



**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE AUDIT BOARD**

**MONDAY 14TH DECEMBER 2009, AT 6.00 P.M.**

**CONFERENCE ROOM, THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE**

**SUPPLEMENTARY DOCUMENTATION**

The attached papers are an additional item and will replace item 4 on the agenda previously distributed relating to the above mentioned meeting which has now been withdrawn.

4. Use of Resources Judgement 2008/2009 (Pages 1 – 28)

K. DICKS  
Chief Executive

The Council House  
Burcot Lane  
BROMSGROVE  
Worcestershire  
B60 1AA

10th December 2009

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## BROMSGROVE DISTRICT COUNCIL

### COUNCIL

14TH DECEMBER 2009

#### USE OF RESOURCES JUDGEMENT 2008/09

Responsible Portfolio Holder	Councillor Geoff Denaro
Responsible Head of Service	Head of Financial Services

#### **1. SUMMARY**

- 1.1 This report presents the Audit Commission judgement in relation to the Use of Resources scoring for 2008/09.

#### **2. RECOMMENDATION**

- 2.1 That the Board notes the report presented and the officer responses in relation to the Audit Commission recommendations.

#### **3. BACKGROUND**

- 3.1 The new Use of Resources framework is a fundamental part of the Comprehensive Area Assessment and the 2008/09 judgement is based on the new tests and Key Lines of Enquiry which been assessed as being a tougher test than in previous years.
- 3.2 The new framework focuses on value for money achievements and further emphasis on commissioning of services, outcomes for local people and partnership working.
- 3.3 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,
- 3.4 The report attached at Appendix 1 presents the draft judgement received from the Audit Commission. The overall score of 2 ( out of 4) is the same as the previous year but this is against a harder assessment and is therefore considered to be an improvement on previous assessments and demonstrates
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that the Council is becoming more focused on delivery of outcomes rather than processes.

3.4 There are a number of areas where the Audit Commission recommends that the Council looks to improve. These include:

- Improvements to financial statements and supporting evidence on funding arrangements
- Ensure the data quality arrangements for the national indicator set are adequate Improve data quality arrangements and monitoring
- Develop risk management arrangements for projects ensuring they are robust and projects deliver value for money.
- .Monitor the new arrangements for the delivery of the internal audit service and the corporate fraud team.
- To develop and monitor the arrangements for workforce planning.

#### **4. 2009/10 USE OF RESOURCES**

4.1 Officers are currently working on the 2009/10 Use of Resources self assessment. This will be discussed in March with the Audit Commission and will focus on the areas identified as being in need of improvement in the 2008/09 judgement.

#### **5. FINANCIAL IMPLICATIONS**

5.1 None outside existing budgets.

#### **6. LEGAL IMPLICATIONS**

6.1 None as a direct result of this report.

#### **7. COUNCIL OBJECTIVES**

7.1 Council Objective 02: Improvement.

#### **8. RISK MANAGEMENT**

8.1 The main risks associated with the details included in this report are:

- Ineffective financial management.
- Poor Value for Money culture.
- Lack of an effective internal control environment.

8.2 These risks are being managed as follows:

- Ineffective financial management:  
Risk Register: Corporate

Key Objective Ref No: 1  
Key Objective: Effective Financial Management

- Poor Value for Money culture:  
Risk Register: Financial Services  
Key Objective Ref No: 9  
Key Objective: Effective VFM culture and compliant procurement best practices.
- Lack of an effective internal control environment:  
Risk Register: Financial Services  
Key Objective Ref No: 3  
Key Objective: Efficient and effective Internal Audit service

## **9. CUSTOMER IMPLICATIONS**

9.1 No customer implications.

## **10. EQUALITIES AND DIVERSITY IMPLICATIONS**

10.1 No equalities and diversity issues.

## **11. VALUE FOR MONEY IMPLICATIONS**

11.1 None.

## **12. OTHER IMPLICATIONS**

Procurement Issues: None
Personnel Implications:None
Governance/Performance Management:Effective governance process.
Community Safety including Section 17 of Crime and Disorder Act 1998:None
Policy:None
Environmental:None

## **13. OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	Yes
Chief Executive	Yes
Corporate Director (Services)	No
Assistant Chief Executive	No
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	No

## **14. WARDS AFFECTED**

14.1 All Wards are affected.

**15. APPENDICES**

15.1 Appendix A – Draft Use of Resources judgement.

**16. BACKGROUND PAPERS**

16.1 Use of resources self assessment 2008/9.

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# Use of Resources

Bromsgrove District Council

Audit 2008/09

**December 2009**

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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



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# Summary

**This report summarises our key findings from our assessment of how Bromsgrove District Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people.**

- 1 This is the first year of the new Use of Resources Key Lines of Enquiry (KLOE). These KLOE's are more broadly based than previously and embrace wider resource issues such as people and workforce planning and the use of natural resources. They focus on value for money achievements, outputs and outcomes rather than on processes and are therefore more strategic and less criteria driven.
- 2 Overall for 2008/09 I assessed the Council as "performing adequately" (Level 2) in its arrangements for Managing Finance, Governing the Business and Managing Resources. This is the first year in which you have been assessed using the more demanding and more outcome focused approach. For 2007/08 under the previous methodology you were scored as "performing adequately" (Level 2).
- 3 I assessed KLOE 1.3 on financial reporting as below minimum standards (Level 1) because I had to qualify my Opinion on the Council's financial statements. Full details of the reasons for this qualification are within my Annual Governance Report presented to the Audit Board on the 28 September 2009.
- 4 To obtain an unqualified value for money conclusion all KLOE's are required to be at level 2 or above. Consequently I issued a qualified value for money (VFM) conclusion based on my assessment of the Council's performance against these KLOE's. This VFM conclusion stated that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources except that you did not have in place adequate arrangements for ensuring your financial reporting is timely, reliable and meets the needs of internal users, stakeholders and local people.

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## Overview

- 5 My assessment found examples of working at Level 3 on several focus points however these were not across a KLOE. For example, you identify opportunities to redirect resources from lower priority areas and follow them through, for example investing in the Council's leisure facilities at the Dolphin Centre gym facility, investing in improving town centre toilets and establishing a community transport scheme for the elderly and disabled.
- 6 Another example of working at a Level 3 is your engagement with the public during the budget setting process by the use of a variety of budget consultation techniques including the use of a Budget Jury.
- 7 Your preparation of quarterly integrated performance and financial reports ensures the link between services and costs is achieved. However these are dependent on the accurate reporting of performance to enable the results to be compared with others. A review of your performance monitoring arrangements was undertaken and the spot checks we undertook identified arrangements were not in place for 2 of the 3 national

indicators tested. Full details of the results of these tests have been discussed with your officers and actions in place to improve to ensure that the decisions made by senior managers and members are based on good data.

- 8 Our detailed findings are shown in Appendix 1.

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# Introduction

- 9 This report sets out my conclusions on how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people and give scored use of resources theme judgements.
- 10 This is the first year of the new Use of Resources (UoR) Key Lines of Enquiry (KLOE). These are more broadly based than previously and embrace wider resource issues such as people and workforce planning and the use of natural resources. They focus more on value for money achievements, outputs and outcomes rather than on processes and are therefore more strategic and less criteria driven.
- 11 In forming my scored theme judgements, I have followed the methodology set out in the use of resources framework: overall approach and key lines of enquiry (KLOE) document and the use of resources auditor guidance. For each of the specific risks identified in relation to our use of resources work, which were set out in our audit plan, we considered the arrangements put in place by the Council to mitigate the risk and plan our work accordingly.

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## Use of resources framework

- 12 From 2008/09, the new use of resources assessment forms part of the Comprehensive Area Assessment (CAA) and comprises three themes that focus on:
  - Managing finances - sound and strategic financial management (3 KLOE's 1.1 - 1.3);
  - Governing the business - strategic commissioning and good governance (4 KLOE's 2.1 - 2.4); and
  - Managing resources - the management of natural resources, assets and people (1 KLOE applies 3.3).
- 13 The scores for each theme are based on the scores reached by auditors on underlying KLOE. The KLOE are generic and applicable equally to all organisations subject to use of resources judgements under CAA. This promotes consistency, demonstrating all organisations within a CAA area are treated in the same way, and to the same standards. Within each KLOE are focus points and to achieve a Level 2 score across the KLOE this level is required to be met on each focus point.
- 14 The Commission specifies in its annual work programme and fees document, which KLOE are assessed over the coming year.
- 15 Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, with 4 being the highest, please see Table 1. Level 1 represents a failure to meet the minimum requirements at level 2.

**Table 1**      **Levels of performance**

<b>Level 1</b>	Does not meet minimum requirements – performs poorly
<b>Level 2</b>	Meets only minimum requirements – performs adequately
<b>Level 3</b>	Exceeds minimum requirements – performs well
<b>Level 4</b>	Significantly exceeds minimum requirements – performs excellently

- 16** The principles for each performance level are cumulative - for example, auditors consider the principles outlined to support level 3 in addition to those at level 2.
- 17** The Commission issued guidance relevant to each sector to support the assessment. The guidance includes sources of possible evidence and characteristics of performance for each KLOE at levels 2 and 3. The characteristics of performance help organisations understand how judgements will be formed against each KLOE, and provide examples of the type of arrangements, outputs and outcomes that might be expected.
- 18** The sources of evidence and the characteristics do not prescribe the only way in which organisations can meet the KLOE. They are not a checklist to be complied with rigidly. I made a rounded judgment against each KLOE based on all the evidence available and using the characteristics as guidance.

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# Use of resources judgements

## Scored judgements

19 The Council's use of resources theme scores are shown in Table 2.

**Table 2 Use of resources theme scores**

Use of resources theme	Scored judgement
<b>Managing finances</b> How effectively does the organisation manage its finances to deliver value for money?	2
<b>Governing the business</b> How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?	2
<b>Managing resources</b> How well does the organisation manage its natural resources, physical assets and people to meet current and future needs and deliver value for money?	2

## Managing finances (performs adequately)

- 20** The Medium term financial plan is clearly linked to corporate objectives identifying cost pressures and efficiencies and there is an integrated financial and corporate planning process. The public were engaged in the budget preparation process by the use of a variety of forms including using a Budget Jury and on-line techniques. The Council's knowledge of its costs is improving although the Council does not routinely compare its costs with other Councils. There is a robust system for managing efficiencies and delivering cost savings from non priority services.
- 21** The Council's spend is relatively high compared to others and satisfaction is average or lower than average. The Council has an improved understanding of the reasons behind this. Quarterly integrated performance and finance reports are used for monitoring delivery of objectives.
- 22** The 2008-9 accounts were approved before the deadline of the end of June. The audit of these accounts found that there was a significant error and uncertainty in relation to the accounting treatment of intangible assets for expenditure incurred on the Spatial

Project of £4.5million. A qualified opinion was issued on the 30 September 2009. The opinion was qualified on two counts. Firstly regarding uncertainty of £2.4million as evidence for this expenditure to be capital was not available and secondly regarding a disagreement for £2.1million of expenditure on management consultancy costs which should have been charged to revenue. Full details of the reasons for this are within the Annual Governance Report presented to the Audit Board on the 28 September 2009.

- 23** A qualified opinion on your financial statements means that the focus point of "prepares accounts that meet statutory requirements, financial reporting standards and present fairly, or give a true and faire view of, the financial performance and position" is assessed at Level 1 and therefore KLOE 1.3 is assessed at Level 1.

**Recommendation**

- R1** Improve the quality of the financial statements by thorough supporting documentation and analysis

**Governing the business (performs adequately)**

- 24** For the theme of Governing the Business the Council is performing adequately.
- 25** The Council is improving its understanding of the market in relation to procurement and commissioning and has delivered improved outcomes as a result of working with partners. Different ways of procuring and commission services and goods have been considered and collaborative arrangements are in place with Redditch Borough Council. There is improved access to services for its customers.
- 26** An overall framework is in place to produce relevant and reliable data and information to support decision making and manage performance. Quarterly performance reports including costs are made to members. Data quality procedures have been prepared for performance indicators which include steps for senior managers. The national indicator set was introduced from April 2008 and our spot checks on three of the national indicators found that arrangements for 2 were not in place by the end of the year. Standards and procedures are in place to make sure that data is secure and the Council has implemented the Government Connect gateway.
- 27** The basics of good governance are in place including a code of conduct for members, standing orders, financial instructions and a scheme of delegation. Working relationships between members and staff have improved and are generally good. The Council has a clear vision of what it wants to achieve based on a sound understanding of local need. Partnership arrangements are in place with the Local Strategic Partnership and the Voluntary Community services.
- 28** The Council has embedded risk management procedures with member and staff champions. Risk management within project management is being developed and the approach is becoming more robust. The findings from the 2008-9 and the 2007-8 opinion audits were that the control environment is adequate. There is a small internal audit team supplemented by services from Worcester City Council and a dedicated

## Use of resources judgements

Benefits Fraud investigation team. A corporate fraud team has been established from April 2009.

### Recommendations

- R2** To ensure the data quality arrangements for the national indicator set are adequate.
- R3** To develop risk management arrangements for projects ensuring they are robust and projects deliver value for money.
- R4** To monitor the new arrangements for the delivery of the internal audit service and the corporate fraud team.

### Managing resources (performs adequately)

**29** The Council is Investors in People accredited and operates a Modern Managers Framework setting out the standards required of managers. Organisational change is effectively managed through visible and open leadership. Arrangements have been made to prepare a workforce plan to be implemented in winter 2009 and the Council's position is not considered different to that of other district Councils. There are procedures in place for all staff to receive Personal Development reviews. The Council has assigned resources to Diversity and Equality and has achieved Level 3 of the Equality Standard. During 2008/09 the Council was preparing for Job Evaluation which was implemented in May 2009.

### Recommendation

- R5** To develop and monitor the arrangements for workforce planning.

### Detailed findings

**30** The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.

# Use of resources 2009/10

**31** The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. In my letter of 6 March 2009 about the audit fee for 2009/10, I identified two significant risks in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the Council to mitigate the risk and plan my work accordingly.

**Table 3 Initial risk assessment**

Risk	Planned work	Timing of work
Proposal for shared services including a Joint Chief Executive with Redditch Borough Council	Review of the joint chief executive and shared services board project	November - December 2009
Management of waste at both district and county level	Review of arrangements	November - March 2010

**32** For 2009/10 KLOE, 3.1 - Natural resources will apply to District Councils for and KLOE 3.3 - Workforce planning will not be assessed. I have also considered any additional risks arising from my 2008/09 value for money conclusion.

**33** I have identified the following additional risk in relation to my value for money conclusion.

**Table 4 Additional risk**

Risk	Planned work	Timing of work
Delivery of the savings and efficiencies identified in the approved Business case for the Spatial Project	Review of the delivery of the savings and efficiencies from the Spatial Project	November - February 2010

**34** The spatial project expenditure of £4.5million was charged to the 2008-9 financial statements. A review of the delivery of the savings and efficiencies by the spatial project as originally included within its approved Business case is to be undertaken to ensure that this expenditure has provided Value for Money to the Council.



# Appendix 1 – Use of resources key findings and conclusions

35 The following tables summarise the key findings and conclusions for each of the three use of resources themes.

**Table 5** Theme 1 - Managing Finances

<b>Theme 1 - Managing Finances score</b>	<b>2</b>
<p><b>Key findings and conclusions</b></p> <p>The Medium term financial plan is clearly linked to corporate objectives identifying cost pressures and efficiencies. There is an integrated financial and corporate planning process. Consultation on the Council's budget is undertaken in a variety of forms to engage the public including the use of a Budget Jury and the use of the internet by way of an on-line survey. The Council's knowledge of its costs is improving although some of its costs have not been routinely analysed to date. The Council has a robust system for managing efficiencies and delivering cost savings from non priority services. The Council's spend is relatively high compared to others and satisfaction is average or lower than average. The Council has an improved understanding of the reasons behind this. Quarterly integrated performance and finance reports are used for monitoring delivery of objectives. The 2008-9 accounts were approved before the deadline of the end of June. The audit of these accounts found that there was a significant error and uncertainty in relation to relation to the accounting treatment of intangible assets for the Spatial Project of £4.5million. A qualified opinion was issued on the 30 September. The opinion was qualified on two counts. Firstly regarding uncertainty of £2.4million as evidence for this expenditure to be capital was not available and secondly regarding a disagreement for £2.1million of expenditure on management consultancy costs which should have been charged to revenue.</p>	

<b>Theme 1 - Managing Finances score</b>	<b>2</b>
<b>KLOE 1.1 (financial planning) score</b>	<b>2</b>
<b>Key findings and conclusions</b>	
<p>Overall the Council performs adequately across this KLOE.</p> <p>There is a process for the setting of its medium term financial plan (MTFP) which is clearly linked to corporate objectives detailing resource requirements, milestones and targets. The MTFP identifies cost pressures and efficiencies however this did not include consideration of the funding of the Spatial Project other than from Capital. There is an integrated financial and corporate planning process with business planning being embedded. Savings are identified to balance the budget. The Council is clear on what resources are or are not a priority and will re-prioritise resources.</p> <p>There is public consultation in a variety of ways including on-line budget consultation, the use of a budget jury, presentation to young people and employees. An annual report is produced which is published in the local newspaper.</p> <p>All budget holders are required to sign up to the efficiency savings as well as ensuring their budget is managed within the set level. There is a regular training program provided to budget holders and members to develop financial skills.</p>	
<b>KLOE 1.2 (understanding costs and achieving efficiencies) score</b>	<b>2</b>
<b>Key findings and conclusions</b>	
<p>Overall the Council performs adequately across this KLOE.</p> <p>The Council's knowledge of the costs it incurs is improving however costs have not been routinely analysed to date. There is some understanding of the additional resources made available through partnership working.</p> <p>Cost information to support decision making is of reasonable quality and where appropriate it is supported by other relevant information for example performance, satisfaction, demographics, diversity. Cost reviews have been undertaken to compare with benefits realised from projects enabling the Council to better appraise options for example the scaling down of the second phase of the Spatial Project.</p> <p>The Council's spend is relatively high compared to others and satisfaction is average or lower than average. The Council has an improved understanding of the reasons behind this and is proactively working to improve through developing service reviews and delivering shared services. There is an understanding of local context, how this impacts on spend and on how this may change the shape of future service delivery.</p>	

**Appendix 1 – Use of resources key findings and conclusions**

<b>Theme 1 - Managing Finances score</b>	<b>2</b>
<b>KLOE 1.3 (financial reporting) score</b>	<b>1</b>
<b>Key findings and conclusions</b>	
<p>All focus points for this KLOE but one were assessed at level 2. One was assessed at level 1 because the focus point of "prepares accounts that meet statutory requirements, financial reporting standards and present fairly, or give a true and fair view of, the financial performance and position" was not met because a qualified opinion was issued on the financial statements. Under the UOR assessment arrangements this means that the conclusion for this KLOE is that overall the Council performs poorly for this KLOE.</p> <p>The Council produces quarterly integrated performance and finance reports. The reports are presented to the Performance Management board reporting on the Council's financial position for the previous quarter, future pressures and where additional savings can be made. The report also shows forecast outturn for the financial year. Monthly reports are available to budget holders within 4 working days of the month end. The 2008-9 accounts were approved before the deadline of the end of June. The audit of these accounts found that there was a significant error and uncertainty in relation to the accounting treatment of intangible assets for the Spatial Project of £4.5million. A qualified opinion was issued before the deadline of the end of September. The opinion was qualified on two counts. Firstly regarding uncertainty of £2.4million as evidence for this expenditure to be capital was not available and secondly regarding a disagreement for £2.1million of expenditure on management consultancy costs which should have been charged to revenue. An annual report is produced which is available in a number of formats and the Council publishes summary financial information in the local newspaper.</p>	

**Table 6** **Theme 2 - Governing the Business**

<b>Theme 2 - Governing the Business score</b>	<b>2</b>
<b>Key findings and conclusions</b>	
<p>For the theme of Governing the Business the Council is performing adequately.</p> <p>The Council is improving its understanding of the market in relation to procurement and commissioning and has delivered improved outcomes as a result of working with partners. Different ways of procuring and commissioning services and goods have been</p>	

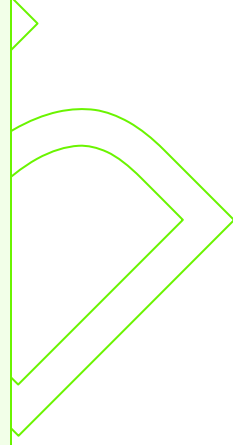
<p><b>Theme 2 - Governing the Business score</b></p>	<p style="text-align: right;"><b>2</b></p> <p>considered and collaborative arrangements are in place with Redditch Borough Council. There is improved access to services for its customers.</p> <p>An overall framework is in place to produce relevant and reliable data and information to support decision making and manage performance. Quarterly performance reports including costs are made to members. Data quality procedures have been prepared for performance indicators which include checks by senior managers. The national indicator set was introduced from April 2008 and our spot checks on three of the national indicators found that arrangements for 2 were not in place by the end of the year. Standards and procedures are in place to make sure that data is secure and the Council has implemented the Government Connect gateway.</p> <p>The basics of good governance are in place including code of conduct for members, standing orders, financial instructions and scheme of delegation. Working relationships between members and staff have improved. The Council has a clear vision of what it wants to achieve based on a sound understanding of local need. Partnership arrangements are in place with the Local Strategic Partnership and the Voluntary Community services.</p> <p>The Council has embedded risk management procedures with member and staff champions. Risk management within project management is being developed and the approach is becoming more robust. The findings from the 2008-9 and the 2007-8 opinion audits were that the control environment is adequate. There is a small internal audit team supplemented by services from Worcester City Council and a dedicated Benefits Fraud investigation team.</p>
<p><b>KLOE 2.1 (commissioning and procurement) score</b></p>	<p style="text-align: right;"><b>2</b></p> <p><b>Key findings and conclusions</b></p> <p>Overall the Council performs adequately across this KLOE.</p> <p>The Council's understanding of the market in relation to procurement and commissioning is at an early stage. However there are some good examples of improved outcomes for people as a result of working with partners, e.g. the improved fitness suite at the Dolphin Centre where the Council learnt from its work with Wychavon District Council and consequently led to better products and more competitive prices being achieved. The Council considers different ways of procuring and commissioning services and goods. It is using collaborative arrangements with other Councils to deliver its payroll service which was introduced in September 2008 with some implementation problems and is pushing forward shared service arrangements with Redditch Borough Council with whom it has a joint Chief Executive.</p> <p>The Council has a clear understanding of the inequalities and diversity of its communities and this is reflected in the Sustainable</p>

## Appendix 1 – Use of resources key findings and conclusions

<p><b>Theme 2 - Governing the Business score</b></p>	<p><b>2</b></p>
<p>Community Strategy (SCS). However the links between the Council's procurement strategy and the SCS are at an early stage of development. An example of an explicit link is the commissioning of community transport. The Council has identified the opportunity to work with partners in a number of areas to jointly commission and procure services and goods.</p> <p>The Council has good arrangements in place to engage with stakeholders, service users and harder to reach groups. Services are now being reviewed taking account of the assessment of needs. This in turn is starting to impact positively on the commissioning and procurement of services, for example the work to deliver the high dependency toilets in the town centre.</p> <p>The improved access to services is improving customer's experience of services and satisfaction levels. For example, customers now find it easier to contact the Council by telephone and more services are web enabled e.g. the submission and viewing of planning applications on line and the payment of Council Tax bills on line.</p>	
<p><b>KLOE 2.2 (data quality and use of information) score</b></p>	<p><b>2</b></p>
<p><b>Key findings and conclusions</b></p> <p>Overall the Council performs adequately across this KLOE. Data quality procedures have been prepared for performance indicators including the carrying out of checks by the head of service to certify that the data is of good quality and information correct. There is regular challenge of service managers around data integrity and some evidence of scrutiny challenge on performance and quality of data. DQ awareness courses have been run ensuring staff understand the DQ strategy and their responsibilities including the consequences of inaccurate data. There is a performance champions group acting as gatekeepers for performance data. The risk register includes an entry regarding the implications of poor data quality and its management. The data quality spot checks showed that arrangements to support 2 of the 3 National indicators tested were not in place. There is a quarterly financial and performance report to Cabinet along with information on trends and comparatives which means senior officers and members are better placed to make well informed decisions.</p> <p>Information sharing protocols between the Council and partner organisations are not in place and resources have yet to be allocated to move forward.</p> <p>The quality of data given to members and officers to ensure that well informed decisions are made is reasonable. Information is often underpinned by diversity and equality issues and demographic information. Performance targets are set and reported on. These</p>	

<p><b>Theme 2 - Governing the Business score</b></p>	<p><b>2</b></p>
<p>targets are monitored to ensure that they are appropriate to ensure outcomes are met. Standards and procedures are in place to make that systems are secure. There is an IT security policy and the compliance with policies and procedures is checked. The code of connection to the Government gateway was approved and these standard policies are being incorporated into the Council.</p>	
<p><b>KLOE 2.3 (good governance) score</b></p>	<p><b>2</b></p>
<p><b>Key findings and conclusions</b></p> <p>Overall the Council performs adequately across this KLOE. Working relationships between members, senior management and where appropriate, with staff have improved and are generally good. Senior roles and responsibilities are set out in the constitution along with delegated powers. Induction and development opportunities for members are good with compulsory training for certain statutory committees and diversity and equalities.</p> <p>A clear vision of what the Council wants to achieve exists based on a sound understanding of local need. The improved relationship between members and staff has led to more public confidence in decisions which may be unpalatable for some, for example the Foyer Scheme half way hostel for young people going from prison to living independently. Planning was approved however the Chief Executive offered to mediate for residents between partners which led to people feeling they had been listened to and action taken.</p> <p>Codes of conduct are in place for members and training on ethics is undertaken by all members. There is publicity about the role of the standards committee. The receipt of gifts and hospitality for members is monitored. Whistleblowing procedures are not widely communicated and there are areas of governance arrangements around staff conduct which could be improved for example declarations of interest.</p> <p>Good governance arrangements are in place with the Local Strategic Partnership. Key partners are invited to Cabinet/corporate management team away days to give their views on budget expectations. The involvement in partnerships is reviewed and the Council will withdraw where the partnership is not providing VFM or the service could be better provided elsewhere. There are close working relations with the Voluntary Community Sector partners.</p>	

<b>Theme 2 - Governing the Business score</b>	<b>2</b>
<b>KLOE 2.4 (risk management and internal control) score</b>	<b>2</b>
<p><b>Key findings and conclusions</b></p> <p>Overall the Council performs adequately across this KLOE. Procedures are in place to identify and manage corporate risks with departmental and service risk registers being maintained and monitored. Risks are assessed for likelihood and impact with individuals leading on actions. The medium term financial plan includes a risk matrix which highlights the risks for the three year period together with clear and concise actions which are required to either eliminate or minimise the risk. There is an officer and member risk champion.</p> <p>The risk management process within project management is not effective and the Council has recognised that its current approach needs to be more robust with the use of issues logs, options appraisals, identification of resource requirements and the consideration of value for money in projects.</p> <p>The Council has a counter fraud and corruption strategy. During 2008-9 the internal audit section covered fraud and corruption as part of their role. The Benefits section has a fraud team investigating allegations, securing repayment of fraudulently claimed benefit and successfully taking prosecutions. The Council is piloting a Voice Recognition Analysis tool to provide indicators of fraud. This tool analyses responses by claimants who call the office and uses markers to prompt further follow up. The Council participated in the National Fraud Initiative 2008.</p> <p>The core functions of an audit committee are provided by the Audit Board. There is an internal audit section which has an approved plan of work which regularly reports to members. Standing orders, financial instructions and a scheme of delegation are in place. All reports to members are approved by the monitoring officer and the Section 151 responsible finance officer. The findings from the opinion audits for 2008-9 and 2007-8 are that the control environment is adequate.</p>	



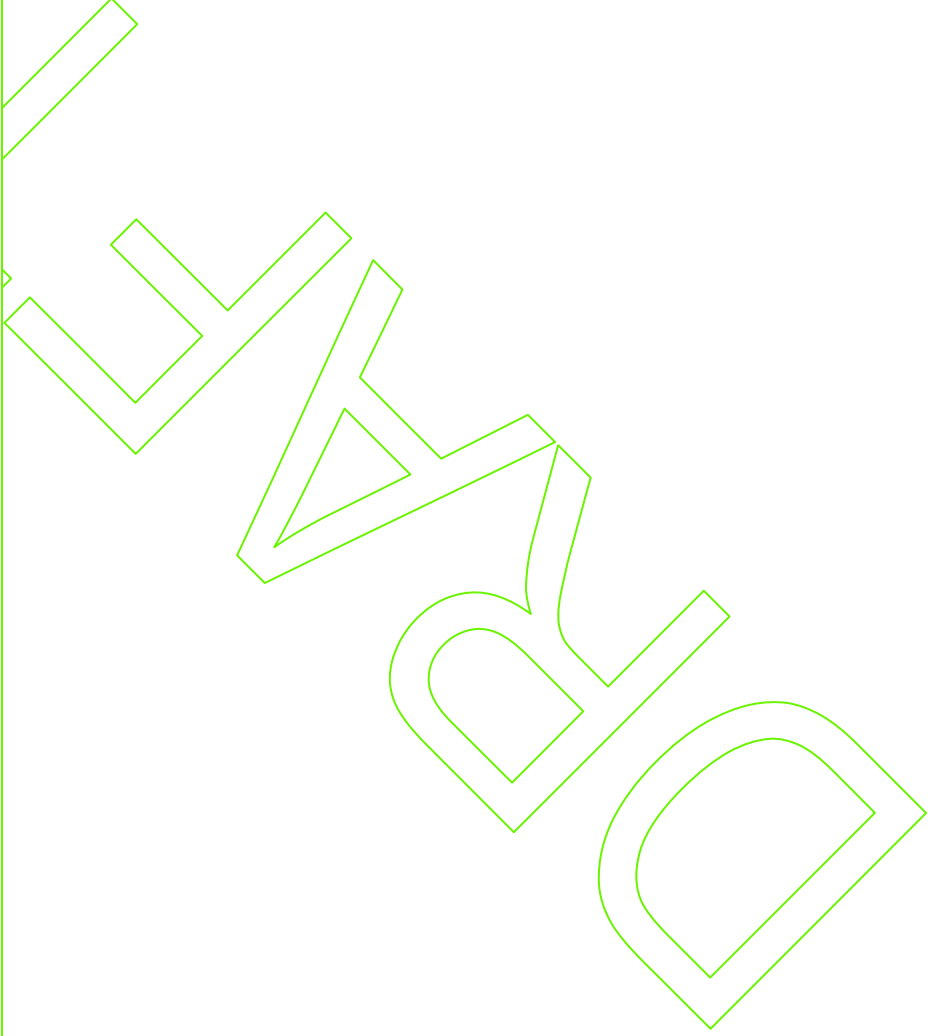
**Table 7** Theme 3 - Managing Resources

<p><b>Theme 3 - Managing Resources score</b></p>	<p><b>2</b></p>
<p><b>Key findings and conclusions</b></p>	
<p>Overall the basic requirements are in place. The Council is Investors in People accredited and operates a Modern Managers Framework setting out the standards required of managers. Organisational change is effectively managed through visible and open leadership. Arrangements have been made to prepare a workforce plan to be implemented in winter 2009 and the Council's position is not considered different to that of other district Councils. The Council has achieved Level 3 of the Equality Standard and Job Evaluation was implemented in May 2009.</p>	
<p><b>KLOE 3.1 (use of natural resources) [not applicable to district Councils in 2008/09]</b></p>	<p><b>N/A</b></p>
<p><b>KLOE 3.2 (strategic asset management) [not applicable to district Councils in 2008/09]</b></p>	<p><b>N/A</b></p>
<p><b>KLOE 3.3 (workforce planning) score</b></p>	<p><b>2</b></p>
<p><b>Key findings and conclusions</b></p>	
<p>The Council is improving its services to the public. Gaps in staff skills are identified through the performance management framework and Personal Development review which identifies training and development needs to increase performance and standards. Each member of staff has a monthly one to one with their manager. The Council has improved the way it is perceived as an employer. The level of employee satisfaction is important to senior officers and members and annual surveys of satisfaction are carried out. There are effective performance management arrangements to support management including sickness absence.</p> <p>A workforce plan is being developed in collaboration with Redditch Borough Council with implementation during winter 2009. The Council is Investors in People accredited and operates a Modern Managers Framework setting out the standards required of managers supported by a comprehensive training program.</p> <p>Organisational change is effectively managed through visible and open leadership. The Chief Executive meets staff and gives clear messages whether good or bad and any members of staff can meet with him individually. This is supported by staff and manager forums.</p> <p>There are established policies and practices to support diversity. There is an Inclusive Equalities scheme and an Equality and Diversity</p>	



Appendix 1 – Use of resources key findings and conclusions

<b>Theme 3 - Managing Resources score</b>	<b>2</b>
<p>Forum has been operating over the last couple of years. The workforce reflects the local population in relation to age and ethnicity, though not in terms of disability. The Council has achieved Level 3 of the Equality standard. Job Evaluation has been implemented in May 2009.</p>	

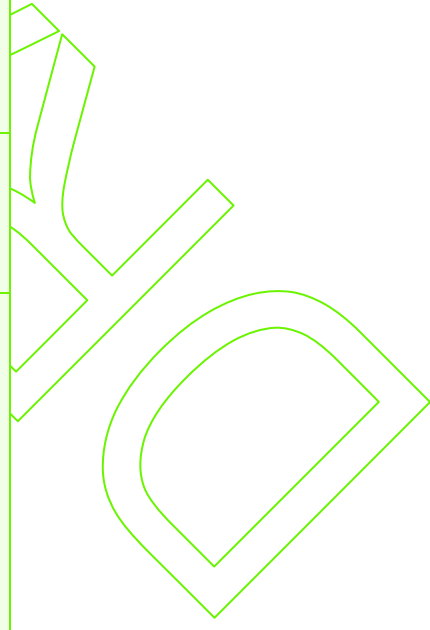


# Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R1 Improve the quality of the financial statements by thorough supporting documentation and analysis	3	Head of Financial Services	Yes	Full review of all projects and funding arrangements with relevant discussions with Audit commission to ensure appropriate full analysis and documentation are presented.	April - June 2010
8	R2 To ensure the data quality arrangements for the national indicator set are adequate.	3	Assistant Chief Executive	Yes	To ensure all performance champions liaise with departmental teams to review adequacy of arrangements in line with national indicator set.	Jan - March 2010
8	R3 To develop risk management arrangements for projects ensuring they are robust and projects deliver value for money.	3	Head of Financial Services	Yes	To undertake a review of project management methodology in relation to risk management with the Programme Board to ensure risks are covered and value for money is demonstrated and captured.	Jan - March 2010
8	R4 To monitor the new arrangements	3	Head of Financial	Yes	To undertake review of internal	Oct

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	for the delivery of the internal audit service and the corporate fraud team.		Services		audit service under the Worcestershire Enhanced 2 tier programme to ensure SLA delivering quality service as determined by S151 officer. To review Corporate Fraud Team service delivery with Corporate Management Team.	2010
8	R5 To develop and monitor the arrangements for workforce planning.	3	Chief Executive	Yes	A robust framework of workforce planning is now in place and will be reviewed as part of the service planning process for 2010-11.	March 2010



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