

**AUDIT AND GOVERNANCE COMMITTEE**

**27 MARCH 2009**

**Comprehensive Performance Assessment - Use of Resources - Auditors  
Judgement 2007/2008**

**Report of the City Treasurer**

**1. Purpose of Report:**

- 1.1 To advise the Audit and Governance Committee of the outcome of the Comprehensive Performance Assessment - Use of Resources - Auditors Judgement 2007/2008.

**2. Background to Use of Resources Judgement**

- 2.1 The current Comprehensive Performance Assessment - Use of Resources judgement evaluates how well Councils manage and use their resources. It covers five themes:

- Financial reporting;
- Financial management;
- Financial standing;
- Internal control; and,
- Value for money.

- 2.2 The Audit Commission judges each theme across 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.

- 2.3 In considering scores of 3 and above the Audit Commission assess whether relevant arrangements are embedded. To achieve a score of 4 the Audit Commission considers whether a Council can demonstrate notable practice.

**3. Summary Findings**

- 3.1 A copy of the report received from the Audit Commission is attached for consideration.

- 3.2 The report findings are summarised below.

## Overall Score

- 3.3 In overall terms the Council has maintained and strengthened its level 4 assessment (performing strongly). The report states that the Council's performance demonstrates commitment to delivering value for money and to using resources effectively. Scores have improved over the 2006/2007 assessment with four out of five themes now scored at level four overall. This reflects the significant efforts made across the Council to drive improvement in managing the Council's financial resources.
- 3.4 The following table summarises the scores achieved in each theme and for each Key Line of Enquiry level.

Key Lines of Enquiry	Score 2008	Score 2007
<b>Financial Reporting</b>	<b>4</b>	<b>3</b>
The Council Produces annual accounts in accordance with relevant standards and timetables, supported by Comprehensive Working Papers	4	3
The Council promotes external accountability	4	4
<b>Financial Management</b>	<b>4</b>	<b>4</b>
The Councils medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities	4	4
The Council manages performance against budgets	4	4
The Council manages its asset base	3	3
<b>Financial Standing</b>	<b>4</b>	<b>4</b>
The Council manages its spending within the available resources	4	4
<b>Internal Control</b>	<b>4</b>	<b>4</b>
The Council manages its significant business risks	4	4
The Council has arrangements in place to maintain a sound system of internal control	3	4
The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business	4	4
<b>Value for Money</b>	<b>3</b>	<b>3</b>
The Council currently achieves good value for money	3	3
The Council manages and improves value for money	4	4

- 3.5 For each theme the report sets out areas of notable practice identified during the assessment together with identified opportunities for improvement.

### 3.5.1 Notable Practice

#### Financial Reporting

- Councils approach to producing year end financial statements;
- Format and content of the Annual Report.

#### Financial Management

- Quality of the Medium Term Financial Strategy;
- Budgetary control processes and reporting.

#### Financial Standing

- Comprehensive Medium Term Financial Strategy.

#### Internal Control

- Risk Management;
- Arrangements in place to promote and prevent fraud and corruption.

#### Value for Money

- Corporate Value for Money Framework.

### 3.5.2 Opportunities for Improvement

#### Financial Management

- Consider how asset management strategies can be further developed to deliver corporate priorities;
- Address issues raised in both internal and external audit work with respect to operational property management.

#### Internal Control

- Improve the consistency of scrutiny functions and develop a culture of consistent and effective challenge to key decisions;
- Further develop business continuity planning through improving ICT disaster recovery arrangements.

#### Value for Money

- Improve user satisfaction rates which are lower than in some neighbouring authorities;
- Improve BVPI performance which in some areas continues to be mixed, particularly on waste and recycling;
- Reduce sickness absence levels;
- Demonstrate that BSF and PFI investment is delivering expected service outcomes.

Actions plans are in place, or are being finalised to address the above issues.

#### **4. Use of Resources 2008/2009 Assessment**

- 4.1 From 2008/2009 the auditor's assessment of use of resources will be based on new key lines of enquiry and will form part of the new CAA performance assessment framework.
- 4.2 The new Key Lines of Enquiry include a stronger focus on value for money achievements with greater emphasis on commissioning of services, partnership working and outcomes for local people.
- 4.3 The assessment is structured into three themes
  - Managing finances: sound and strategic financial management;
  - Governing the business: strategic commissioning and good governance;
  - Managing resources: effective management of natural resources, assets and people.
- 4.4 An exercise is currently underway to gather evidence and progress actions to ensure the new key line of enquiry standards are met for 2008/2009.