

REPORT OF AUDIT COMMITTEE

GENERAL REPORT

1. This report summarises briefly the principal elements of the items discussed at the meeting of the Audit Committee held on 15 January 2009.

Working in Synergy on Shared Services

2. The Assistant Chief Executive (Business Transformation) gave a short presentation to update the Committee on the implementation of the innovative partnership venture with South Ribble Council to share financial services.
3. The Committee was informed that the legal agreement between the two authorities to define and regulate the venture has been completed, the transition has been effected and work programmes are well in hand.
4. The new arrangements set up a framework for financial services under which (i) shared financial and management accountancy, exchequer and procurement services will be hosted by Chorley Council as the employing authority and (ii) shared assurance services (including internal audit, risk management, business continuity and insurance services) will be hosted by South Ribble Council as the employing authority. Two senior posts to manage the separate Financial and Assurance Services elements have been created and the majority of posts have been filled. A Joint Committee, comprising two Members from each Authority, has been established with responsibility to monitor the effective delivery of the initiative and to make any appropriate recommendations on governance and performance management issues to the respective authorities. The principal costs of the new service will be shared equally between the two Councils.
5. We were pleased to learn that the joint venture has been established successfully and are optimistic that the partnership project will, ultimately deliver efficiency savings and continuous service improvements, including a common IT platform and more effective procurement procedures.

Data Quality, 2008

6. We welcomed Tony Hough (Audit Manager) and David Brown from the Audit Commission who presented the external auditors' findings from their work in measuring the Council's data quality arrangements in 2007/08.
7. The Audit Commission's three stage approach to the service of data quality (i.e. through an assessment of Corporate Management arrangements; an analytical review of BVPI and non-BVPI data; and data quality spot checks) had focused on the Council's actions to address previously identified weaknesses and recommendations.
8. The Commission has found that, overall, the Council's corporate arrangements for data quality have been consistently above minimum requirements and that the Council has strengthened its arrangements in respect of each of the review themes.

The Commission's analytical service work has identified that the performance indicator values reviewed have fallen within expected ranges and have been substantiated by evidence. The Commission's spot checks of performance indicator statistics in relation to the processing of new claims and changes in the circumstances of claimants for Housing and Council Tax Benefits has resulted in an action plan being agreed to address two administrative issues arising from the review.

9. The Policy, Performance and Business Improvement Manager highlighted the need for the Council to ensure that the data on which performance assessments are based is accurate and up-to-date and that performance management policies and procedures are as robust as possible. The Internal Audit Manager also referred to the new performance management systems being introduced to question and verify submitted data and to identify the relevant factors to be taken into account in the interpretation of the data.

Use of Resources

(a) Use of Resources, 2008

10. The Committee received and considered the Audit Commission's final report on its assessment of the Council's use of resources in 2007/08.
11. The Commission's assessment represents the last under the Comprehensive Performance Assessment (CPA), as the assessment of resources in 2008/09 will form part of the new Comprehensive Area Assessment (CAA) regime. The review aimed to evaluate the effectiveness of the strategic financial management and reporting systems, and the soundness of its governance arrangements, with the assessment centring on five key lines of enquiry (i.e. financial reporting, financial management, financial standing, internal control and value for money).
12. For the second year running, the Council has achieved an overall maximum score of 4 for its use of resources, having performed strongly in terms of internal control and value for money, and consistently above minimum requirements on the other themes. The Committee congratulated the Assistant Chief Executive (Business Transformation), his Directorate and other staff across the Authority in maintaining the excellent score.

(b) Use of Resources, 2009

13. Tony Hough (Audit Manager with the Audit Commission) gave a presentation on the changes to be introduced for the 2009 evaluation of the Council's use of resources.
14. From 2008/09, the Auditor's assessment will be based on new key lines of enquiry and will form part of the new performance assessment framework for local government and its partners, known as Comprehensive Area Assessment (CAA).

15. Future assessments will be structured around the following three themes:
- Managing finances (sound and strategic financial management);
 - Governing the business (strategic commissioning and good governance);
 - Managing resources (effective management of natural resources, assets and people).
- These new key lines of enquiry within the above themes reflect better the needs of the CAA regime and incorporate a number of improvements, including a clearer focus on value for money achievements, a greater emphasis on commissioning of services; outcomes for local people; and partnership working.
16. Not all of the key lines of enquiry on the Managing resources theme will be assessed each year. The Commission will specify each year in its annual work programme and fees document which key lines of enquiry will be assessed in that year. In 2008/09, District Council's workforce planning arrangements will be assessed.
17. Under the new arrangements, Authorities will be categorised under one of the following three levels:
- Level 2 = Performs adequately (Authorities that meet a statutory, acceptable performance);
 - Level 3 = Performs well (Authorities that perform consistently above minimum levels, are forward thinking and proactive and work well with partners);
 - Level 4 = Performs excellently (Authorities that perform well above minimum levels and demonstrate innovation, best practice and strong outcomes for the community).
18. We recognised the challenges that the new assessment regime will present, but are optimistic that the robust performance management and governance arrangements already in place will ensure that the Council fares well under the new system.

Internal Audit Activities 2008/09

19. The Assistant Chief Executive (Business Transformation) presented a report on the work undertaken by the Internal Audit Section up to mid December 2008 as part of the Annual Internal Audit Plan and indicating the work yet to be completed.
20. The newly appointed Head of Shared Assurance Services reported that work on the Plan had slipped as a result of the Section's contribution to the work required by the transition to the new shared financial service arrangement. The Section has, however, assisted the Audit Commission in its Use of Resources assessment and has undertaken work with Directorates on the maintenance of asset registers and a review of the authority's e-claims system.
21. The Officers are confident that, despite the recent additional pressures on the Section, the 2008/09 Audit Plan is now firmly on course to be achieved.

Recommendation

22. The Council is recommended to note this report.

COUNCILLOR ANTHONY GEE
Chair of Audit Committee

There are no background papers to this report.

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