

Report to: Audit Committee
Date of meeting: 18 March 2009
Report of: Director of Finance
Title: External Audit Use of Resources 2008 Report

1.0 SUMMARY

- 1.1 The attached report from the Council's auditors Grant Thornton relates to the Council's arrangements for securing economy, efficiency and effectiveness in its 'Use of Resources' arrangements in a number of key financial areas.
- 1.2 Each area examined is measured against a number of criteria which the Council must demonstrate, via documentary evidence that it is meeting. These in turn are scored from 1-4 , with 4 indicating that the council is 'performing strongly' and '1' indicating that the Council is performing inadequately or below minimum standards.
- 1.3 In 2007 the Council were awarded an overall level '2' i.e performing adequately with individual scores varying from 1- 3.
- 1.4 In 2008 the overall score has been confirmed at '2' with individual scores varying from 2-3.
- 1.5 From 2009 the assessment is made tougher and wider as part of the transition from Corporate Performance Assessment (CPA) to Comprehensive Area Assessment (CAA)

2.0 RECOMMENDATION

That Members note the report.

Contact Officer:

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3.0 **DETAIL**

3.1 The report relates to the Councils Use of Resources assessment for 2008 covering the 12 month period 1st April 2007 to 31st March 2008.

3.2 The 'Use of Resources' assessment relates to the period ending 31st March 2008 and specifically looks at the following areas :

- Financial Reporting
- Financial Management
- Financial Standing
- Internal Control
- Value for Money

3.3 Each area is examined in detail against a set of criteria that the Council has to meet , as demonstrated by documentary evidence and in turn a score of 1-4 is allocated , where 1 demonstrates that the authority is performing inadequately or below minimum standards and '4' demonstrates that the authority is performing strongly

3.4 The scores for 2008 in comparison to 2007 are shown in the table under paragraph 2.8 of the auditors report. Overall the Council has retained a level 2 across all areas examined i.e that it is performing adequately. In the area of financial reporting this has increased from a level 1 last year, to level 2 for 2008.

3.5 There are a number of areas for improvement which are shown on the Action Plan in Appendix A of the auditors report, all of which are currently in the process of being addressed.

3.6 Appendix B of the auditors report highlights how the 'Use of Resources' assessment will change as the Comprehensive Performance Assessment (CPA) is replaced with the Comprehensive Area Assessment (CAA).

3.7 The new arrangements for Use Of Resources focus on three themes

- Managing Finances
 - Sound Financial Health
 - Service Costs and Performance
 - Financial Reporting
- Governing the Business
 - Commissioning and Procurement
 - Data Quality
 - Good Governance
 - Risk Management and Internal Control
- Managing other Resources
 - Natural Resources (not covered in 2009 assessment)
 - Asset Management (not covered in 2009 assessment)
 - Workforce

3.8 The new Use of Resources assessment framework together with a Managing Performance assessment will be undertaken in each Council within the Area. A similar assessment will be undertaken in the PCT, Police

and Fire and Rescue Authorities within the area. The combined assessment will form the overall judgment for the area under the Comprehensive Area Assessment

3.9 The new Use of Resources assessment for CAA is more demanding than the previous assessment and is broader in scope. It also places more emphasis on outcomes.

3.10 The timelines for the new assessment and the overall CAA reporting arrangements have been brought forward over the previous years assessment. Initial assessment for Use of Resources 2009 is currently being undertaken by the Councils auditors Grant Thornton with the initial score being available in April 2009. The first round of CAA reporting is intended to be available in October 2009

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The Director of Finance comments that there are no financial implications arising from this report.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Legal and Democratic Services comments that no legal issues arise from this report.

4.3 **Potential Risks***

4.3.1 Although no financial risks there is a potential risk that the authority does not retain level 2 on its Use of Resources Assessment for 2009 given the changes that have been introduced.

Appendices

Appendix 1 - External Audit Use of Resources Report 2008

Background Papers

None

File Reference

None