

Use of Resources Auditor Judgements

Haringey London Borough Council

Audit 2007-2008

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

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.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2008

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

Contents

Introduction	4
Use of resources judgements	5
Theme summaries	6
Financial reporting	6
Financial management	8
Financial standing	10
Internal control	11
Value for money	13
Conclusion	15
Use of resources 2008	15
Appendix 1 – Revisions to Use of Resources KLoE for 2008	16

Introduction

- 1 The Use of Resources (UoR) assessment evaluates how well councils manage and use their resources. The assessment is carried out each year and focuses on the importance of strategic financial management, sound governance and effective financial reporting arrangements. These should support councils in the achievement of their priorities and improving services, whilst delivering value for money.
- 2 This is the third assessment we have undertaken at the London Borough of Haringey (the Council). Our assessment is based on the key lines of enquiry for 2007. These include new requirements for councils as part of the Commission's approach to phasing in those elements that need more lead in time and to supporting improvement by gradually raising the standard of the assessment. The period assessed for 2007 has also been aligned with the financial year 2006/07. Councils may, however, provide evidence that becomes available after the end of the financial year, to demonstrate their arrangements are working effectively and are embedded.
- 3 The overall use of resources assessment is made up of five themes. Judgements have been made for each theme using the Audit Commission's scale as shown in Table 1. This scale is used across its inspection and performance assessment frameworks.

Table 1 Standard scale used for assessments and inspections

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

- 4 In forming our assessment, we have used the methodology set out in the Use of Resources Guidance for Councils 2007, which can be found on the Commission's web site. We have also taken account of our findings and conclusions from previous years' assessments and updated these for any changes and improvements to the Council's arrangements.
- 5 The five theme scores for the Council are outlined overleaf. The scores were subject to national quality control to ensure consistency across all suppliers and on a national basis. The Audit Commission notified the scores to the Council on 10 December 2007.
- 6 This summary sets out our key findings in relation to each theme and key areas for improvement.

Use of resources judgements

Table 2 Summary of scores at theme and KLOE level

Key lines of enquiry (KLOEs)	Score 2007	Score 2006
Financial reporting	2	3
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	2	2
1.2 The Council promotes external accountability.	3	4
Financial management	3	3
2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	3	3
2.2 The Council manages performance against budgets.	3	2
2.3 The Council manages its asset base.	3	3
Financial standing	3	3
3.1 The Council manages its spending within the available resources.	3	3
Internal control	3	3
4.1 The Council manages its significant business risks.	2	2
4.2 The Council has arrangements in place to maintain a sound system of internal control.	3	3
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	3	3
Value for money	3	3
5.1 The Council currently achieves good value for money.	3	3
5.2 The Council manages and improves value for money.	3	2

Theme summaries

- 7 The key findings and conclusions for each of the five themes are summarised in the following tables.

Financial reporting

Table 3

Theme score - 2
Key findings and conclusions
<p>Overall, the Council's arrangements for Financial Reporting have been assessed as adequate. Last year's higher assessment reflected in particular the notable practice identified in respect of the promotion of external accountability. This has not been sustained this year.</p> <p>The Council's accounts were submitted for audit on time and did not contain any material errors although some non-trivial errors were identified and subsequently amended during the audit process. Working papers were of a satisfactory standard, although there were weaknesses in the initial audit trail supporting various items of account, including fixed asset additions, provisions, the cashflow statement, the collection fund and the group accounts. Overall, we saw an improvement in the audit process as a whole, but there were still issues around delays in receiving information and responses to queries on some material items, such as fixed assets additions, single status, and payroll analytical review. The Council remains over-reliant on its key contact to respond to audit queries in some cases. Both accounts and audit staff worked to resolve issues arising, but an opinion could not be issued by the 30 September deadline. An unqualified opinion was, however, issued on 16 October 2007. Due to a delay in receiving the Whole of Government Accounts consolidation pack, the opinion was not given until 30 November 2007.</p> <p>The Council promotes external accountability through publishing reports and financial information in a variety of formats. Whilst the Council continues to perform well, it has not achieved the 'notable practice' status achieved last year. Although the public are able to register their views on the publication of the Annual Report online or via a questionnaire within the report, the Council has not refreshed its consultation processes with the other agencies and organisations it works with such as the Haringey Strategic Partnership.</p>

Improvement opportunities	
<p>KLOE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.</p>	<p>Working with external audit, improve further arrangements for producing the accounts and associated working papers by, for example:</p> <ul style="list-style-type: none"> • continuing to reduce the number of errors in the accounts, possibly through a greater use of quality assurance; • continuing to improve the processing of required amendments; • continuing to ensure that working papers always provide a clear audit trail from the statements to source records; • reviewing the delegation of tasks within the Corporate Finance team to allow team members to gain a greater knowledge of the closedown and accounts preparation process; • continuing to review the arrangements for incorporating the Trust accounts; and • ensuring that Whole of Government accounts and working papers are ready for submission to audit at the same time as final accounts or by the agreed date.
<p>KLOE 1.2 The Council promotes external accountability.</p>	<p>Refresh consultation with external partners such as the Haringey Strategic Partnership on the format of financial information included in the annual report and summary accounts.</p>

Financial management

Table 4

Theme score - 3
Key findings and conclusions
<p>Overall, financial management arrangements are assessed as performing well. Budgets are clearly linked to the three year Medium Term Financial Strategy (MTFS) and are regularly and formally monitored. Significant business risks are considered but the MTFS could be enhanced by a wider analysis of the potential financial effects of future developments.</p> <p>The MTFS is developed through the Pre Business Plan Review (PBPR) process which provides the link between strategic and operational priorities and budgets. Whilst the MTFS acknowledges significant partnerships and joint projects, greater clarity on the financial implications of all partnerships should be provided.</p> <p>Strong systems are in place to monitor performance against budgets and the planning and reporting process has been strengthened by the inclusion of risk assessments. Both financial and non financial information is provided through the use of the balanced scorecard and progress against savings and efficiency targets is reported. There is scope to extend further the benchmarking and performance information available to members of the public. Financial systems are regularly reviewed and reconciled. The Council needs to extend consultation with system users to ensure that their needs are being met.</p> <p>There are benchmarking exercises carried out on the management of the Council's asset base and performance measures are available. The arrangements for publishing the results of these are not fully developed.</p>

Improvement opportunities	
KLOE 2.1 The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.	<p>Enhance the Medium Term Financial Strategy by developing further the consideration of wider financial effects of future developments and significant emerging pressures and proactively managing these.</p> <p>Clearly explain within the MTFS, the financial plans of joint working with partners and stakeholders and any financial implications for the Council.</p>
KLOE 2.2 The Council manages performance against budgets.	<p>Develop the training provided on financial systems to include consultation with system users as to their information needs. Review the results of these consultations against system outputs to ensure that user needs are being met.</p>
KLOE 2.3 The Council manages its asset base.	<p>Review arrangements for publishing the results of benchmarking exercises and performance measures to ensure that these are made available to all stakeholders, such as council tax payers, where appropriate.</p>

Financial standing

Table 5

Theme score - 3	
Key findings and conclusions	
<p>The Council is managing its spending within budgets and there is a formal process for setting targets and monitoring progress against them. Performance against key financial indicators, both income and expenditure, is reported to Cabinet and this information is made available to users throughout the organisation. There has been some improvement in setting targets for capital projects and monitoring work against these but there continues to be a substantial underspend against the capital budget at the year end.</p> <p>Whilst the Council has a policy on reserves and balances, it does not formally consider and evidence any benefits or opportunity costs associated with holding reserves above target levels.</p>	
Improvement opportunities	
<p>KLOE 3.1 The Council manages its spending within the available resources.</p>	<p>Embed the improvements made in the forecasting and monitoring of capital expenditure.</p> <p>Consider and evidence formally the benefits and opportunity costs of holding reserves above target levels.</p>

Internal control

Table 6

Theme score - 3
Key findings and conclusions
<p>The Council has put in place an assurance framework and has continued to strengthen this through the use of its PBPR process. Significant business risks are being considered and improvements are being made in the way that partnerships are managed; these arrangements need to continue and become embedded. Risk management champions are in place but their role needs to be extended to developing and reviewing new initiatives pro-actively within their directorates.</p> <p>The Council has put in place processes to maintain a sound system of internal control and an effective Audit Committee is operating. It should now ensure that all significant partnerships and joint projects have been identified and that formal arrangements are in place to control the risks associated with these.</p> <p>The Council has a publicised counter fraud and corruption policy and arrangements are in place to investigate breaches of regulations. Work on the National Fraud Initiative (NFI) is taking place but the Council should ensure that it continues to maximise the potential available from NFI through appropriate joint working agreements.</p>

Improvement opportunities	
<p>KLOE 4.1 The Council manages its significant business risks.</p>	<p>Ensure that arrangements to identify and manage risks relating to significant partnerships are operating and are embedded. Strengthen the role of risk management champions.</p>
<p>KLOE 4.2 The Council has arrangements in place to maintain a sound system of internal control.</p>	<p>Review and self assess annually, the activities of the Audit Committee against CIPFA guidelines. Ensure that all significant partnerships have been identified and that governance arrangements are in place to cover these.</p>
<p>KLOE 4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.</p>	<p>Continue to work with other bodies to ensure that data matches from the NFI project are followed up appropriately. Continue to embed the consideration of fraud and corruption in the Council's overall risk management process.</p>

Value for money

Table 7

Theme score - 3
Key findings and conclusions
<p>Compared to nearest neighbours spending is around average or below for overall and key service areas. Social services are the exception which has slightly above average spending, although the relative position has improved between 2006 and 2007. Service unit costs compare well with nearest neighbours and are at average or below average levels. Cost reductions have been achieved in high spending areas such as home care and looked after children. Performance continues to improve and the overall performance of services is generally good. Both the cost position and performance improvement must be seen in the context of external and contextual factors that do impact on costs, for example high deprivation levels, diverse and transient population and economic disparity. The Council is aware of these factors; however, the impact in value terms not been fully assessed. Unintended high spending is identified and addressed through the various systems and processes in place. For example, regular budget monitoring at a corporate and directorate level identifies areas where projected spend is above budget and includes management action to address this. The business planning process ensures that investments and savings are in line with the Council's priorities for both capital and revenue expenditure.</p>

Key findings and conclusions	
<p>The Council has continued to embed systems and processes put in place last year to monitor and review VFM and has built on these systems through, for example, developing the VFM section in the business plans and adding more unit cost information into the balance scorecard. The approach to VFM is further embedded this year and is clearly recognised across the Council by both service and finance staff as a key element of what the Council is about. Corporate systems and processes for managing and reviewing VFM are in place and are helping to develop a consistent approach to understanding costs across directorates. Members are increasingly challenging about understanding comparative cost and performance information and will challenge the position presented to them. Judgements are made on the comparative VFM of all services using a cost performance and perception matrix with each service prioritised in terms of requiring a review. These internal reviews have led to service improvements; for example, street cleaning has led to reduced littering and higher satisfaction. The Council has been successful in planning for and achieving efficiency savings; over £27 million has been achieved over the last four years. It is on target to achieve its annual efficiency savings. There is a clear procurement strategy in place and there are examples of procurement exercises that have resulted in savings, such as the agency contract with Hays and the construction framework agreement. The Council's approach to whole life costing is developing but this is not yet fully implemented. The Achieving Excellence programme will take forward the VFM agenda into 2007/08.</p>	
Improvement opportunities	
KLOE 5.1 The Council currently achieves good value for money.	<p>Continue to focus on reducing costs and improving performance.</p> <p>Assess fully the monetary impact of external and contextual factors.</p>
KLOE 5.2 The Council manages and improves value for money.	<p>Maintain the focus on collating unit cost information so that year on year comparisons can be made in all areas.</p> <p>Ensure that there is application of the arrangements for understanding costs and challenging VFM Council-wide.</p> <p>Develop and implement the approach to whole life costing.</p>

Conclusion

- 8 The Council's performance demonstrates that it has maintained its position in four of the five themes and has arrangements in place around Financial Management, Financial Standing, Internal Control and Value for Money that are performing well.
- 9 The Council has sustained and embedded the developments it made in incorporating risk management into its budget setting and monitoring exercises and has also shown improvements in the way it manages and improves value for money. There are strong arrangements in place in the use of the PBPR process and this continues to link the Council's strategic and operational objectives to its financial plans, commitments and performance.
- 10 The Council's arrangements for Financial Reporting are now assessed as adequate. The notable practice in respect of the Annual Report consultation processes introduced in 2005/06 has not been sustained and developed in 2006/07. We recommend that this exercise is refreshed for 2007/08 and that all significant external partners are included. The Council should also continue to develop its arrangements for the production of its annual accounts.

Use of resources 2008

- 11 The Commission has published its key lines of enquiry for 2008 on its website. There is an annotated version of the key lines of enquiry available which show all the changes from 2007. This should assist you in pin-pointing the changes. Grant Thornton, who will carry out the assessment in 2008, will be reporting their scores and findings to you at a similar time next year. A summary of the changes from 2007 is also included as an appendix to this report.
- 12 The Commission consulted on the changes to the key lines of enquiry for 2008 during April to June 2007. The Commission's response to the consultation can be found on its website. The key lines of enquiry for 2008 reflect some of the changing priorities for councils as they respond to the major challenges facing them and the higher expectations of them. Making further improvements in efficiency will be critical for councils in responding to: the changing demographic profile of communities, increasing public expectations of public services and expected constraints on funding from Government.
- 13 The key lines of enquiry give more emphasis, mainly at level 4, to areas such as: sustainability, working in partnership and using IT to secure service and value for money improvements; strategic asset management and joint procurement. These areas signal the changes which will be given more emphasis in the use of resources assessment under Comprehensive Area Assessment, the new performance framework for local services.

Appendix 1 – Revisions to Use of Resources KLoE for 2008

The listing below sets out the revisions, additions and deletions made to the Use of Resources Key Lines of Enquiry (KLoE) for 2008 compared to the 2007 set against which the Council was assessed in this report. A full listing of the 2008 KLoE is available on the Audit Commission’s website at:

<http://www.audit-commission.gov.uk/localgovernment/useofresources/consultation.asp?CategoryID=english%5E576>

Table 1

1. FINANCIAL REPORTING				
How good are the Council’s financial accounting and reporting arrangements?				
Key line of enquiry				
1.1 The Council produces annual accounts in accordance with relevant, standards and timetables, supported by comprehensive working papers				
Evidence that:				
<ul style="list-style-type: none"> • the Council’s accounts are compiled in accordance with statutory and professional reporting standards; • the Council’s accounts are supported by comprehensive working papers; and • the accounts and supporting working papers are prepared and approved in accordance with relevant timetables. 				
Level	KLoE	New	Now bold	Revised
2	The auditor gave an unqualified opinion in the published statements.			√

Key line of enquiry 1.2 The Council promotes external accountability				
Evidence that:				
<ul style="list-style-type: none"> the Council publishes its accounts in accordance with statutory requirements; and the Council publishes summary accounts/annual report in a way that is accessible to the public. 				
Level	KLoE	New	Now bold	Revised
2	The agenda, reports and minutes for meetings of full council, committees and scrutiny panels are made available to the public) on a timely basis and in accessible formats appropriate to comply with duties under the equalities legislation.			√
3	The most recent published accounts, annual audit letter, agenda, reports and minutes for meetings of council, committees and scrutiny panels are made available to the public on the Council's website on a timely basis and inaccessible formats appropriate to comply with duties under the equalities legislation.			√
4	The Council publishes in accessible formats an annual report or similar document which includes summary accounts and an explanation of key financial information/technical terms designed to be understandable by members of the public.			√
4	The annual report or similar document includes information and analysis about the council's environmental footprint.	√		

2. FINANCIAL MANAGEMENT				
How well does the Council plan and manage its finances?				
Key line of enquiry				
2.1 The Council’s medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.				
Evidence that:				
<ul style="list-style-type: none"> • the Council’s corporate business plan (that sets out its aims and objectives) is linked to its financial planning and management; and • the Council’s budgets and capital programme are based on robust medium-term financial projections and risk assessments. 				
Level	KLoE	New	Now bold	Revised
2	The Council is undertaking equalities impact assessments of its strategies and understands the effect and impact these will have on its diverse population.	√		
2	The medium-term financial strategy models income and expenditure and resource requirements over a minimum of three years and is reviewed and updated at least annually.			√
3	The corporate business plan projects forward at least three years and takes account of each of the following: <ul style="list-style-type: none"> • stakeholder and partner views; • external drivers, including funding variations; • and requirements to improve efficiency; • capital investment plans and their revenue implications; • risk assessments and financial contingency planning; • sensitivity analysis; and • expected developments in services. 		√	

Level	KLoE	New	Now bold	Revised
3	Budgets are linked to : <ul style="list-style-type: none"> • the medium-term financial strategy and high level budgets for future years within this; • business and activity plans; • operational activity indicators that are lead; • indicators of spend; and • risk assessments of material items of revenue and capital income and expenditure. 		√	
3	The Council regularly reviews financial management arrangements to ensure that they remain 'fit for purpose', and keeps the financial services function under review to consider capacity, resourcing and training needs.		√	

Key line of enquiry 2.2 The Council manages performance against budgets.				
Evidence that:				
<ul style="list-style-type: none"> the Council has arrangements in place for monitoring performance against budgets, taking corrective action where appropriate, and reporting the results to senior officers and members; and the Council’s financial information systems meet users’ needs. 				
Level	KLoE	New	Now bold	Revised
3	The Council’s financial information systems have flexible reporting tools to enable specialist reports to be designed.		√	
3	Informative profiled financial monitoring reports are received by all budget holders soon after the month end enabling managers to respond to issues in a timely way.			√
3	The Council’s budget monitoring is: <ul style="list-style-type: none"> related to operational activity indicators that are lead indicators of spend; and informed by a risk assessment. 			√

Key line of enquiry 2.3 The Council manages its asset base.				
Evidence that:				
<ul style="list-style-type: none"> the council has a capital strategy and fixed asset management plan; and the council reports to members on asset management. 				
Level	KLoE	New	Now bold	Revised
3	The Council's asset management plan provides clear forward looking strategic goals for its property assets that shows how the council's land and buildings will be used and developed to help deliver corporate priorities and service delivery needs, now and in the future. The plan shows how property assets will be maintained, modernised and rationalised to ensure that they are fit for purpose.	√		
3	The Council maintains a record of all of its land and buildings that contains accurate data on its efficiency, effectiveness, asset value and running costs which can be used to support decision making on investment and disinvestment in property.	√		
4	Performance measures and benchmarking are being used to describe and evaluate how the Council's asset base contributes to the achievement of corporate and service objectives, including improvement priorities, sustainability objectives and set challenging targets for improvement.			√

Level	KLoE	New	Now bold	Revised
4	The Council fully integrates asset management planning with business planning at corporate and service levels. The role and contribution of property is explicit in business plans such as flexible working policies, ICT plans and customer access strategies.	√		
4	The Council uses its property portfolio as an enabler of change. It understands the opportunity cost of its property and exploits this to deliver better value for money and benefits for the local community.	√		
4	The Council integrates the management of its asset base with others for example, third sector and local public agencies to identify opportunities for shared use of property and to deliver seamless cross-sector, cross-agency and community based services to users.	√		
4	The Council challenges whether all its assets are required, are fit for purpose and provide value for money to meet current and future needs by monitoring property performance and undertaking periodic property reviews. The Council rationalizes or disposes of under-performing or surplus assets.	√		

3. FINANCIAL STANDING				
How well does the Council safeguard its financial standing?				
Key line of enquiry				
3.1 The Council manages its spending within the available resources.				
Evidence that:				
<ul style="list-style-type: none"> the Council is financially sound; the Council manages its levels of reserves and balances; and current spending plans match available resources. 				
Level	KLoE	New	Now bold	Revised
2	The Council keeps its treasury management strategy under review and monitors performance against it. The strategy reflects the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services.			√
3	The Council’s policy for reserves and balances is based on a thorough understanding of its needs and risks, which is properly and clearly reported to and agreed by members. The approved level of balances is adhered to and ensures the Council’s financial standing is sound and supports the Council in the achievement of its long term objectives.			√

24 Use of Resources Auditor Judgements | Appendix 1 – Revisions to Use of Resources KLoE for 2008

Level	KLoE	New	Now bold	Revised
3	The Council’s targets for income collection and recovery of arrears stretch performance and their achievement is monitored with appropriate corrective action taken during the year to achieve the targets.	√		
4	The Council sets challenging targets for a comprehensive set of financial health indicators, monitors performance and has a good track record of achieving these targets.			√

4. INTERNAL CONTROL				
How well does the Council’s internal control environment enable it to manage its significant business risks?				
Key line of enquiry				
4.1 The Council manages its significant business risks.				
Evidence that:				
<ul style="list-style-type: none"> the Council has a risk management process in place; and the risk management system covers partnership working. 				
Level	KLoE	New	Now bold	Revised
2	The risk management strategy/policy requires the Council to: <ul style="list-style-type: none"> identify corporate and operational risks; assess the risks for likelihood and impact; identify mitigating controls; and allocate responsibility for the mitigating controls and is complied with. 			√
2	The Council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigns named individuals to lead on the actions identified to mitigate each risk.			√

26 Use of Resources Auditor Judgements | Appendix 1 – Revisions to Use of Resources KLoE for 2008

Level	KLoE	New	Now bold	Revised
4	All members receive risk management awareness training appropriate to their needs and responsibilities.			√
4	Reports to support strategic policy decisions, and initiation documents for all major projects, require a risk assessment including a sustainability impact appraisal.	√		

Key line of enquiry				
4.2 The Council has arrangements in place to maintain a sound system of internal control.				
Evidence that:				
<ul style="list-style-type: none"> the Council reviews and reports on its system of internal control; and the Council has an audit committee or equivalent and an internal audit function. 				
Level	KLoE	New	Now bold	Revised
ALL	All references to SIC now amended to 'governance statement'			√
2	There are procedure notes/manuals in place for key financial systems and these are reviewed and updated as appropriate.			√
2	The Council has a business continuity plan in place which is reviewed and tested on a regular basis.			√
2	There are standing orders, standing financial instructions and a scheme of delegation in place and these are reviewed and updated as appropriate.			√
3	The Council has an effective scrutiny function to ensure constructive challenge and enhance performance overall.	√		
4	The Council obtains assurance on a risk basis of the viability of its significant contractors'/partners business continuity plans.	√		

Key line of enquiry				
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.				
Evidence that:				
<ul style="list-style-type: none"> the Council has adopted codes of conduct and monitors compliance; and the Council’s arrangements to prevent and detect fraud and corruption are effective. 				
Level	KLoE	New	Now bold	Revised
2	<p>The Council has put in place arrangements for monitoring compliance with standards of conduct across the Council including:</p> <ul style="list-style-type: none"> codes of conduct; register of interests; register of gifts and hospitality; complaints procedure; and use of IT resources. 			√
2	<p>The Council can demonstrate that members of the standards committee are preparing for their role in local investigations and determination and there are arrangements in place to support effective local investigations and determinations.</p>	√		

Level	KLoE	New	Now bold	Revised
2	The Council has provided the required data for the National Fraud Initiative (NFI), has notified data subjects of this use of data, and has established a comprehensive process to follow-up NFI data matches that covers all match types and all levels of report (ie high, medium and same address).			√
3	The work of the standards committee is communicated openly to a wider public. Where appropriate, the council has taken effective action, learning from issues arising from local investigations and determinations.	√		
3	The Council has made effective use of the NFI application functionality to identify data matches for review. These were investigated promptly to prevent prolonged exposure.		√	√
3	The Council works with other bodies such as DWP when following-up data matches from NFI. Details of proven frauds relating to public sector employees are shared with other bodies as per the NFI Information Exchange Protocol.		√	√
3	Weaknesses revealed by instances of proven fraud and corruption, including NFI data matches, or data quality issues (due to capture or extraction) are reviewed to ensure that appropriate action is taken to strengthen internal control arrangements.		√	√
4	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.			√

Level	KLoE	New	Now bold	Revised
4	There are effective arrangements for receiving and acting upon fraud and corruption concerns and disclosures from members of the public.			√
4	The Council can demonstrate its staff, and staff within contracting organisations, have confidence in the whistleblowing arrangements and feel safe to make a disclosure.	√		
4	All application forms for services and benefits have an appropriate fair processing notification permitting data sharing for prevention and detection of fraud and corruption (both acting as a deterrent to fraudsters and facilitating the extension of NFI into new areas).	√		
4	The Council can demonstrate that effective action has been taken to maximise the potential savings available through NFI.			

5. VALUE FOR MONEY				
How well does the Council demonstrate that it achieves good value for money?				
Key line of enquiry				
5.1 The Council currently achieves good value for money.				
Evidence that:				
<ul style="list-style-type: none"> • costs compare well with others allowing for external factors; • costs are commensurate with service delivery, performance and outcomes achieved; and • costs reflect Council priorities. 				
Level	KLoE	New	Now bold	Revised
2	The Council has a well managed capital programme linked to priorities and supporting service improvements. Projects are usually completed on time and on budget, and deliver outcomes which are fit for purpose.			√
3	The Council ensures that a range of quality services is delivered appropriate to statutory duties and local needs, while maintaining relatively low overall costs including overheads and capital, within the council's overall context.			√
3	The Council has a well managed capital programme linked to priorities and supporting service improvements, with projects completed on time, within budget, and delivering outcomes which are fit for purpose.			√

Level	KLoE	New	Now bold	Revised
4	High performance is achieved across a range of key services while costs, including unit costs and transaction costs demonstrate best value compared to others.			√
4	The Council can demonstrate that it uses its capital programme, with partners where appropriate, to challenge existing service models to achieve a transformation in service for users			√

Key line of enquiry				
5.2 The Council manages and improves value for money NOTE: Due to high number of revisions only new KLoEs highlighted.				
Evidence that:				
<ul style="list-style-type: none"> the Council monitors and reviews value for money; the Council has improved value for money and achieved efficiency gains; and procurement and other spending decisions take account of full long-term costs and benefits, including environmental and social costs. 				
Level	KLoE	New	Now bold	Revised
2	The Council has adequate arrangements to produce reliable data.	√		
2	The Council has some understanding of its long-term costs and benefits, including environmental and social. There is some evidence of these being taken into account in decision making.	√		
2	The Council is making some use of partnership working to improve VFM. It has some understanding of the total resources at the disposal of its significant partnerships.	√		
2	The Council makes some use of IT both to improve its own VFM and to improve access to services for users.	√		
3	The Council has good arrangements to produce reliable data.	√		
3	The Council has evaluated its use of partnerships to improve VFM. It has an understanding of total resources at the disposal of its significant partnerships which it is using to support clearly identified outcomes.	√		
3	The Council uses IT to drive and enable business process change to improve both its own VFM and access to services for users.	√		

34 Use of Resources Auditor Judgements | Appendix 1 – Revisions to Use of Resources KLoE for 2008

Level	KLoE	New	Now bold	Revised
4	The Council has exemplary arrangements to produce reliable data. It has an agreed approach with partners to produce reliable data.	√		
4	The Council has implemented arrangements for partnership working. It has a clear understanding of the total resources at the disposal of its significant partnerships. It is on track to deliver planned improvement in outcomes.	√		
4	The Council has a strong track record of using IT and can demonstrate examples of significant service improvements, including access to services for users, or efficiency savings through using IT.	√		