

Annual Governance Report

Taunton Deane Borough Council

Audit 2008/09

Date: 28 September 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.
-

Ladies and Gentlemen

2008/09 Annual Governance Report

I am pleased to present the final version of my report on the results of my audit work for 2008/09.

The report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 8);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3); and
- agree your response to the proposed action plan (Appendix 5).

Yours faithfully

Brian Bethell
District Auditor
28 September 2009

Key messages

This report summarises the findings from the 2008/09 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess how well you use and manage your resources to deliver value for money and better and sustainable outcomes for local people.

Financial Statements	Results	Page
Unqualified audit opinion	Yes	7
Financial statements free from error	No	7
Adequate internal control environment	Yes	
Use of resources	Results	Page
Use of resources judgements	Level 2	9
Arrangements to secure value for money	Unqualified conclusion	10

Audit opinion

- 1 We expect to issue an unqualified opinion on the financial statements. A draft report is at Appendix 1.

Financial statements

- 2 As a result of our audit a small number of adjustments to the statements have been agreed with officers and the statements have been amended accordingly, as set out in appendix 2.

Use of resources

- 3 We propose issuing an unqualified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources. A draft report is at Appendix 1.

Audit Fees

- 4 The fee for this audit was set out in our Audit Plan that was discussed and agreed with the Corporate Governance Committee on 26 June 2008. No adjustment has been necessary to the fee agreed at that date.

Key messages

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

5 I ask the Corporate Governance Committee to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 8);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3);
- take note of the VFM Conclusion and Use of Resources score (Appendix 4) and;
- agree your response to the proposed action plan (Appendix 5).

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

- 6 I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Errors in the financial statements

- 7 A small number of amendments have been made to the statements following my audit to correct errors or improve the disclosure of information contained in the statements. The only one that affects the figures in the Income and Expenditure Account or Balance Sheet is as follows (see Appendix 2 for further details):
- Costs of £1.901million in 2008/09 in respect of the development of the SAP accounting package were included in the draft accounts within intangible fixed assets rather than assets under construction.
- 8 With SAP going live in the current year, the Council needs to agree with its SouthWestOne partners how the costs should be treated in the 2008/09 accounts.

Recommendation

- R1 The Council needs to agree, in discussion with its partners within SouthWestOne, the correct treatment in the 2008/09 accounts for costs in relation to the SAP accounting package.

Letter of representation

- 9 Before I issue my opinion, auditing standards require me to obtain appropriate written representations from you and management about your financial statements and governance arrangements. Appendix 3 contains the draft letter of representation I seek to obtain from you.

Key areas of judgement and audit risk

- 10 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit. My findings are set out in Table 1.

Table 1 Key areas of judgement and audit risk

Issue or risk	Finding
The reduction in the valuation of pension fund assets may not be reflected in the pension liability figures shown in the accounts.	The pension fund liability figures within the accounts fairly reflect asset valuations.
The reductions in fixed asset valuations in the past year may not be reflected in balance sheet valuations.	The Council has considered the impact of the economic climate on fixed asset valuations and has made appropriate adjustments to year-end valuations as shown in the accounts.
The accounts may not reflect all costs chargeable to the Income and Expenditure Account in 2008-9 in respect of redundancies agreed and approved before the year-end.	We have not identified any redundancy costs chargeable to 2008-9 which have been omitted from the accounts.

Accounting practice and financial reporting

- 11** I consider the qualitative aspects of your financial reporting. There is one issue I wish to bring to your attention.
- 12** There is no requirement at present for any journals, which can only be input to the general ledger by finance staff, to be authorised by a second member of staff. As part of our audit this year, we asked for retrospective authorisation of all the larger 2008/09 journal entries.

Recommendation

R2 The Council should introduce an authorisation process for journals.

Use of resources

I am required to consider 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 a scored use of resources judgement.

I am also required to conclude whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 13** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 14** I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 15** The Council's use of resources theme scores are shown in Table 2 below. The key findings and conclusions for the three themes, and the underlying KLOEs, are summarised in Appendix 4. The scores shown are those as confirmed by the Audit Commission's national quality assurance process, which is now completed.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	2
Governing the business	2
Managing resources	2

- 16** The Council has achieved Level 2 for each of the three Use of Resources themes. However, within all of our KLOEs we have identified some areas where the Council's arrangements fall below the level that might be expected. It needs to give priority in its improvement planning to addressing these weaknesses. The detailed report from our Use of Resources audit highlights the key areas where action is required.
- 17** We commented last year that capacity issues had limited the Council's progress in improving its use of resources. This year's audit confirmed that lack of capacity in some key areas remains a crucial issue for the Council. It is now part-way through its core council review, a major staff re-structuring exercise, based on a thematic working model. In the longer-term, the new structures are intended to make Council more fit for purpose and more efficient and better positioned to deliver its strategic priorities. In the

short-term, the review process and staffing changes from the implementation of phase one of the review, covering the "strategy and corporate" theme, have caused disruption to the management and delivery of key corporate services, thereby adding to the Council's capacity issues.

Recommendation

R3 The Corporate Governance Committee should monitor progress on the action plan from our 2008-9 Use of Resources audit.

Value for money conclusion

- 18** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 4.
- 19** I intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains the wording of my draft report.

Appendix 1 – Independent auditor’s report to Members of Taunton Deane Borough Council

Opinion on the financial statements

I have audited the Authority and Group accounting statements and related notes of Taunton Deane Borough Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Income and Expenditure Account, the Authority Statement of Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Taunton Deane Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and auditor

The Chief Finance Officer’s responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority and Group accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures

I read other information published with the Authority and Group accounting statements, and consider whether it is consistent with the audited Authority and Group accounting statements. This other information

comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority and Group accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority and Group accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority and Group accounting statements and related notes.

Opinion

In my opinion:

- The Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended; and
- The Group financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

Appendix 1 – Independent auditor’s report to Members of Taunton Deane Borough Council

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Taunton Deane Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Brian Bethell
District Auditor

Audit Commission
Westward House
Lime Kiln Close
Stoke Gifford
Bristol BS34 8SR

September 2009

Appendix 2 – Adjusted amendments to the accounts

The following misstatement was identified during the course of my audit and the financial statements have been adjusted by management. I bring it to your attention to assist you in fulfilling your governance responsibilities.

Table 3

		Income and Expenditure Account		Balance Sheet	
Adjusted misstatements	Nature of Adjustment	Dr £000s	Cr £000s	Dr £000s	Cr £000s
Intangible fixed assets included development costs in respect of the SAP accounting package.	Reduce intangible fixed assets and increase assets under construction.			1,901	1,901

Appendix 3 – Draft letter of representation

Brian Bethell
District Auditor
Westward House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SR

Taunton Deane Borough Council - Audit for the year ended 31 March 2009

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Taunton Deane Borough Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2009. [

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom which present fairly the financial position and financial performance of the Council and for making accurate representations to you.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements as regards the fair values of financial instruments included within the accounts.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

Appendix 3 – Draft letter of representation

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

Post balance sheet events

Since the date of approval of the financial statements by Taunton Deane Borough Council, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Signed on behalf of Taunton Deane Borough Council

I confirm that this letter has been discussed and agreed by the Corporate Governance Committee of Taunton Deane Borough Council on 28 September 2009.

Signed

Name

Position

September 2009

Appendix 4 – Use of resources key findings and conclusions

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

Table 4 **Managing finances**

Theme score	2
Key findings and conclusions	
The Council has put in place adequate arrangements for managing its finances to help ensure that it delivers value for money.	
KLOE 1.1 (financial planning)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
There are close links between the Council's corporate plan, service plans and medium-term financial plan. However, the IT and Workforce Strategies need to be updated and the links from these to financial planning are weak. The robustness of the budget process is evidenced by the Council's good track record in delivering expenditure within budget. However, there is insufficient focus on the medium-term when setting the annual budget. There are effective processes for communicating key financial messages to staff and members. There was limited public consultation on the 2009/10 budget. The Council clearly identifies future budget shortfalls within the Medium Term Financial Plan, and members are regularly updated on progress in addressing these. The Council sets challenging targets for income collection, and performance against these is closely monitored. The Corporate Governance Committee receives external and internal audit reports and provides robust challenge on these, although there is no systematic process for tracking progress on recommendations.	

Appendix 4 – Use of resources key findings and conclusions

<p>KLOE 1.2 (understanding costs and achieving efficiencies)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>The Council has a sound understanding of costs and performance but it lacks sufficient knowledge of whether it delivers good value for money compared to other councils. Managers and councillors make appropriate use of costing and performance information in their decisions, using information which is generally of reasonable quality. The Council's Project Approval Report process provides a good template for appraising specific capital projects. The Council makes insufficient use of benchmarking, which means the Council cannot be sure that it is delivering value for money services for local residents. The Council has identified scope for making efficiencies in several areas and has been very successful in achieving these, often using innovative means. However, there is more scope to identify efficiency savings in services which do not represent good value for money compared to other similar councils. Overall, the Council delivers planned outcomes at relatively low cost compared to similar councils, although there are areas of poorer performance.</p>	
<p>KLOE 1.3 (financial reporting)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>The Council's financial monitoring is timely, reliable and understandable. The Council produces regularly and timely financial reports to officers and members which highlight the key issues and have helped to ensure that prompt and effective corrective action is taken where necessary, as shown by the Council's track record in setting balanced budgets and then delivering expenditure within these. Financial information is presented alongside performance information in the quarterly monitoring reports to members, although the links between these need to be strengthened. For 2008-9, more resources have been provided for the accounts closure process, and this has secured significant improvements in the quality of the draft accounts and supporting working papers. The accounts and key report are available on the website, and the Council has taken action to ensure this information is more accessible following consultation with local equalities and hard to reach groups.</p>	

Table 5 Governing the business

Theme score	2
Key findings and conclusions	
The Council’s governance arrangements are generally sound, and there are adequate arrangements in place for commissioning services that provide value for money and deliver better outcomes for local people.	
KLOE 2.1 (commissioning and procurement)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
The Council has a sound vision of intended outcomes but needs to improve its understanding of diverse needs upon which this vision is based. There is a lot to do to bring equalities and needs assessment work up to date. The Council involves service users and wider community in most, not all stages of commissioning, but needs a strategic and coordinated approach. The Council is innovative in integrating and improving services so local people see improvements in quality and value for money (vfm). Working with the private sector, officers and councillors have an excellent understanding of the supply market and the Council is starting to work to influence this in the longer-term. During 2008-09, the Council achieved above-target savings of around £160k. The Council has effective arrangements for specifying and monitoring contracts. The Council reviews services for competitiveness, vfm and success in meeting wider objectives, but not all services have been reviewed. The Council is involved in several successful partnerships to increase efficiency. The procurement strategy needs updating to bring it into line with current practices and baseline information on costs is not regularly used by individual services.	
KLOE 2.2 (data quality and use of information)	
Score	2
VFM criterion met	Yes

Appendix 4 – Use of resources key findings and conclusions

Key findings and conclusions	
<p>Several recent improvements have been made to the Council’s systems for ensuring data quality but it is too soon to determine the extent to which these have had an impact. The Data Quality Strategy was approved in March 2009. Roles and responsibilities for data quality are clear, and training and awareness briefings have been held to support the implementation of the new strategy and guidance is available on the intranet and in staff handbooks. Sample testing of the arrangements for producing the national indicators identified weaknesses in quality assurance processes which need to be addressed. Performance reports are well established and set out financial and performance data against identified targets. Partnership performance is not covered well; data from SouthWestOne is included, but there is no detail relating to any of the other partnerships in which the Council is engaged. Arrangements for data security are adequate, with a standard range of information security policies in place. Systems are tested regularly to ensure data integrity and recovery in the case of ICT incidents. The Council complies with Government Connect standards.</p>	
<p>KLOE 2.3 (good governance)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
Key findings and conclusions	
<p>The Council is challenging the way officers and members work together to deliver the Council's priorities. The Council's management structures are in the process of radical review, with a move to a thematic rather than function based structure. Work is in progress in developing personal development plans for all members, with eleven having gone through a pilot exercise. The Council's vision of what it wants to achieve for the local community is set out through the annually updated Corporate Strategy. Progress against targets is then monitored through quarterly performance reports to members. The Council has the required arrangements in place to ensure compliance with standards of conduct, supported by regular ethics training and guidance for members. The Council has adopted a local Code of Governance, but has made little use of this as yet to drive the governance agenda. The Standards Committee advertises its role on the website and produces an annual report, but it has yet to develop a proactive role in promoting ethical behaviour. The Council is involved in a number of major partnerships covering key aspects of its business, and for all these there is a project group, formal partnership agreement, risk register, nominated responsible director, and regular reporting to members on the key financial and performance issues for each partnership. These reports show that there have been improvements in performance and efficiency across a wide range of services covered by the partnerships, such as improved recycling rates, cost savings from support services and improved quality of internal audit.</p>	

Appendix 4 – Use of resources key findings and conclusions

KLOE 2.4 (risk management and internal control)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>Risk management is not yet effectively embedded across the Council. For major projects and partnerships, there are risk registers and there are a number of examples of the Council using risk management effectively in managing projects. However, at service level, the quality and use of the registers is patchy. The corporate risk register is currently being revised, and the Council, is now taking action to ensure that all its registers are in the same format and one which meets all the good practice requirements. There has been no process to date to provide the Management Team or members with regular assurance that all key risks across the Council are being effectively managed. The Council has an anti-fraud and benefits fraud strategy, supported by staff fraud awareness training and a clear prosecution policy, and has arrangements in place to monitor delivery against these strategies. There is good joint working with the DWP on benefit fraud, effective use of data matching, wide publicity for successful prosecutions, and, for 2008/9, an increased focus on proactive work, although the Council was still some way short of its target for number of sanctions. The Council's internal audit meets the key requirements of the CIPFA code and provides broad annual coverage of the main financial systems. The Corporate Governance Committee has a strong membership and provides robust challenge, but there is no structured process for following up agreed actions from internal or external audit. Internal audit have confirmed in their annual report that they have not identified any serious control weaknesses from their 2008/9 testing of the key financial systems, although they did identify weaknesses in disaster recovery arrangements, leaving the Council at increased risk in the event of a major IT incident.</p>	

Table 6 Managing resources

Theme score	2
KLOE 3.3 (workforce planning)	
Score	2

Appendix 4 – Use of resources key findings and conclusions

VFM criterion met	Yes
Key findings and conclusions	
<p>The Council has in place a broad range of effective processes and systems to manage and develop its workforce. Recruitment methods are modern and include web-based options for applying to work with the Council. There are a wide range of employee-friendly policies in place which make the Council an attractive employer. The latest staff surveys show that the Council is highly rated as an employer and that the majority of staff enjoy their work. The Council has however, experienced sustained high levels of sickness absence. New policies and interventions have had some success in reducing short term sickness absence in particular, although the Council's performance remains amongst the worst performing. There are clear processes for performance reviews and appraisals. Communications across the Council are well developed and seen by staff as being effective. The Council has implemented major organisational changes through the SouthWestOne initiative and Core Council Review, and communications have been enhanced in order to engage staff during these changes. These significant organisational changes have overtaken the Council's existing workforce plan which is now out of date. Equalities and diversity arrangements are clear and have been improved to provide greater focus.</p>	

Appendix 5 – Action Plan

Rec no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Annual Governance Report 2008/09 - Recommendations						
1	The Council needs to agree, in discussion with its partners within SouthWestOne, the correct treatment in the 2008/09 accounts for costs in relation to the SAP accounting package.	3				
2	The Council should introduce an authorisation process for journals.	3				
3	The Corporate Governance Committee should monitor progress on the action plan from our 2008-9 Use of Resources audit.	3				

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

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