being addressed.</p> <p>This issue was originally identified during the 2008/09 audit, at which point the Council expected to upgrade Agresso. However, the upgrade has been delayed as the Council is undertaking an exercise to enter into a partnership agreement, which will potentially include the 3rd party providing support to implement the upgrade to Agresso.</p>	<p>High</p>	<p>The Council should ensure that the following control issues relating to Agresso are incorporated within, and addressed as part of, the Corporate Services Partnering Project:</p> <ul style="list-style-type: none"> <li>• a starter and leaver process should be developed and documented to ensure only users with approved business needs are set up on the system;</li> <li>• after three unsuccessful attempts logging into Agresso, all users should be locked out permanently and be required to have their password re-set by a system administrator;</li> <li>• a minimum complex password length of eight characters should be enforced in line with best practice;</li> <li>• consideration should be given to the use of group profiling to set users up in accordance with segregation of duties;</li> <li>• full procedure notes should be developed to reflect the interface process, including validation and reconciliations;</li> <li>• all users should receive sufficient training in the upgraded version of Agresso;</li> <li>• there should be procedures for use of the test system to ensure accuracy of changes made; and</li> <li>• the Council needs to be fully aware of how many system administrators there are and supply a separate account to them for day to day activity to ensure adequate audit trails.</li> </ul>	<p>Accepted.</p> <p>As highlighted in the Auditor’s assessment, the Council will be upgrading to version 5.5 of the Agresso software package. This is a key investment priority for the recently appointed corporate services partner. Initial work has already commenced and full implementation is planned for April 2011.</p> <p>As part of this, processes and procedures will need to be enhanced and this will take account of the points raised by the Auditor.</p> <p>But just to note current arrangements - all users on Agresso are established by a systems administrator with prior approval by the Council’s Section 151 (Chief Finance) Officer.</p> <p>In addition, Internal Audit checks the current status of all users and their group permissions annually as part of their system control work.</p>
----------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

6	<p><b>IT - Staff Leavers</b></p> <p>The Council does not have a documented process in place to ensure that the IT department is notified immediately of staff leaving the organisation.</p> <p>If the IT department is not made aware of leavers, network and application accounts could be left open for potential malicious access.</p>	Medium	<p>A process should be implemented to ensure that the most appropriate party, such as HR or line managers, are required to inform the IT department when staff are due to leave the Council.</p>	<p>Accepted and this has already been implemented.</p>
7	<p><b>IT - Change Management</b></p> <p>The IT department has not documented the key processes around testing, or included quality assurance and emergency changes in the current change management documents. The risk is that, if a step in the process is missed, for example testing a change, then this could adversely impact on the finance system.</p>	Medium	<p>It is recommended that the Council develops, approves and distributes procedural documentation for testing (to include user acceptance testing/error logging/up to date test environments/quality assurance) and enhances change management procedures to include quality assurance and emergency changes.</p>	<p>Although a change management procedure is available on the system, it is accepted that a review and update of the procedural documentation for testing is required. This will be completed by December 2010 under the responsibility of the Head of I.T.</p> <p>The Change Management procedures will also be updated to include quality assurance and emergency changes by December 2010.</p>

<p>8</p>	<p><b>Batch Processes</b> Procedures for the set up and management of batch processes within Agresso have not been adequately documented. There is a risk that users of the system can set up batch processes without appropriate approvals.</p>	<p>Medium</p>	<p>The Council should develop, approve and distribute procedural documentation for the administration of batch processes.</p>	<p>Although batch processing is strictly controlled through the system administration function, it is recognised that it will need to be reviewed as part of the Agresso upgrade. Procedural documentation will be produced at that point.</p> <p>Implementation by April 2011 under the responsibility of the Head of Finance and Property Services.</p>
<p>9</p>	<p><b>Protecting the Public Purse</b> In September 2009, the Audit Commission published its latest national report on fraud, entitled 'Protecting the Public Purse'. The report considers the key fraud risks and pressures facing councils and related bodies and identifies good practice in fighting fraud.</p> <p>The Council has not formally considered the contents of the report, nor how the issues within it might impact the Council.</p>	<p>Medium</p>	<p>It is recommended that the Council reviews and considers the contents of the Audit Commission's 'Protecting the Public Purse' report, and then report to the Audit Sub-Committee how the issues within it affect the Council.</p> <p>It is also recommended that the Council completes the 'checklist for those responsible for governance' enclosed with the report to help ensure that sound governance and counter-fraud arrangements are in place and are working as intended. It should also report the findings from the checklist to the Audit Sub-Committee.</p> <p>By completing this checklist there will likely be a number of areas identified where further improvements can be made.</p>	<p>Accepted. This will be reported to the Audit Committee in September 2010.</p>

## B Use of Resources - Underlying principles

Level 2 Performs adequately	Level 3 Performs well	Level 4 Performs excellently
Arrangements consistent with established professional practice and guidance, meet <b>statutory requirements</b> and operate effectively.	Implemented effective arrangements that are: <ul style="list-style-type: none"> <li>➤ <b>forward looking</b> and <b>proactive</b> in identifying and developing opportunities for improvement; and</li> <li>➤ include more sophisticated measuring and assessment techniques.</li> </ul>	Demonstrating <b>innovation</b> or <b>best practice</b> .
Arrangements sufficient to address the KLoE.	<b>Outputs</b> and <b>outcomes</b> demonstrate arrangements which are effective and have the <b>intended impact</b> , and show evidence of effective <b>partnership working</b> .	Demonstrating strong <b>outcomes for the community</b> including through <b>partnership working</b> .
Arrangements achieve minimum <b>acceptable levels of performance</b> .	Evidence of performing <b>consistently above minimum acceptable levels</b> and achieving <b>VFM</b> .	Evidence of performing <b>well above minimum acceptable levels</b> and achieving <b>excellent VFM</b> .



**[www.grant-thornton.co.uk](http://www.grant-thornton.co.uk)**

© 2010 Grant Thornton UK LLP. All rights reserved.

"Grant Thornton" means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton UK LLP is a member firm within Grant Thornton International Ltd ('Grant Thornton International'). Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered by the member firms independently.

No responsibility can be accepted by us for loss occasioned to any person acting or refraining from acting as a result of any material in this publication