

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

17TH SEPTEMBER 2007

USE OF RESOURCES FEEDBACK 2006 AND SELF ASSESSMENT 2007

Responsible Portfolio Holder	Councillor Geoff Denaro Portfolio Holder for Finance
Responsible Head of Service	Jayne Pickering, Head of Financial Services

1. SUMMARY

- 1.1 To advise Audit Board of the feedback from KPMG in relation to the Use of Resources formal judgement for 2006 and to present the updated self assessment submitted to KPMG in July 2007.

2. RECOMMENDATIONS

- 2.1 Audit Board to consider the 2006 Use of Resources feedback and recommendations received from KPMG (Appendix 1).
- 2.2 Audit Board to consider the 2007 Use of Resources self assessment exceptions report i.e. those standards we have self assessed ourselves as not meeting, which has been submitted to KPMG for a formal judgement to be made (Appendix 2).
- 2.3 Audit Board to consider the whole Use of Resources Self Assessment for Value for Money, given the importance of this key line of enquiry to the Council (Appendix 3).

3. BACKGROUND

- 3.1 Members will be aware that the Council received a formal scoring of 2 out of 4 in relation to the 2006 Use of Resources scoring from the Audit Commission. The Council received a score of 1 out of 4 in demonstrating Value for Money. The scoring represented an improvement over the previous year where an overall of 1 out of 4 was achieved.
- 3.2 The judgement is made up over a number of themes:
- Financial reporting – how good the council's financial accounting and reporting arrangements are.

- Financial management – how well the council plans and manages its finances.
- Financial standing – how well the council safeguards its financial standing.
- Internal control – how the council's internal control environment enables it to manage its significant business risks
- Value for money – whether the council currently achieves good value for money and how well it manages and improves value for money.

3.3 The table below shows the scoring Bromsgrove received for the individual themes :

Table 1:

Theme	Score
Financial reporting	2 out of 4
Financial management	2 out of 4
Financial standing	2 out of 4
Internal control	2 out of 4
Value for Money	1 out of 4
Overall	2 out of 4

3.4 The following table demonstrates the comparison with neighbouring authorities:

Table 2:

Authority	Score
Bromsgrove District Council	2 out of 4
Redditch Borough Council	2 out of 4
Wychavon District	4 out of 4
Wyre Forest District Council	2 out of 4
Malvern District Council	2 out of 4
Worcester City District Council	2 out of 4

3.5 The Scoring of 2 reflects that the Council is performing at minimum requirements and is maintaining adequate performance.

4. EXTERNAL AUDIT FEEDBACK

4.1 Attached at Appendix 1 is the 2006 feedback received from KPMG in relation to the formal assessment. The main areas where the auditors feel the Council should improve are :

- improvements to working papers;
- consult with stakeholders in production of annual report;
- manage budgets more effectively during the year;
- member to be involved in reviewing management of assets; and
- develop cost information to link with performance to understand value for money in the delivery of services.

5. SELF ASSESSMENT TO MARCH 2007

- 5.1 The detailed self assessment (available on request from the Head of Financial Services) demonstrates the improvements that were evident by March 2007.
- 5.2 Key improvements from the previous assessment include:
- liaison with an excellent authority to develop working papers;
 - liaison with customers in the presentation of the annual report;
 - improved communication of the financial standing of the Authority;
 - enhancements to the Risk Management culture within the Council;
 - developing action plans with departments to address Value for Money; and
 - prepared the medium financial plan with enhanced links to corporate priorities.
- 5.3 The assessment does not take into account the developments that the Council has implemented since March 2007. These include:
- developing action plans with departments to address Value for Money;
 - delivered training on risk management and financial management;
 - enhanced budget holders responsibility to finance with individual budget packs;
 - presented updated integrated financial and performance reports to members; and
 - approval of asset management plan and development of asset register system.
- 5.4 Appendix 2 details the Use of Resources exceptions i.e. those standards we have self assessed ourselves as not meeting, and proposed actions to meet the standards.
- 5.5 The entire Value for Money self assessment is detailed at Appendix 3, given the importance of this key line of enquiry to the Council.

6. FINANCIAL IMPLICATIONS

- 6.1 None as a direct result of this report.

7. LEGAL IMPLICATIONS

7.1 None.

8. COUNCIL OBJECTIVES

8.1 The effective use of resources underpins all the Council's objectives.

9. RISK MANAGEMENT

9.1 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.

9.2 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.

10. CUSTOMER IMPLICATIONS

10.1 None.

11. EQUALITIES AND DIVERSITY IMPLICATIONS

11.1 None.

12. **OTHER IMPLICATIONS**

Procurement Issues	None
Personnel Implications	None
Governance/Performance Management	– subject of the report
Community Safety including Section 17 of Crime and Disorder Act 1998	None
Policy	None
Environmental	None

13. **OTHERS CONSULTED ON THE REPORT**

Please include the following table and indicate 'Yes' or 'No' as appropriate. Delete the words in italics.

Portfolio Holder	Yes
Chief Executive	Yes
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
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

APPENDICES

Appendix 1 KPMG Use of Resources Feedback 2006

Appendix 2 Use of Resources Self Assessment – Exception Report
Appendix 3 Use of Resources Self Assessment – Value for Money

BACKGROUND PAPERS

The full value for money self assessment is available from Jayne Pickering,
Head of Financial Services on request.

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