

REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE AND PERFORMANCE MANAGEMENT

Date of Meeting: 23 April 2007

Public

Key Decision: No

Recorded in Forward Plan: No

Inside/Outside Policy Framework

Title: USE OF RESOURCES 2006/07
Report of: The Director of Corporate Services
Report reference: CORP2/07

Summary:

This report was considered by the Corporate Resources Overview and Scrutiny Committee on 12 April and the Audit Committee on 18 April, and advises Members on:

- (i) Results/feedback on Carlisle's 2006/07 UOR assessment;
- (ii) Actions required to improve 2007/08 UOR assessment score;
- (iii) Future reporting arrangements.

Recommendations:

Members are asked to note the level 2 2006/07 Use of Resources feedback and further note that the Corporate Resources Overview and Scrutiny Committee scrutinised the resulting action plan at their meeting on 12 April 2007.

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To: The Chairman and Members of the
Corporate Resources Overview & Scrutiny Committee
12 April 2007

CORP2/07

USE OF RESOURCES 2006/07

1. Introduction

- 1.1 The Council is now assessed (with effect from 2005/06) annually by the Audit Commission on how well it manages and uses its resources i.e. a 'Use of Resources' (UOR) assessment.
- 1.2 The assessment evaluates the strategic financial and internal control arrangements the Council has in place and the resources available to support Council priorities and improve service provision.
- 1.3 This report advises Members on:
- (i) Results/feedback on Carlisle's 2006/07 UOR assessment;
 - (ii) Actions required to address Audit Commission feedback;
 - (iii) Future reporting arrangements.

2. Use of Resources Assessment 2006/07

- 2.1 Noted at Appendix 1 is the Council's UOR Audit Score and feedback supporting the assessment. Carlisle's scores being:-

<u>KLOE</u>	<u>Score</u> <u>2005</u>	<u>Score</u> <u>2006</u>	<u>2006Assessment</u>
Financial Reporting	1	1	Inadequate Performance
Financial Management	2	2	Adequate Performance
Financial Standing	2	3	Performing Well
Internal Control	2	2	Adequate Performance
Value for Money	<u>2</u>	<u>2</u>	Adequate Performance
Overall Score	<u>2</u>	<u>2</u>	Adequate Performance

3. 2006/07 Feedback

- 3.1 The Audit Commission's 2006/7 feedback recognises the improvements made in the last year - see Appendix 1, and in particular noted improvement in respect of the Council's Financial Standing i.e.
- Sets a balanced budget linked to cost pressures and keeps spending within budget.

- 2006/7 budget includes a positive assurance statement on the adequacy of reserves.
- Good treasury management arrangements.
- Good arrangements for monitoring income collection and effective recovery procedures.

As a result the Council has been assessed at level 3 'performing well' in meeting the Financial Standing KLOE's.

3.2 However the Audit Commission has made a series of recommendations to be implemented to improve the Council's overall assessment. The main concern is in respect of the Financial Reporting KLOE's which has been assessed as inadequate. This is extremely disappointing given the effort and additional resources that have gone into the process and the previous feedback on the 2005/06 Accounts to the Audit Committee.

3.3 It should also be noted that the thresholds and deadlines for achieving level 3 have been raised in facilitating continuous improvements.

4. Action Plan

4.1 Attached to this report is an updated action plan detailing areas where further improvement is required to move to a level 3 'performing well' UOR assessment based on

- Audit Commission Use of Resources Feedback 2006/7
- New harder tests to be introduced for 2007/8 (set out in bold in the action plan)

4.2 It should also be noted that for the 2007/8 UOR assessment practices, policies and procedures set out in the KLOE's not only have to be in place by **1 April 2007**, i.e. 2007/08 UOR assessment based on 2006/07 outturn position, but have to be embedded i.e. evidence that we do what we say we are doing during 2007/08.

4.3 The Council's timetable for revising/agreeing major plans such as the Corporate Plan and Medium Term Financial Strategy is not until Summer 2007. Therefore the Council will find it very difficult to improve its current scores (except Financial Reporting) in respect of the 2007/08 UOR assessment.

5. Progressing/Reporting on the Council's Objective of Achieving Level 3 Use of Resources Judgement

5.1 The main areas of risks of not achieving a level 3 are highlighted in the action plan, i.e.:

-

i) Financial Reporting

The 2006/07 Final Accounts process is the biggest area of risk. The main issue raised by the Audit Commission is their judgement that there are still a number of non-trivial errors in the accounts (albeit much reduced from previous years). The decision on whether or not an error is non-trivial is based on Audit Commission judgement and a meeting has taken place with the Audit Commission to discuss the Council's concerns over the timeliness and materiality of audit queries being raised. Improvements for 2006/07 have been agreed on both sides and it is hoped that the situation will be improved for the 2006/07 accounts. Workshops have been arranged for Council staff to ensure they are aware of their responsibilities in the process and it is acknowledged that the final accounts closedown remains a very challenging one for the Council particularly with the scale of other initiatives being progressed.

ii) Financial Management

Areas of risk include

- The evidencing of monitoring outcomes/performance in respect of partnerships
- Delivering and measuring effectiveness of the Member/Workforce Development Plan
- Proving VFM in managing the Council's Asset Base

iii) Internal Control

- Ensuring that risks are being actively managed
- Evidencing appropriate Governance arrangements in place for significant partnership
- Business Continuity Planning

iv) Value For Money

The Council is relatively high spending and high cost is not demonstrated by high performance across all service areas (or high Council priority). Due to the lengthy time scale for actioning /implementing improvement reviews. Also in reallocating financial resources from lower priority to high priority services (particularly in respect of discretionary services). It is likely to be a longer term objective in improving our VFM score to level 3 (currently level 2).

5.2 The UOR Project Team set up by SMT to co-ordinate UOR corporately and provide internal challenge will closely monitor the areas of risk identified. Also, report back to

Corporate Resources Overview and Scrutiny Committee in August 2007 on progress in delivering the action plan.

- 5.3 Competing workload in respect of other initiatives including the objective of meeting the timetable for delivering new local government arrangements for 1st April 2009 is proving a challenge and will be monitored at SMT.
- 5.4 Providing current progress is maintained, risk areas can be managed and managers can better evidence embeddedness of UOR 'good practice' in respect of service provision, the Council is well placed to move to level 3 'performing well' in respect of Financial Reporting, Financial Management and Internal Control by 31 March 2008. However, because of the new Audit commission timescale of 1 April 2007, such progress is unlikely to be recognised until the 2008/09 UOR assessment.
- 6. Recommendation
- 6.1 Members are asked to note the level 2 2006/07 Use of Resources feedback and scrutinise the resulting action plan.

ANGELA BROWN
Director of Corporate Services

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Use of Resources Auditor Judgements

Carlisle City Council

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.

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Contents

Introduction	4
Use of resources judgements	5
Theme summaries	6
Financial reporting	6
Financial management	7
Financial standing	9
Internal control	10
Value for money	12
Appendix 1 – Criteria which will gain 'must have' status for the next assessment	13

Introduction

- 1 The annual Use of Resources (UoR) assessment evaluates how well councils manage and use their financial resources. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services, covering five themes.
- 2 This is the second year of carrying out the assessment and our work has focused on building on our previous year's work and updating it for any changes and improvements to the Council's arrangements.
- 3 Judgements will be made for each theme on the following scale which has been standardised by the Audit Commission across 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

The overall score for Use of Resources assessment will be reported to the Council by the Audit Commission on 15 March 2007.

- 4 In forming our assessment, we followed the methodology set out in the Use of Resources Guidance for Councils, 2006 assessment. In particular, in order to support scores of 3 and above, we need to consider whether relevant arrangements are 'embedded' that is, they have been operating consistently with clear outputs and having an impact. For scores of 4 (performing strongly) we are required to consider whether, in addition to meeting the descriptors/criteria, councils can demonstrate innovation or best practice that can be shared with other authorities. The descriptors/criteria at level 4 have been kept to a minimum so as to avoid them becoming unnecessarily prescriptive and limiting.
- 5 In relation to future assessments, as outlined in the CPA framework documents for 2006 for district councils, the status of a number of criteria will change to 'must have status'. For information, these criteria have been summarised at Appendix 1. In order for the Council to sustain or to improve upon its current performance at the next assessment, it will need to take these criteria into consideration.
- 6 The five theme scores for Carlisle City Council are outlined overleaf. 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 2006	Score 2005
Financial reporting	1	1
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	1	1
1.2 The Council promotes external accountability.	2	1
Financial management	2	2
2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	2	2
2.2 The Council manages performance against budgets.	2	1
2.3 The Council manages its asset base.	2	2
Financial standing	3	2
3.1 The Council manages its spending within the available resources.	3	2
Internal control	2	2
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.	2	1
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	2	2
Value for money	2	2
5.1 The Council currently achieves good value for money.	2	2
5.2 The Council manages and improves value for money.	2	2

Theme summaries

- 7 The key findings and conclusions for each of the five themes are summarised in Table 3.

Table 3 Summary of findings and conclusions by theme

Financial reporting Theme score 1	
Key findings and conclusions	
<p>The 2005/06 financial statements were prepared to statutory and agreed audit timetable and included a complete set of financial statements, disclosures and notes. The accounts had a number of areas where disclosures were not SORP compliant and they contained a significant number of errors.</p> <p>Greater efforts to produce a more comprehensive package of working papers continued in 2005/06 with improvements noted in the level of working papers available at the start of audit compared to the previous year. However, there is still scope to improve evidencing of figures and reasoning to support accounting treatment and an adequate level of performance.</p> <p>Progress made in responding to auditor queries, however further improvement in understanding and responding promptly to accounts queries is required.</p> <p>Arrangements improved this year so that the most recent annual audit letter was published on the Council's website. Committee papers are made available on a timely basis. Arrangements to place the most recent published accounts (audited accounts) on the website are established.</p> <p>Summary accounts have been published although could be improved by including commentary of performance against budget. Consideration is being given to consulting wider stakeholders on the need for an annual report.</p>	
Improvement opportunities	
KLOE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	<p>Ensure that the accounts submitted for audit are 'presented fairly' and contain only minimal errors.</p> <p>Continue to improve the standard of working papers to help support the figures and accounting treatment within the accounts.</p>
KLOE 1.2 The Council promotes external accountability.	<p>Consult with stakeholders on the need for an annual report.</p>

Financial management

Theme score 2

Key findings and conclusions

The corporate business plan incorporates stakeholder and partner consultation, efficiency improvements, the revenue implications of capital projects/known developments and service developments. Risk assessment (including partnership activity) and sensitivity analysis remain limited.

The full implications of key strategies such as HR upon the MTFS are still developing and it is not clear how the MTFS key messages across the three year period are communicated to other stakeholders, particularly partners.

Improvements are being considered in terms of reviewing budgets annually in light of the reasons for, and consequences of, the previous year's outturn, a detailed review of carried forward amounts and links to the medium-term financial strategy. The resource implications of delivering the Medium Term Financial Plan on an annual basis are being reviewed and work is ongoing to clarify priorities as part of the development of the 2007-2012 Corporate Improvement Plan.

Improved procedures, guidance and training is required so that soundly based project appraisals, business plans and affordability tests are produced for new policy and capital developments. The Council needs to evidence that investment and disposal decisions are based on thorough option appraisal and whole life costing.

The Council should regularly test all its financial systems to ensure that their processes are secure. A key control in this area is the timely production of monthly balanced traditional bank reconciliation. Now that monthly bank reconciliations have been produced Internal Audit should regularly test them.

The Council has recently reviewed its practices and procedures in respect of partnerships, including its role in the financial monitoring of partnerships, and their implementation should see further progress being made in this area.

Improvements have been made in terms of the repairs backlog which has been reported to Members and identification of proposed action to tackle the backlog.

There is no evidence of current local performance measures that evaluate asset use in relation to corporate objectives.

Financial management (continued)	
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>Improve the MTFS by developing risk assessments and sensitivity analysis in business planning.</p> <p>Improve the links between the MTFS and key strategies such as HR.</p> <p>Ensure there are appropriately evidenced project appraisals, business plans and affordability tests for new policy and capital developments.</p>
KLOE 2.2 The Council manages performance against budgets.	<p>Ensure that internal audit regularly review the bank reconciliation in detail.</p> <p>Regularly review the financial performance of partnerships, link to outputs, and ensure the results are shared with partners and acted upon.</p>
KLOE 2.3 The Council manages its asset base.	<p>Develop a set of local performance measures in relation to assets that evaluate asset use in relation to corporate objectives.</p> <p>Ensure that investment and disposal decisions are based on thorough option appraisal and whole life costing.</p>

Financial standing

Theme score 3

Key findings and conclusions

The Council sets a balanced budget linked to cost pressures and council tax levels. The budget report includes a positive assurance statement on the adequacy of reserve levels and reserves are monitored.

There has been a policy in place for a number of years on the level of reserves. The Council should take the opportunity to review this in detail to ensure that reserve levels remain appropriate, and if they are exceeded, the Council should consider the cost and benefits of holding balances at this level, and report this to Members.

The Council continues to keep its spending within budget. Further improvements are required to demonstrate that underspending is identified, anticipated and acted upon within the year to make best use of available resources.

The treasury management strategy is in accordance with CIPFA requirements with good arrangements in respect of monitoring of income collection and arrears with effectiveness of recovery actions considered as part of recent revenues review.

Improvement opportunities

KLOE 3.1 The Council manages its spending within the available resources.

Review current policy on reserves to ensure that reserve levels remain appropriate. If they are exceeded, the Council should consider the cost and benefits of holding balances at this level, and report this to Members.

Improve the process to ensure that underspending (and overspending) is acted upon to maximise best use of available resources.

Internal control

Theme score 2

Key findings and conclusions

Corporate Resources Overview and Scrutiny Committee is responsible for reviewing corporate risks on a quarterly basis with the Audit Committee being responsible for overseeing and challenging the adequacy of the risk management framework. Relevant Members and the senior management team have had risk management training although unclear as to what assessment has been made as to training requirements for other staff.

The Council is working towards linking risks in the risk register to corporate objectives with arrangements in place to ensure the risk management process will be reviewed and updated at least annually. The Council has recently strengthened governance arrangements for partnerships. The risk management process needs to specifically consider risk in relation to significant partnerships and provide assurances about the management of those risks.

Arrangements are in place for the annual review of the effectiveness of the systems of internal control (SIC) with greater involvement of Members this year and improved clarity over the sources of assurance to support the SIC.

The Council has accepted proposals from Marsh Consultancy to help with the development of a new plan / strategy for Business Continuity Management. The Council should ensure that the plan is put in place as soon as possible and then reviewed on a regular basis. Work is ongoing in respect of reviewing and updating procedure notes so that all procedure notes will be complete and up to date.

In January 2007 the Council produced traditional bank reconciliations for each month from April 2006 to December 2006. Although we have not reviewed them, we believe that it is a positive move which now needs to form part of the Council's ongoing key monthly internal control arrangements.

The Council has in place codes of conduct for Members and staff, a Whistleblowing policy and a Fraud, Theft and Corruption response plan. However, there is no overall pro-active counter fraud and corruption work plan based on a proper risk assessment of all functions of the Council.

Improvement opportunities

KLOE 4.1 The Council manages its significant business risks.

Identify relevant staff needing training and guidance to enable them to take responsibility for managing risk within their own working environment.

Ensure, particularly around complex partnerships, that risks are being actively managed.

Improvement opportunities	
KLOE 4.2 The Council has arrangements in place to maintain a sound system of internal control.	<p>Continue to update procedure notes/ manuals for all key financial systems.</p> <p>Develop a new business continuity plan which is promptly implemented and reviewed on a regular basis.</p> <p>Ensure that the Council has appropriate governance arrangements in place for each of its significant partnerships.</p> <p>Continue to produce timely monthly traditional bank reconciliations and ensure these are reviewed by a senior officer.</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>Communicate the whistleblowing policy to parties contracting with the Council.</p> <p>Ensure a strong counter fraud culture is supported and promoted by members and senior officers and that the Council undertakes proactive counter fraud and corruption work which is determined by a formal risk assessment and is adequately resourced.</p>

Value for money

Theme score 2

Key findings and conclusions

The Council is relatively high spending and there are connections between high expenditure and high performance. This is not comprehensive and high performance is not demonstrated across all service areas. There are some positive trends where improvement in performance is made alongside increased cost efficiency.

Increased investment has been targeted at priority areas and improvement trends are being generated as a result e.g. benefits, homelessness and waste.

Efficiency targets have been set for the Council and are subject to regular monitoring and investigation with targets currently being exceeded. Overall targets are set but processes are starting to develop to identify particular areas for efficiency gains.

The capital programme is well connected to corporate priorities and the projects board monitors programme delivery. Recent improvements to the monitoring information should assist further development, currently there is some slippage against project timetables and the overall annual programme.

Corporate processes do not show strong links between cost, activity and performance information including the quality of services. The evaluation of the accessibility of services across localities and for vulnerable groups in communities is not developed. There is increasing connection between financial and performance information within investigations of efficiency gain or service improvement and quarterly seminars support the process.

Procurement processes are developing and spending patterns have been reviewed. Collaborative procurement arrangements continue to be explored but have not yet secured significant efficiency and quality gains.

Improvement opportunities

KLOE 5.1 The Council currently achieves good value for money.

Improve the evaluation of service quality and cost factors to target relative improvement in VFM, including the effectiveness of increased investment.

KLOE 5.2 The Council manages and improves value for money.

Improve the availability and use of corporate intelligence on equity of access to services and variation in locality performance and need.
Ensure the best application of resources by reviewing profiles of underspending at corporate and service level.

Appendix 1 – Criteria which will gain 'must have' status for the next assessment

New criteria in bold type ('must have') for 2006/07 assessment

- 1 This table summarises criteria that are currently included in the KLOE but are not in bold type and do not have 'must have' status, but which will have such status for the 2006/07 assessment.

KLOE	Summary of criteria
Financial reporting	
1.1	Requests for information from audit are dealt with promptly.
1.2	Summary financial information that meet the needs of a range of stakeholders is published and their views are considered in deciding whether to publish an annual report.
Financial management	
2.1	There are arrangements for monitoring cash flow.
2.1	The medium-term financial strategy is communicated to staff and stakeholders.
2.2	Profiled financial monitoring reports are produced within ten days of the month-end.
2.2	The financial performance of significant partnerships is reviewed.
2.2	There is a training programme in place for members and staff on financial issues.
2.3	A member has been allocated portfolio responsibility for asset management and local performance measures in relation to assets have been developed.

14 Use of Resources Auditor Judgements | Appendix 1 – Criteria which will gain 'must have' status for the next assessment

KLOE	Summary of criteria
Financial standing	
3.1	Collection and recovery of material categories of income is monitored.
Internal control	
4.1	Appropriate staff are trained in risk management.
4.2	Criterion in relation to effective arrangements for internal financial control, for example, carrying out regular bank reconciliations and reconciliations of major feeder systems.
4.2	Arrangements for carrying out the functions of an audit committee are effective.
4.2	Standing orders, standing financial instructions and system procedure notes are reviewed and updated as appropriate.
4.2	Criterion at level two in relation to business continuity plans as required by the Civil Contingencies Act (2004).
4.2	Governance arrangements are in place for significant partnerships.
4.3	The Council is proactive in raising standards of ethical conduct among members and staff and can demonstrate that counter fraud and corruption work is adequately resourced.

Use of Resources Action Plan 2007/8

Financial Reporting

Current Score 1

Criteria for judgement	Audit Commission Feedback (Areas in bold are now essential requirements for 2007/8)	Actions proposed and Indicative Timetable	Responsible Person	Timescale	High Risk
KLoE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	Ensure that the accounts presented for audit are free from material and non trivial errors.	Introduce more quality checking of information submitted for final accounts. Workshop sessions have been arranged for staff.	Head of Financial Services	June 2007	✓
	Improve the standard of working papers to help support the figures and accounting treatment within the accounts.	The three working papers in question have been identified and required improvements will be made.	Chief Accountant	June 2007	
	Continued further improvement in understanding and responding promptly to account queries is required.	To be implemented as part of 2006/7 final accounts.	Chief Accountant	July 2007	
KLoE 1.2 The Council promotes external accountability,	Consult more widely with stakeholders on the need for an annual report. Summary accounts have been published although this could be improved by including commentary of performance against the budget.	A draft Annual Report has been prepared for consultation and considered elsewhere on this agenda.	Principal Accountant	July 2007	

Financial Management Current Score 2

Criteria for judgement	Audit Commission Feedback (Areas in bold are now essential requirements for 2007/8)	Actions proposed and Indicative Timetable	Responsible Person	Timescale	High Risk
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.	Improve the MTFS by developing risk assessments and sensitivity analysis in business planning.	MTFS for 2008/09-2010/11 currently being developed will take account of AC comments. After consultation will be approved by full Council.	Head of Financial Services	July 2007	
	Improve the links between the MTFS and key strategies such as HR.	The financial implications of key strategies/plans including the Work Development Plan (where costed) will be accounted for in the revised MTFS.	Head of Financial Services	July 2007	
	Ensure there are appropriately evidenced project appraisals, business plans and affordability tests for new policy and capital developments.	The terms of reference for the Capital Projects Board will consider (and monitor) as part of business case decision making and make recommendations to the Capital Programme Board before being scrutinised by CROS.	Head of Financial Services	April 2007	
	The council undertakes cash-flow monitoring which is used to inform short and long-term investment decisions.	The Council already undertakes cash flow monitoring to inform its investment decisions both short and long term. These projections are included within the MTFP as well as the revenue estimates. As an additional refinement an electronic rather than manual short term forecasting in 2007/08.	Treasury & Investment Manager	April 2007	

Criteria for judgement	Audit Commission Feedback (Areas in bold are now essential requirements for 2007/8)	Actions proposed and Indicative Timetable	Responsible Person	Timescale	High Risk
	The medium term financial strategy is communicated to staff and stakeholders.	MTFS already communicated to relevant staff and members (Executive and CROS). Also annual State of City Debate highlights key issues to the public. Need to investigate whether other stakeholders need consulting.	Head of Financial Services	July 2007	
KLoE 2.2 The Council manages performance against budgets.	Ensure that internal audit regularly review the bank reconciliation in detail.	Internal Audit now review bank reconciliation annually as part of the main Accountancy Systems Audit. All testing proved satisfactory.	Head of Audit Services	Actioned	
	Regularly review the financial performance of partnerships, link to outputs, and ensure the results are shared with partners and acted upon.	A recent review of practices and procedures including financial monitoring of partnerships and their implementation will meet AC recommendations and embedded.	Development and Support Manager	July 2007	✓
	Profiled financial monitoring reports are produced within ten days of the month end.		Development and Support Manager	Actioned.	
	There is a training programme in place for members and staff on financial issues.	Training programme out for consultation to be delivered during 2007/08.	Head of Financial Services / Head of Personnel and Development	April 2007	✓

Criteria for judgement	Audit Commission Feedback (Areas in bold are now essential requirements for 2007/8)	Actions proposed and Indicative Timetable	Responsible Person	Timescale	High Risk
KLoE 2.3 The Council manages its asset base.	Develop a set of local performance measures in relation to assets that evaluate asset use in relation to corporate objectives.	Urgent action being progressed to review asset management performance measures for monitoring in 2007/08.	Director of Development and Community Services	June 2007	✓
	Ensure that investment and disposal decisions are based on thorough option appraisal and whole life costing.	Asset review currently being undertaken linking to Carlisle Renaissance. Corporate Projects Board also maintain in this respect.	Director of :- Carlisle Renaissance /Development Services	Ongoing	

Financial Standing Current Score 3

Criteria for judgement	Audit Commission Feedback (Areas in bold are now essential requirements for 2007/8)	Actions proposed and Indicative Timetable	Responsible Person	Timescale	High Risk
KLoE 3.1 The Council manages its spending within the available resources.	Review current policy on reserves to ensure that reserve levels remain appropriate. If they are exceeded, the Council should consider the cost and benefits of holding balances at this level, and report this to Members.	Policy on reserves currently set out in MTFs in accordance with CIPFA guidelines. It is reviewed annually.	Director of Corporate Services	July 2007	
	Improve the process to ensure that underspending (and overspending) is acted upon to maximise best use of available resources.	Virement rules set out in Financial Procedure Rules. SMT review position monthly as part of budget monitoring including reallocation of resources within the year. Carry-forward procedures reviewed.	Head of Financial Services	Actioned ongoing	
	Collection and recovery of material categories of income is monitored.	Monitored on monthly basis and performance reported quarterly. Detailed commentary covering 'long term trends' reported to Executive March annually.	Head of Revenues and Benefits Services	Actioned.	

Internal Control Current Score 2

Criteria for judgement	Audit Commission Feedback (Areas in bold are now essential requirements for 2007/8)	Actions proposed and Indicative Timetable	Responsible Person	Timescale	High Risk
KLoE 4.1 The Council manages its significant business risks.	Identify relevant staff needing training and guidance to enable them to take responsibility for managing risk within their own working environment. Ensure particularly around complex partnerships, that risks are being actively managed.	Service Heads and next tier managers' training to commence 15th April 2007. Policy, practices and procedures now in place, management/monitoring of partnerships to be embedded. Training arranged for April 2007 for officers managing partnerships.	Corporate Projects Manager Development and Support Manager	April 2007 June 2007	 ✓
KLoE 4.2 The Council has arrangements in place to maintain a sound system of internal control.	Develop a new business continuity plan, which is promptly implemented and reviewed on a regular basis. Criterion at level 2 in relation to business continuity plans as required by the Civil Contingencies Act (2004). Continue to update procedure notes / manuals for all key financial systems. Criterion in relation to effective arrangements for internal financial control, for example carrying out regular bank reconciliations and reconciliations of major feeder systems. Continue to produce timely monthly bank reconciliations and ensure these are reviewed by a senior officer.	Work ongoing with Marsh Consultancy. Training undertaken February 2007. Business Impact Analysis April 2007, Risk Assessment May 2007, Draft Plan testing July 2007, Final Plan Sept 2007 Now monitored/updated annually. Daily bank reconciliation now actioned with weekly traditional balance undertaken.	Corporate Project Manager Project Officer (Revs & Bens) Head of Financial Services	September 2007 Actioned Actioned	✓

Criteria for judgement	Audit Commission Feedback (Areas in bold are now essential requirements for 2007/8)	Actions proposed and Indicative Timetable	Responsible Person	Timescale	High Risk
	Arrangements for carrying out the functions of an audit committee are effective.	Audit Committee well established.	Head of Audit Services	Actioned	✓
	Standing orders, standing financial instructions and system procedure notes are reviewed and updated as appropriate.	Annual review undertaken.	Head of Audit Services	Actioned	
	Ensure that the Council has appropriate Governance arrangements in place for each of its significant partnerships.	Policy, practices and procedures in place and will be embedded.	Development and Support Manager	June 2007	
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>Communicate the whistleblowing policy to parties contracting with the Council.</p> <p>Ensure a strong counter fraud culture is supported and promoted by members and senior officers and that the Council undertakes proactive counter fraud and corruption work which, is determined by a formal risk assessment and is adequately resourced.</p> <p>The Council is proactive in raising standards of ethical conduct among members and staff and can demonstrate that counter fraud and corruption work is adequately resourced.</p>	<p>Contract documentation being updated.</p> <p>Draft Counter Fraud Strategy now agreed. Will be submitted to SMT, Members and Senior Managers for promotion within Council.</p> <p>Draft Counter Fraud Strategy now agreed. Will be submitted to SMT, Members and Senior Managers for promotion within Council.</p>	<p>Development and Support Manager</p> <p>Head of Revenues and Benefits Services</p> <p>Director of Legal and Democratic Services</p>	<p>September 2007</p> <p>September 2007</p> <p>September 2007</p>	

Value for Money Current Score 2

Criteria for judgement	Audit Commission Feedback (Areas in bold are now essential requirements for 2007/8)	Actions proposed and Indicative Timetable	Responsible Person	Timescale	High Risk
KLoE 5.1 The Council currently achieves good value for money.	Improve the evaluation of service quality and cost factors to target relative improvements in VFM, including the effectiveness of increased investment.	Continue to develop processes to identify particular areas for efficiency gains via 3 year 'targeted' service improvement plan.	Head of Revenues and Benefits	Ongoing to 31.3.09	✓
KLoE 5.2 The Council manages and improves value for money.	<p>Improve the availability and use of corporate intelligence on equity of access to services and variation in locality performance and need.</p> <p>Ensure the best application of resources by reviewing profiles of underspending at corporate and service level.</p>	<p>Being developed by Member/Officer Equality Working Group.</p> <p>Reviewed monthly as part of budget monitoring by SMT and SPG.</p>	<p>Head of Policy & Performance</p> <p>Head of Financial Services</p>	<p>Ongoing</p> <p>Actioned Ongoing</p>	

Acc K / Corporate Services Reports 2007-08 / CORP2-07 Response to AC Feedback CROS 12.4.07