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## Chief Executive's Office

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Date: 28 March 2007

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**Chief Executive:** Donna Hall

**Chorley**  
Council

Town Hall  
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Chorley  
Lancashire  
PR7 1DP

Dear Councillor

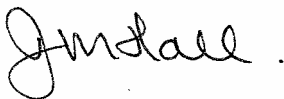
### **AUDIT COMMITTEE - THURSDAY, 29TH MARCH 2007**

I am now able to enclose, for consideration at the above meeting of the Audit Committee, the following reports that were unavailable when the agenda was printed.

#### **Agenda No    Item**

4.    **Annual Audit & Inspection Letter (Pages 37 - 58)**  
      Report of the Audit Commission (enclosed).
  
5.    **Use of Resources (Pages 59 - 76)**  
      Report of the Audit Commission (enclosed).

Yours sincerely



Chief Executive

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#### **Distribution**

1. Agenda and reports to all Members of the Audit Committee for attendance (Councillor John Wilson (Chair), Councillor Anthony Gee (Vice Chair) and Councillors Magda Cullens, Keith Iddon, Geoffrey Russell, Shaun Smith, Mrs Joyce Snape and Mary Wilson)
  
2. Agenda and reports to Gary Hall (Director of Finance), Donna Hall (Chief Executive), Garry Barclay (Audit and Risk Manager), Andy Armstrong (Assistant Audit Manager) and Dianne Scambler (Trainee Democratic Services Officer) for attendance.

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માટે કૃપા કરી, આ નંબર પર ફોન કરો: 01257 515822

ان معلومات کا ترجمہ آپ کی اپنی زبان میں بھی کیا جاسکتا ہے۔ یہ خدمت استعمال کرنے کیلئے براہ مہربانی اس نمبر پر ٹیلیفون  
کیجئے: 01257 515823

# **Annual Audit and Inspection Letter**

**Chorley Borough Council**

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

### **Status of our reports**

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to 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 0845 056 0566.

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## Our overall summary

- 1 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the findings and conclusions from the audit of the Council and from any inspections that have been undertaken in the last year. The letter includes our review of how well the Council has progressed, under our Direction of Travel report, and the auditor's assessment of how well the Council has managed its finances, through the Use of Resources scores. These latter components will be an important feed into any future decision regarding the potential for a rescoring the Council's Comprehensive Performance Assessment (CPA) category.
- 2 The report is addressed to the Council, in particular it has been written for councillors, but is available as a public document for stakeholders, including members of the community served by the Council.
- 3 The main messages for the Council included in this report are that it:
  - has made more significant improvements in its performance over the last three years compared to all district councils, including those categorised as excellent district councils;
  - service level performance is good in all areas except minor planning although performance is above the Governments stipulated target and this is being addressed through e-planning and other management actions;
  - is supporting the Lancashire children and young people partnership to deliver a better deal for the young within the area;
  - continues to perform well in its use of resources, particularly strongly in value for money; and
  - has secured further improvements and is performing strongly in delivering value for money in terms of a range of economic, effective and efficient services.

## Action needed by the Council

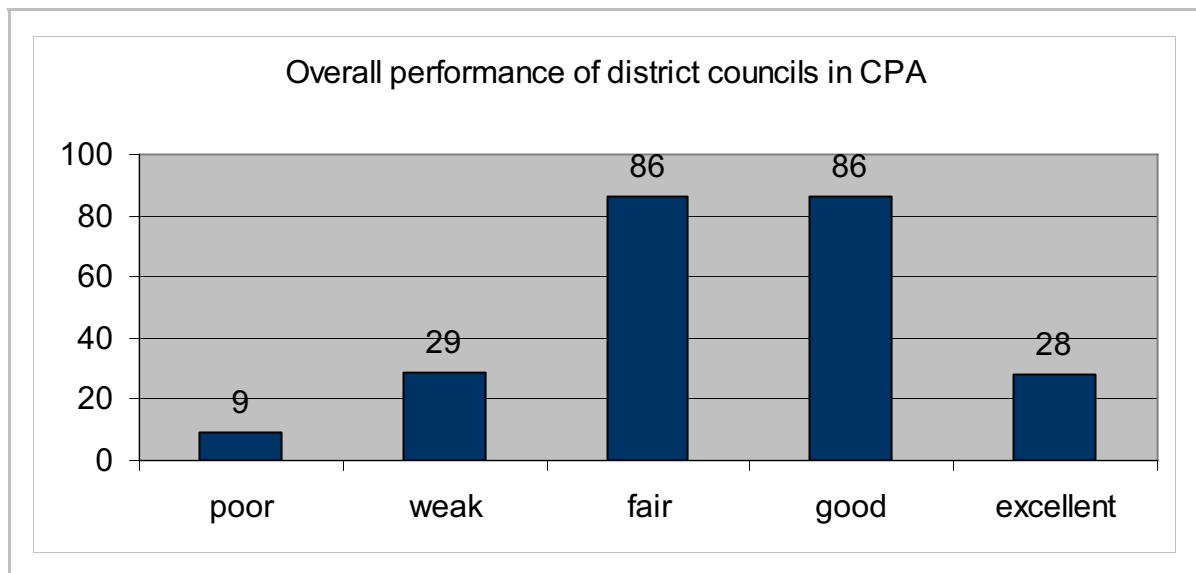
- 4 Continuing actions for the Council which relate to members' responsibilities include the need to:
  - monitor the impact of the large scale voluntary transfer of its housing stock in terms of the retained strategic housing function and overhead re-allocation across all remaining service areas;
  - further support and participate in developing the governance and accountability arrangements within the Lancashire Children and Young People Partnership;
  - work with all the authorities in Lancashire to better integrate the approach to the Local Area Agreement and the county and district Local Strategic Partnerships;

- monitor the implementation of the revised Corporate Strategy to achieve top performance on the Council's overall use of resources;
- maintain and further develop financial management and value for money skills to challenge the future use of Council's resources;
- further embed a wider ethical governance culture; and
- oversee the development of a data quality strategy and policy statement to drive accurate and timely performance information, with ownership and an understanding at the service level, that it is the bedrock of the performance management framework.

## How is Chorley Borough Council performing?

- 5 Chorley Borough Council was assessed as 'Fair' in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district councils and we are now starting to update these assessments, through an updated corporate assessment, in councils where there is evidence of change. The following chart is the latest position across all district councils.

**Figure 1 Overall performance of district councils in CPA**



Source: Audit Commission



## The improvement since last year - our Direction of Travel report

### What evidence is there of the Council improving outcomes?

#### Are services improving in areas the Council has identified as priorities and areas the public say are important to their communities?

- 6 Overall strong performance has been achieved on improving outcomes with only specific areas where there is room for improvement. Reflecting its ongoing commitment to the local environment, the Council has made particular improvements in waste collection and recycling rates which have been mirrored by increased levels of public satisfaction in these areas. Public satisfaction with the Council's leisure and culture facilities has also improved significantly, placing the Council in the upper quartile of all district councils.
- 7 In overall terms, the Council has made more significant improvements in its performance over the last three years than most other district councils. Between 2002/03 and 2005/06, its performance against 71 per cent of the Best Value Performance Indicators (BVPIs) had improved which was well above the average (57 per cent) for all district councils. Additionally, its performance against 57 per cent of the BVPIs lay within the best quartile which was above the average for councils with a 'fair, good and excellent' Corporate Performance Assessment rating.
- 8 Although we identified some problems with the quality of the Council's data for 2005/06 in respect of two of the housing indicators, the Council has generally been performing well in this area and, prior to commencing the Large Scale Voluntary Transfer (LSVT) of its housing stock, had strengthened its position as a responsive and responsible landlord. By 2005/06, upper quartile levels of performance had been achieved in the:
  - average number of weeks spent by homeless households in priority need in bed and breakfast accommodation;
  - percentage of racial incidents reported that had resulted in action by the Council;
  - percentage of Council homes which were deemed 'non decent' at the start of the year;
  - average time taken to complete non-urgent repairs; and
  - percentage of rent collected.

## 8 Annual Audit and Inspection Letter | How is Chorley Borough Council performing?

- 9 There is scope for the Council to improve its performance in some areas of planning. The percentage of standard searches carried out within 10 working days in 2005/2006 has deteriorated. As a result, the Council's performance against this indicator was below the midpoint for all district councils and was at the time reflected by extremely poor levels of satisfaction with the service. In 2005/2006 planning resources were directed towards the Buckshaw Village strategic site, which created an imbalance between strategic and service level priorities within planning services. The Council has already identified this issue, and e-planning is being introduced within the service which should help to improve efficiency and we note customer satisfaction levels have also increased.

### **What contribution is the Council making towards wider community outcomes?**

- 10 As a reflection of its strategic commitment to the environment, the Council is making a significant contribution to and is demonstrating community leadership in championing sustainability. Its recycling rate of 40 per cent exceeds both the statutory target of 23 per cent and the more challenging target of 36 per cent set in the Lancashire Waste Management Strategy. It is now using bio-diesel fuel from sustainable sources for its fleet of maintenance vehicles, and has been working in partnership with a number of different agencies on, for example, a pilot renewable energy study and the development of an eco-village. The Council's efforts have been externally acknowledged and accredited through a number of national awards.
- 11 The Council is also achieving success through partnership working on improving community safety and the economic well-being of the area. For example, the work of the Community Safety Partnership has resulted in a 13 per cent reduction in crime levels and a 15 per cent reduction in key crimes is expected to be achieved by March 2008 in line with PSA1 targets. At the same time, the Council's role in facilitating the development of Buckshaw Village to provide new housing, including affordable housing, and employment opportunities has been commended by the North West Development Agency, and the project has now been short listed for the Association for Public Service Excellence award in the category of Best Housing and Regeneration Initiative.
- 12 Whilst the significant partners within the Local Strategic Partnership (LSP) have delivered outcomes some have been less effective in achieving tangible outcomes, but the Council has already recognised this and has taken steps to address it. To improve progress in the delivery of the community strategy, leadership and accountability has been strengthened through a revision of the structure and membership of the LSP. Key targets and actions against the components of the strategy have also been identified to provide a greater focus. Although it is too early to comment on the impact of these changes, they nevertheless represent a better framework for achievement.

**To what degree is the Council improving both access and the quality of service for all its citizens, focusing on those who have been 'hard to reach' or previously excluded?**

- 13 The Council is maintaining and building on its excellent track record of customer focus.
- 14 Having achieved the highest possible rating for its customer service (three stars with excellent prospects for improvement) following our inspection of the service in August 2005, the Council has been awarded the charter mark for its contact centre and, through its One Stop Shop, is taking action to better understand the service needs of particular community groups. Customer Service Advisors are already working with the Asian Women's Forum, Disability Forum and Citizens' Advice Bureau, and evening sessions are now being held for members of the black and ethnic minority communities in its One Stop Shop to obtain their views on how access and the quality of services may be improved.
- 15 Inclusiveness is already being promoted in service delivery. For example, the Council has worked in partnership with Child and Adolescent Mental Health Services to integrate children with mental illness into mainstream activities at its leisure centres, and has included targets to increase take up from hard to reach and disadvantaged groups in its indoor leisure contract.
- 16 Nevertheless, with access to public services identified as a key objective in its corporate plan, the Council is committed to making further improvements in this area and is adopting a more strategic approach to facilitate this. An access and service design strategy has been produced, and a new post has been created to specifically lead on service accessibility.
- 17 Arrangements are also being put in place to promote more extensive and systematic engagement of the local community in corporate decision-making. Whilst it has been working to improve its dialogue with the parishes, the Council has recently completed a pilot of Area Forums which is now being rolled out across the borough. Outcomes of these meetings are to be reported directly to the Executives and the Leader of the Council to ensure that issues of local concern are given priority consideration.
- 18 Some steps have been taken to formalise and strengthen the corporate approach to equality and diversity. Gender and Disability Equality Schemes have recently been produced, and the structure and activity of the corporate diversity group have been reviewed. However, the Council acknowledges and recognises that this is an area which requires further work.

10 Annual Audit and Inspection Letter | How is Chorley Borough Council performing?

**Is value for money improving as well as quality of services?**

- 19 The Council is providing and improving value for money in the delivery of its services and scored 4 out of 4 in this use of resources category. Chorley Borough Council is one of only a few district councils to achieve this top performance. In 2005/06, service costs were around or below average with above average levels of performance and high levels of customer satisfaction. Cumulative savings of in excess of £1million were achieved as a result of organisational restructure and improving operational efficiency. This work has continued through the current financial year with the result that the Council is now on track to realising savings of a similar magnitude by March 2007. All services are now being subject to a fundamental review as part of a business process architecture project which is likely to identify further opportunities for improving efficiency and cost effectiveness during 2007/08. In the meantime and to promote the concept of value for money as a corporate concern, the Chief Executive has introduced an award for teams who can best demonstrate how an initiative has contributed to efficiency and cost effectiveness.
- 20 The Council is also putting arrangements in place to allow value for money to be more routinely assessed. At a strategic level, the role of the Overview and Scrutiny Committee has been revised to include reviews of areas of high spend and under-performance highlighted in ongoing monitoring reports, and benchmarking data from comparable authorities is now being sought.

**How much progress is being made to implement improvement plans to sustain further improvement?**

**Does the Council have robust plans for improving?**

- 21 The Council has significantly strengthened its arrangements, and now has a robust and coherent framework for planning and delivering improvements. The corporate strategy has been revised to more properly support the community strategy, and provides a clear statement of the Council's medium-term vision, priorities and objectives. Expected outcomes and key projects are also defined and are supported by specific and measurable targets which will allow the Council to effectively assess progress in achievement of outcomes.
- 22 The Council is aligning resources to meet its priorities. The corporate strategy is underpinned by the financial strategy which evidences direct links between allocations and priorities. At the same time, Member and Executive portfolios have been revised to ensure proper accountability for each priority area.
- 23 Steps have also been taken to strengthen internal communications and improvement planning at a more operational level. Complementing the weekly staff newsletter, the Chief Executive has introduced a programme of corporate road-shows to promote staff understanding of and engagement with the corporate strategy. A standard methodology for the management of all projects has also been developed which provides comprehensive guidance on the processes to be followed to ensure successful delivery. This has since been adopted by the North West Centre of Excellence as their preferred model.

**How well is the improvement planning being implemented: are key objectives and milestones being achieved?**

- 24 In overall terms, the Council has been effective in achieving improvements and, with the range of activities currently underway, this is likely to continue.
- 25 As previously highlighted, there is an overall trend of improvement in performance against national indicators, and significant improvements have been achieved in some services which have already undergone process redesign. For example, the rationalisation of street cleaning schedules contributed to a reduction in the percentage of land which was heavily littered from 14 per cent in 2003/04 and 2004/05 to 5 per cent in 2005/06. The ongoing business process architecture project, as well as specific projects in other services (eg the introduction of e-planning) offer potential for further improvements in performance to be made.
- 26 Good progress has also been made in delivering corporate priorities. A total of 94 per cent of actions listed in the corporate improvement plan were achieved, and the remaining 2 actions have been carried forward to the revised corporate strategy. Additionally, the Council's progress against its three year efficiency plan has allowed it to reinvest resources against the priorities of the revised corporate strategy which, in turn, will help the LSP to move forward in the delivery of the community strategy.

**Does the Council have the capacity to deliver its plans?**

- 27 The Council recognises that its capacity in terms of both staff and financial resources is a challenge, and is building on existing arrangements to optimise this.
- 28 The managerial capacity of the organisation has been considerably strengthened. The new Chief Executive is providing good leadership, and has streamlined the executive team and its portfolios. This has not only released significant resources for reinvestment but is now allowing the most senior officers to retain an appropriate strategic focus. The restructure has been complemented by the creation of new posts at second tier level (eg Director of Streetscene, Neighbourhoods and Environment), providing additional capacity in areas identified as priorities in the corporate plan.
- 29 Action is also being taken to improve levels of productive time. The Council recognises that it has been underperforming in terms of its sickness absence rate, and this is now being reviewed by the executive team on a weekly basis and monitored by the overview and scrutiny committee every six months. Attendance is also being promoted through more positive measures. For example, the Chief Executive is donating fees earned from public speaking to set up an award to be presented to the team with the lowest percentage absence over a six month period.

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- 30 The Council is now making good progress in developing its staff as reflected by its recent awards of both Member Charter and Investors in People status, but is starting to take a more strategic view of its future business needs through a cross Lancashire workforce planning exercise. Its underpinning framework (the HR strategy, learning and development strategy and competency framework) will need to be refreshed to reflect both this work and the new corporate strategy.
- 31 Further investments are being made in technology to improve operational efficiency. The Council's intranet site has been developed as a means of promoting cross organisational communications and joint working, and more work is planned on both its internal systems (eg human resources) as well as its customer access systems.
- 32 Whilst working to optimise internal capacity, the Council is also seeking to enhance this in a variety of ways.
- 33 Its good track record of partnership working is being maintained and further developed. The Council already has shared service arrangements with neighbouring authorities for the provision of its payroll and health and safety functions, and is now in discussion with South Ribble Borough Council over the establishment of a joint financial service. Similarly, the Council arranged cover for its vacant Director of HR post through a secondment from Stockport Metropolitan Borough Council. Although the Council has now substantively filled this post, there are plans for an element of joint working to continue.
- 34 Partnership working is helping the Council to secure additional funding. For example, a partnership recently established between leisure services and Glendale Golf is expected to result in £2.5million of investment in the Borough's leisure facilities.
- 35 Action is also being taken to empower the local community to assume responsibility for aspects of provision. Responsibility for the management of one youth and community centre has already been transferred to the local community, and there are plans to extend this to up to seven centres. This will not only help the Council achieve efficiency savings but will also promote a greater sense of ownership.

**Are there any significant weaknesses in arrangements for securing continuous improvement or failures in corporate governance that would prevent improvement levels being sustained?**

- 36 The Council is building on its existing robust governance and performance management arrangements which will help it to maintain the trend of continuous improvement.

- 37 The change in administration in May 2006 has not had any destabilising effect on the Council and, indeed, steps have been taken to actively promote healthy political relations. The Council has participated in a Society of Local Authority Chief Executives (SOLACE) review of interactions between the political parties and is now addressing the recommendations arising from this. The Chief Executive has also instigated meetings involving all parties and the establishment of a shadow board.
- 38 Emphasis is being placed on developing a strong performance culture in the organisation. Performance management is identified as a priority in the corporate strategy and, as a reflection of this the Council has created and recently filled a new post of Director of Policy and Performance. Reporting directly to the Chief Executive, the post holder has specific responsibility for overseeing performance management and business planning. Performance management arrangements are also being strengthened.
- 39 To facilitate the strategic involvement of Members in performance management, the Audit Committee has been restructured as a cross party group to consider corporate governance. At the same time, the work of the Overview and Scrutiny Committee has been revised so that it links directly to the corporate strategy, and directorate business plan monitoring statements and action plans are considered in this forum on a quarterly basis. The clear focus on priorities is also reflected by the establishment of a Corporate Improvement Board specifically to manage and monitor the implementation of the corporate strategy.
- 40 Provision is also being made to promote a greater sense of accountability for performance. In addition to the quarterly business plan monitoring statements to overview and scrutiny, the Council has recently introduced performance agreements for each portfolio area and a programme of quarterly 'round table' meetings. These have been set up to review the progress in delivering the performance agreement, which comprise the targets and actions for that service from the corporate strategy, any LAA targets and performance against national targets. This involves the Director of Policy and Performance, the performance portfolio holder and the relevant cabinet member and executive director and directors.
- 41 The nature of performance reports has been amended to allow areas of poor performance to be readily identified and addressed. For example, the quarterly monitoring reports on performance against the BVPIs made to the Executive Cabinet now include greater narrative and analysis of the data, as well as remedial action plans where the Council is underperforming.
- 42 Although the revisions to the Council's performance management arrangements have been complemented by the introduction of software (performance plus), our recent review of data quality has identified that there are still problems with some of the performance information being entered into the system. However, the Council has responded promptly to the findings of this review, and is taking action to improve data quality at service level. A meeting with all responsible officers has been held and the processes involved in the compilation of all indicators have now been mapped. Information on the standard definitions is now being posted on the intranet site and a programme of internal spot checks is planned.

**14** Annual Audit and Inspection Letter | How is Chorley Borough Council performing?

## **Service inspections**

- 43** The Council is considering applying for a CPA re-categorisation assessment in October 2007. No service inspections have been carried out since the Access to Services review in 2005, which was reported in last year's Annual Audit and Inspection Letter.



## Lancashire Children and Young People Partnership

- 44 Every Child Matters: Change for Children is a new approach to securing the wellbeing of children and young people up to the age of 19 years, underpinned by the Children Act 2004.
- 45 During the past year we conducted a review in order to evaluate the progress being made by key stakeholders, principally Lancashire County Council and the 12 district councils in Lancashire, in developing a partnership approach to improve outcomes for children and young people (CYP). The review included an appraisal of key plans and strategies developed at district and county level. We also evaluated the effectiveness of partnership working, specifically for the CYP agenda.
- 46 The review found that whilst there is a clear set of aims driving the CYP agenda nationally, local implementation within Lancashire needs greater clarity and ownership. Arrangements for partnership governance and accountability are underdeveloped and the level of engagement of all key partners responsible for this agenda is variable. The role that district councils can play in this agenda is not universally understood and as a consequence progress in developing a joint approach has been slow.
- 47 District councils and the County Council are developing awareness and capacity to ensure that the arrangements for joint working for children and young people are more effectively co-ordinated. However, to achieve the timescales set by Government for the implementation of children's trust arrangements, significant progress needs to be made in ensuring that all partners are fully contributing to this agenda.
- 48 Compared to other district councils, Chorley's approach is developing well. A lead councillor and officer have been identified and are well established. The corporate plan has recently been updated with specific objectives about children and young people. Scrutiny of services for young people has been undertaken. The Local Strategic Partnership is being revised in line with this developing agenda.

### Local Area Agreements and partnership working

- 49 The County Council and its partners, including Chorley Borough Council, have successfully negotiated the Local Area Agreement (LAA) with delivery and performance management arrangements being established. The LAA aims to deliver 53 per cent of Ambition Lancashire targets. The County Council and its partners are working to build a delivery framework for the remaining 47 per cent. Overall, there is a need to better integrate the approach to the LAA and the county and district Local Strategic Partnerships (LSPs). In recognition of this the County Council has appointed an LSP manager to develop and support the delivery of change.

## Financial management and value for money

### Annual Governance report

- 50 As your appointed auditor I have reported on the Annual Governance Report separately on 26th September 2006 to the Audit Committee. A forum which acts as those charged with governance for the Council, on the issues arising from the 2005/06 audit and have provided:
- an unqualified opinion on your accounts;
  - a conclusion on your vfm arrangements to say that these arrangements are adequate; and
  - an unqualified report on the Best Value Performance Plan.
- 51 There are no significant issues to highlight for members other than whole government of accounts preparation, which have not already been covered below under financial reporting. A significant delay was encountered with the preparation of the whole of government accounts return, although 2005/2006 was a dry run. It is essential that the Council take steps within its closedown plans to comply with the demanding whole government accounts timetable.

### Use of resources

- 52 The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting including the preparation of the accounts of the Council and the way these are presented to the public.
  - Financial management including how the financial management is integrated with strategy to support council priorities.
  - Financial Standing including the strength of the Council's financial position.
  - Internal Control including how effectively the Council maintains proper stewardship and control of its finances.
  - Value for money including an assessment of how well the Council balances the costs and quality of its services.
- 53 For the purposes of the CPA I have assessed the Council's arrangements for use of resources in these five areas as follows.

**Table 1**

<b>Element</b>	<b>Assessment</b>
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	4 out of 4
Overall assessment of the Audit Commission	3 out of 4

*(Note: 1=lowest, 4=highest)*

- 54 In reaching these judgements we have drawn on the above work and supplemented this with a review against specified Key Lines of Enquiry. A separate Use of Resources report has been agreed with the Management Team with the most significant areas where further development is needed outlined below.

**Financial reporting**

- 55 The Finance Section needs to continue to improve the final accounts quality assurance arrangements to ensure the statement of accounts is fully SoRP compliant and free from material and non trifling errors. The Council needs to continue to promote external accountability in line with recent activities to demonstrate arrangements are embedded.

**Financial management**

- 56 The Council has taken effective action to ensure that its Medium Term Financial Strategy (MTFS), budgets and capital programme are soundly based and are adequately designed to deliver its strategic priorities. Further improvements to the Council's financial management arrangements can be made through incorporating other internal plans into the future MTFS to assist in the delivery of its strategic priorities.
- 57 Performance is actively managed against budgets and the Council performs well on managing its asset base, and the capital strategy is being updated to reflect current priorities. It is important for the Council in the future to review the financial performance of partnerships on a regular basis and link to outputs, sharing results with partners and ensuring corrective action is taken where necessary.
- 58 The Council needs to continue developing performance measures and benchmarking to describe and evaluate how its asset base contributes to the achievement of corporate and service objectives.

18 Annual Audit and Inspection Letter | Financial management and value for money

### **Financial standing**

- 59 The Council has a good track record of managing its spending within budget, linking the level of reserves against the financial risks it faces. Strong performance can be secured through regular members monitoring of financial health prudential indicators, following the decision to fund part of the capital programme from prudential borrowing.
- 60 Following on from the Large Scale Voluntary Transfer of the Council's housing stock it will be very important to closely monitor the impact of overhead allocation between the retained services within strategic housing and all other service areas.

### **Internal Control**

- 61 The Council does have well performing arrangements to manage its significant business risks largely achieved through the integration of risk management into its performance management and business planning framework. Risk management is considered within each of the major partnerships. The Council needs to implement recent Internal Audit review recommendations to further enhance risk management arrangements within significant partnerships. Significant progress can be secured through formulating a partnership RM policy framework including the development of joint risk registers. Strong performance on a more risk aware culture can be secured through continued explicit consideration of opportunity upside of risks in decision making.
- 62 There are sufficient basic controls, strategies and policies in place to give the Council a well performing regulatory framework, although there are no formalised arrangements for regular review of this documentation. There are arrangements to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. Some formalisation and development of existing procedures will be required before advancement to strong performance.
- 63 Ensure the Audit Committee can explicitly demonstrate it is embedded through the impact of its work. In that it provides effective challenge across the Council, including independent assurance on the risk management framework and associated internal control environment to members and the public.
- 64 Improvements in the conduct of the Council's business have been made through an adopted and well communicated whistle blowing policy to ensure probity and propriety. Regular reviews of registers of interests and of gifts and hospitality is required to ensure members and staff are making appropriate disclosures.

### **Value for Money**

- 65 Overall costs for key services are not significantly higher than other council's providing similar levels and standards of service allowing for the local context. The Council delivers a range of services in line with statutory duties and local needs. There is generally a positive relationship between costs and the range, level and quality of services achieved. Resident satisfaction with council services remains high in priority areas.

- 66 The Council has a well managed capital programme linked to priorities, with most projects completed on time and within budget. Where capital resources are invested, there are identifiable improvements in service delivery. The Council has provided a number of notable practice examples in areas such as access to services, Buckshaw Village regeneration and local procurement arrangements to demonstrate how it is achieving good value for money for local residents.
- 67 Scope for improving cost-effectiveness is kept under review and some effective internal structures and processes for reviewing and improving value for money are in place. Achieving and improving vfm is integral to the Council's new VFM Strategic Framework although elements of the new approach are not yet fully embedded within wider business planning and improvement processes. There is scope for the Council to develop a specific programme of vfm studies to support the new VFM Strategic Framework and embed the new approach within wider planning and improvement processes.
- 68 Benchmarking information is not yet routinely being used to compare costs and performance or to assess VFM throughout all services. A Benchmarking Strategy has recently been developed to enable more robust comparison of both performance and cost. It is important to implement the new Benchmarking Strategy throughout all services and corporately to enable more robust comparison of both performance and cost.
- 69 The Council has sought to integrate efficiency reviews into its wider performance management approach through closer integration of efficiency targets and business planning processes. The Council has developed a more strategic approach to seeking external funding and is implementing its External Funding Strategy to increase value for local residents.

## Ethical governance review

- 70 A diagnostic review including survey and Member/officer workshops were carried out during October and November 2006. The workshops were well received by both members and officers although member attendance was poor at both events. The workshops provided a useful platform to further promote the importance of embedding ethical governance culture Council wide including anti fraud and corruption measures.
- 71 The workshop outputs indicate that overall officers have a good understanding of how to deal with ethical situations and feel that the Council has made a clear commitment to fraud, including arrangements for staff to express concerns. Officers have a good awareness of the need to declare interests, as well as gifts and hospitality. Internal control is seen as effective, although understanding of financial procedures and contract procedure rules was seen as an area for improvement, together with induction training for officers on the code of conduct and propriety checks undertaken as part of the recruitment process.

**20** Annual Audit and Inspection Letter | Financial management and value for money

- 72** Members gave a positive view on exchanges with officers, although views were less positive on the balance of political debate and decision making at committee meetings and the ethical standards of the Council's partners and other public bodies.

## **Data quality and Best Value Performance Plan**

- 73** Corporate data quality monitoring procedures for BVPIs have improved significantly and represent best practice in many areas. Data quality arrangements have also improved from a low base. However, existing procedures need to be translated into a data quality strategy and policy objectives, including non-BVPI key performance indicators. Internal and external reviews of data quality also indicate that arrangements for data quality at service level need to be strengthened, although improvements have already been made through data quality training for relevant staff.
- 74** The BVPP complied with statutory guidance, and consequently we have no recommendations to make on procedures in relation to the plan in our statutory report.

## Conclusion

- 75 This letter has been discussed and agreed with the Chief Executive and management team. A copy of the letter will be presented at the Audit Committee on 29 March 2007.
- 76 The Council has taken a positive and constructive approach to our audit and inspection I would like to take this opportunity to express my appreciation for the Council's assistance and co-operation.

## Availability of this letter

- 77 This letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk), and also on the Council's website.

Name: Mike Thomas

Relationship Manager

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Use of Resources

March 2007



# **Use of Resources Auditor Judgements 2006**

**Chorley Borough 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.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

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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 members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
- any third party.

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## 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 Table 1 outlines the scale on which judgements will be made for each theme which has been standardised by the Audit Commission across inspection and performance assessment frameworks.

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**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 16 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. Appendix 1 provides further guidance on assessing embeddedness and achieving strong performance.
- 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 2. 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 Chorley Borough Council are outlined overleaf. A summary setting out our key findings in relation to each theme and key areas for improvement is also provided.

## Use of resources judgements

**Table 2 Summary of scores at theme and KLOE level**

The Council is continuing to perform well across all financial and internal control themes with emerging strong performance on achieving VFM

<b>Key lines of enquiry (KLOEs)</b>	<b>Score 2006</b>	<b>Score 2005</b>
<b>Financial reporting</b>	<b>3</b>	<b>2</b>
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	3	2
1.2 The Council promotes external accountability.	3	2
<b>Financial management</b>	<b>3</b>	<b>3</b>
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.	3	3
2.3 The Council manages its asset base.	3	3
<b>Financial standing</b>	<b>3</b>	<b>3</b>
3.1 The Council manages its spending within the available resources.	3	3
<b>Internal control</b>	<b>3</b>	<b>2</b>
4.1 The Council manages its significant business risks.	3	3
4.2 The Council has arrangements in place to maintain a sound system of internal control.	3	2
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	1
<b>Value for money</b>	<b>4</b>	<b>3</b>
5.1 The Council currently achieves good value for money.	4	3
5.2 The Council manages and improves value for money.	3	3

## Theme summaries

- 7 The key findings and conclusions for each of the five themes are summarised in Table 3. Improvement opportunities are also included and have been prioritised at the Council’s request using the following criteria.
- High – improvement required to maintain the current level of performance;
  - Medium – improvement required to improve upon the current level of performance; and
  - Low – recommended improvement that does not affect the level of performance.

**Table 3 Summary of findings and conclusions by theme**

<p><b>Financial reporting</b></p> <p><b>Theme score 3</b></p>
<p><b>Key findings and conclusions</b></p> <p>Financial statements were produced within deadlines and were subject to robust member scrutiny.</p> <p>On receipt of the first draft of accounts on 29 June 2006 our initial review identified a significant movement year on year, on housing cost of services within the General Fund which highlighted a £12.5m error. The error was reported back in time for amendment before initial Accounts Committee approval and a recommendation was made in the Annual Governance report to introduce more robust analytical review pre audit submission.</p> <p>Whilst there were a small number of non-trivial errors, these had no bottom line impact and following amendment, an unqualified opinion was issued. Arrangements to promote external accountability have been strengthened in recent years, and the Council is now performing well on financial reporting. Specific improvements since the 2005 assessment include:</p> <ul style="list-style-type: none"> <li>• financial statements supported by working papers in electronic format; and</li> <li>• publication of annual report, following stakeholder consultation.</li> </ul>

<b>Improvement opportunities</b>	
<p>KLOE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.</p>	<p>Complete the working papers requirements checklist, including analytical review procedures and CIPFA’s SORP disclosure checklist. <i>(Medium)</i></p> <p>Develop arrangements to ensure all additional requests from the auditor are responded to promptly in accordance with agreed deadlines. <i>(Medium)</i></p>
<p>KLOE 1.2 The Council promotes external accountability.</p>	<p>Continue to promote external accountability in line with recent activities to demonstrate arrangements are fully embedded. <i>(Medium)</i></p>



## Financial management

Theme score 3

### Key findings and conclusions

The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities. Medium term financial planning is due to be further developed in 2007/08 through improved linkages to other internal strategies and plans.

The asset base and performance against budgets are actively managed, although arrangements to review the financial performance of significant partnerships are yet to be introduced. The Council has recently begun to use cash-flow monitoring to inform short and long-term investment decisions and plans to produce a development programme to provide regular training on financial issues for relevant non-finance staff. Other improvements since the 2005 assessment include:

- MTFS more clearly driven by the corporate strategy;
- Internal Audit review of partnership arrangements, including financial performance;
- Flexible reporting tools of Radius financial system enabling design of specialist reports; and
- Training on financial issues provided for members.

Improvements on managing the Council's asset base in 2006 include the:

- output based property services outsourcing contract designed to deliver improved service quality and vfm;
- review of AMP and maintenance programmes have been more closely aligned with annual business planning processes; and
- development of some vfm and other performance targets set out in the Property Services contract to help evidence vfm and wider service improvement.

### 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.

Build sensitivity analysis into the development of the corporate strategy and gather more explicit evidence of stakeholder consultation. *(Medium)*  
 State revenue implications of capital investment plans more explicitly in the MTFS. *(Low)*  
 Develop linkages between the MTFS and other internal strategies and plans as appropriate, eg human resources, IT. *(Medium)*

<b>Improvement opportunities</b>	
<p>KLOE 2.2 The Council manages performance against budgets.</p>	<p>Review financial performance of partnerships on a regular basis and link to outputs, sharing results with partners and ensuring corrective action is taken where necessary. <i>(High)</i></p> <p>Further develop budget monitoring arrangements through the use of risk assessment techniques and by relating them, where appropriate, to operational activity indicators that are lead indicators of spend. <i>(Medium)</i></p> <p>Test financial systems on a regular basis to ensure report outputs are timely, accurate, reliable, and clear, in a convenient format to be readily understood by their recipients. <i>(Medium)</i></p> <p>Review effectiveness of Cabinet and the leadership it provides with regard to financial management, taking appropriate action to address areas of weakness. <i>(Medium)</i></p> <p>Further develop 'traffic light' system (or similar) to focus Cabinet on key variances, supported by evidence of corrective action. <i>(Medium)</i></p> <p>Provide Cabinet with accrued financial monitoring reports, particularly on significant balance account items, at appropriate key points during the year. <i>(Medium)</i></p> <p>Further develop financial information systems that meet user needs by consulting with users, and providing them with advice and training. <i>(Medium)</i></p> <p>Profile savings and efficiency gains over the year and provide members with monitoring information throughout the period to ensure their achievement. <i>(Medium)</i></p>
<p>KLOE 2.3 The Council manages its asset base.</p>	<p>Continue to develop and implement a suite of vfm targets and other measures of performance to evaluate how the asset base is contributing towards objectives and improvement priorities. <i>(Medium)</i></p> <p>Integrate meaningful cost and performance information in relation to corporate assets into routine financial and performance reporting. <i>(Medium)</i></p>

## Financial standing

Theme score 3

### Key findings and conclusions

Working to tight budgets, the Council has robust arrangements in place to maintain its financial standing. The Council has a good track record of staying within budget and maintaining reserves within levels that have been based on a thorough understanding of its needs and risks. Performance monitoring reporting to members has developed strongly since the 2005 assessment.

### Improvement opportunities

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

Adopt the four clauses in Section 5 of the CIPFA Code of Practice for Treasury Management in the Public Services, the treasury management policy statement, as recommended in Section 6, and review compliance with the recommendations in Section 7 concerning the creation of treasury management practices. *(Medium)*

Continue to develop arrangements to recover arrears, based on the age profile of debt. *(Medium)*

Monitor prudential indicators, following the decision to fund part of the capital programme from prudential borrowing on a more regular basis. *(Medium)*

<h2>Internal control</h2> <p><b>Theme score 3</b></p>	
<p><b>Key findings and conclusions</b></p> <p>Risk management has been evolving and improving over several years and continues to be embedded throughout the organisation. Work is under way to develop the risk management arrangements in relation to partnerships.</p> <p>The Council has been quick to strengthen arrangements to promote and ensure probity and propriety in the conduct of its business, although further work is required to embed these arrangements.</p> <p>Robust arrangements are in place to maintain a sound system of internal control and these have been further enhanced by updating the terms of reference of the Audit Committee to comply with recent CIPFA guidance. Work is also ongoing to establish appropriateness of governance arrangements for all significant partnerships. Further improvements since the 2005 assessment include:</p> <ul style="list-style-type: none"> <li>• Internal Audit review of partnership arrangements, including risk management and of arrangements for registers of disclosure;</li> <li>• the Council has started to consider positive risks (opportunities) as well as negative risks (threats);</li> <li>• member reporting template amended to more explicitly demonstrate formal consideration of legal issues and arrangements to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;</li> <li>• whistle blowing policy adopted and communicated to staff;</li> <li>• ethical governance workshops run for members and officers to raise standards of ethical behaviour and support and promote a strong counter fraud culture; and</li> <li>• officers reminded of the need to disclose gifts or hospitality or any personal interests.</li> </ul>	
<p><b>Improvement opportunities</b></p>	
<p>KLOE 4.1 The Council manages its significant business risks.</p>	<p>Continue to implement recent Internal Audit review to further enhance risk management arrangements within significant partnerships through the development of joint risk registers etc. <i>(Medium)</i></p> <p>Continue to review provision of risk management awareness training for staff and members on a regular basis, especially for those with specific responsibility for risk management. <i>(Medium)</i></p>

<b>Improvement opportunities</b>	
<p>KLOE 4.2 The Council has arrangements in place to maintain a sound system of internal control.</p>	<p>Establish appropriateness of governance arrangements for all significant partnerships and review on a regular basis. <i>(High)</i></p> <p>Ensure standing orders, standing financial instructions and the schemes of delegation are reviewed on a regular basis, updating them as necessary. <i>(High)</i></p> <p>Formalise explicit monitoring of compliance with standing orders, standing financial Instructions and the scheme of delegation by management. <b>(High)</b></p> <p>Fully embed the assurance framework in the Council’s business performance management processes. <i>(Medium)</i></p> <p>Ensure corporate involvement in and ownership of the process for preparing the SIC can be demonstrated. <i>(Medium)</i></p> <p>Ensure the Audit Committee can demonstrate it is embedded through the impact of its work. In that it provides effective challenge across the Council, including independent and explicit assurances on the risk management framework and associated internal control environment to members and the public. <i>(Medium)</i></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>Assess standards of conduct, including how effectively members are complying with the code of conduct, the number and type of complaints received and whether appropriate action has been taken. <i>(Medium)</i></p> <p>Review registers of interests and of gifts and hospitality on a regular basis to ensure members and staff are making appropriate disclosures. <i>(Medium)</i></p> <p>Further develop proactive counter fraud and corruption work, determined by a formal risk assessment, which is adequately resourced. <i>(Medium)</i></p>

## Value for money

Theme score 4

### Key findings and conclusions

#### **KLOE 5.1 The Council currently achieves good value for money**

Overall costs for key services are not significantly higher than other council's providing similar levels and standards of service allowing for the local context. Chorley's expenditure per head is either reducing or not increasing at the same rate as nearest neighbours in 10 of the 14 expenditure areas. Meaningful comparison with other councils has been undertaken on a range of priority services.

The Council delivers a range of services in line with statutory duties and local needs. There is generally a positive relationship between costs and the range, level and quality of services achieved. High performance (and resident satisfaction) is evident in key priority service areas. AC PI pack 2005/06 shows absolute improvement in 64 per cent of comparable PIs (60 per cent in 2004/05), and 71 per cent of all BVPIs have achieved or exceeded target. Resident satisfaction with council services remains high in priority areas.

The Council has a well managed capital programme linked to priorities, with most projects completed on time and within budget. Where capital resources are invested, there are identifiable improvements in service delivery. The Council has provided a number of notable practice examples in areas such as access to services, Buckshaw Village regeneration and local procurement arrangements to demonstrate how it is achieving good value for money for local residents.

There is evidence that full long term, whole of life costs are taken into account when making key policy decisions.

#### **KLOE 5.2 The Council manages and improves value for money**

Scope for improving cost-effectiveness is kept under review and some effective internal structures and processes for reviewing and improving value for money are in place.

Achieving and improving vfm is integral to the Council's new VFM Strategic Framework although elements of the new approach are not yet fully embedded within wider business planning and improvement processes. There is a need to develop a specific programme of vfm studies to support the new approach.

There is evidence that targets are being used 'intelligently' to reflect potential for improvement within Directorates and to support priority areas. BVRs and other service reviews have resulted in some significant service improvements and efficiencies in priority areas. However, benchmarking information is not yet routinely being used to compare costs and performance or to assess VFM throughout all services. A Benchmarking Strategy has recently been developed to enable more robust comparison of both performance and cost.

**Key findings and conclusions**

Information on costs and quality includes some information on equity across the whole community. LPSA targets and partnership approach has focused on joint community analysis, planning and procurement approaches as a means of obtaining detailed information on equity.

The Council has sought to integrate efficiency review into its wider performance management approach through closer integration of efficiency targets and business planning processes. Outturn efficiency savings have been achieved over the last three years and clearly linked to a wider VFM approach rather than just cost savings.

Comprehensive, more effective procurement practices have been developed and implemented by the Council so that vfm from procurement can be more clearly demonstrated at both strategic and transaction cost levels. The Council has achieved 14 of the 17 milestones set out in the National Strategy for Procurement.

The Council can demonstrate improvements in value for money from its recent strategic procurement exercises. Options for joint procurement have been explored and there is evidence of joint working with the LSP and other partners to improve value in a number of areas.

The Council has developed a more strategic approach to seeking external funding and is implementing its External Funding Strategy. It has a successful track record of securing external funding and for using funding to deliver required outcomes and increased value for local residents.

**Improvement opportunities**

<p>KLOE 5.1 The Council currently achieves good value for money.</p>	<p>None.</p>
<p>KLOE 5.2 The Council manages and improves value for money.</p>	<p>Develop a specific programme of vfm studies to support the new VFM Strategic Framework and embed the new approach within wider planning and improvement processes. <i>(Medium)</i></p> <p>Implement the new Benchmarking Strategy throughout all services and corporately to enable more robust comparison of both performance and cost. <i>(Medium)</i></p>

16 Use of Resources Auditor Judgements 2006 | Appendix 1 – Criteria which will gain 'must have' status for the next assessment

## 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. It also shows whether arrangements are currently in place.

KLOE	Summary of criteria
<b>Financial reporting</b>	
1.1	<p>Requests for information from audit are dealt with promptly.</p> <p>All additional requests from the auditor were responded to promptly in accordance with any agreed deadlines. <i>(Not in place)</i></p>
1.2	<p>Summary financial information that meets the needs of a range of stakeholders is published.</p> <p>The Council can demonstrate that it is considering the views of a range of stakeholders in making its decision whether to publish an annual report. <i>(In place)</i></p> <p>The council publishes summary financial information that meets the needs of a range of stakeholders. <i>(In place)</i></p>
<b>Financial management</b>	
2.1	<p>There are arrangements for monitoring cash flow.</p> <p>The Council undertakes cash-flow monitoring which is used to inform short and long-term investment decisions. <i>(Not in place)</i></p>
2.1	<p>The medium-term financial strategy is communicated to staff and stakeholders.</p> <p>The key messages from the council's medium-term financial strategy are communicated to staff and stakeholders as appropriate. <i>(In place)</i></p>



KLOE	Summary of criteria
2.2	<p>Profiled financial monitoring reports are produced within ten days of the month-end.</p> <p>The Council produces accurate and meaningful profiled financial monitoring reports for all budget holders within ten working days of the month end. <i>(Not in place)</i></p>
2.2	<p>The financial performance of significant partnerships is reviewed.</p> <p>The financial performance of significant partnerships is regularly reviewed, linked to outputs, and the results shared with partners and acted upon. <i>(Not in place)</i></p>
2.2	<p>There is a training programme in place for members and staff on financial issues.</p> <p>There is a regular training programme providing training on financial issues for members and relevant non-finance staff. <i>(Not in place)</i></p>
2.3	<p>A member has been allocated portfolio responsibility for asset management and local performance measures in relation to assets have been developed.</p> <p>A member has been allocated portfolio responsibility for the council's asset management.</p> <p>The council has developed a set of local performance measures in relation to assets that evaluate asset use in relation to corporate objectives.</p>
<b>Financial standing</b>	
3.1	<p>Collection and recovery of material categories of income is monitored.</p> <p>The Council sets and monitors targets for all material categories of income collection and recovery of arrears, based on age profile of debt. <i>(Not in place)</i></p>
<b>Internal control</b>	
4.1	<p>Appropriate staff are trained in risk management.</p> <p>All appropriate staff are given relevant training and guidance to enable them to take responsibility for managing risk within their own working environment. <i>(Not in place)</i></p>

18 Use of Resources Auditor Judgements 2006 | Appendix 1 – Criteria which will gain 'must have' status for the next assessment

KLOE	Summary of criteria
4.2	<p>Standing orders, standing financial instructions and system procedure notes are reviewed and updated as appropriate.</p> <p>The procedure notes/manuals for key financial systems are reviewed and updated as appropriate. <i>(Not in place)</i></p> <p>The standing orders, standing financial instructions and scheme of delegation are reviewed and updated as appropriate. <i>(Not in place)</i></p>
4.2	<p>Governance arrangements are in place for significant partnerships.</p> <p>The Council has a business continuity plan in place which is reviewed on a regular basis. <i>(In place)</i></p> <p>The Council has identified its significant partnerships and has appropriate governance arrangements in place for each of them. <i>(In place)</i></p> <p>The Council has arrangements in place to ensure that it has a sound system of internal financial control, for example, carrying out regular bank reconciliations and reconciliations of major feeder systems. <i>(In place)</i></p>
4.3	<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>The Council is proactive in raising the standards of ethical conduct among members and staff, including the provision of ethics training. <i>(In place)</i></p> <p>The Council can demonstrate that counter fraud and corruption work is adequately resourced. <i>(Not in place)</i></p>