

Annual Governance Report

Hart District Council

Audit 2008/09

Date: September 2009

Contents

Key messages	4
Next steps	6
Financial statements	7
Use of resources	10
Appendix 1 – Independent auditor’s report to Members of Hart District Council	13
Appendix 2 – Adjusted amendments to the accounts	16
Appendix 4 – Draft letter of representation	17
Appendix 5 – Use of resources key findings and conclusions	20
The Audit Commission	27

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

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

2008/09 Annual Governance Report

I am pleased to present the final version of my report on the results of my audit work for 2008/09.

The report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements;
- take note of adjustments to the draft financial statements which are set out in this report (Appendix 2);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3); and
- take note of the VFM Conclusion and Use of Resources outcomes.

Yours faithfully

Patrick Jarvis
District Auditor
September 2009

Key messages

This report summarises the findings from the 2008/09 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess how well you use and manage your resources to deliver value for money and better and sustainable outcomes for local people.

Financial Statements	Results	
Unqualified audit opinion proposed	Yes	
Financial statements free from error	Yes	
Adequate internal control environment	Yes	
Use of resources	Results	
Use of resources judgements	Adequate	
Arrangements to secure value for money unqualified	No	

Audit opinion

- 1 Subject to satisfactory clearance of outstanding matters and assuming material errors are adjusted, I plan to issue an audit report including an unqualified opinion on the financial statements.

Financial statements

- 2 The draft financial statements and supporting notes submitted for audit contained a number of errors. These are listed in Appendix 2.
- 3 The Finance team worked hard to provide good quality supporting working papers and in most cases we received good supporting evidence and timely responses. We maintained close liaison with officers before and during the preparation of the financial statements and during the audit process. We now plan to issue an unqualified opinion on the revised financial statements being presented at this meeting.

Use of resources

- 4 We intend to issue a qualified ('except for') conclusion on your arrangements to secure value for money in the use of resources. The qualification has arisen due to some weaknesses in your arrangements in the 2008/09 year for managing the workforce effectively to support the achievement of the Council's strategic priorities.

Key messages

Audit Fees

- 5 In my original audit plan, the fee for the opinion audit was based on my best estimate at the time and agreed at £120,798. Having completed my audit I remain satisfied that the original estimate was appropriate and no adjustment is therefore required to the fee.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

6 I ask the Audit Committee to:

- consider the matters raised in the report before approving the financial statements;
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3); and
- take note of the VFM Conclusion and Use of Resources outcomes.

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

- 7** Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.
-

Errors in the financial statements

- 8** We have identified a number of errors during the course of audit which have been adjusted in the revised statements (appendix 2). I bring them to your attention to assist you in fulfilling your governance responsibilities.
-

Material weaknesses in internal control

- 9** Earlier this year we reported to officers on a number of system weaknesses, many of which were similar in nature to those also raised by internal audit, and some of which have since been addressed by action taken. Whilst some weaknesses remain in the controls over the operation of financial systems, mainly for the general ledger, payroll, accounts payable and accounts receivable systems, we have not identified any weakness in the design or operation of an internal control that would result in a material error in your financial statements.
- 10** Weaknesses in controls identified during the year have included:
-

General Ledger

- The need to improve bank reconciliation process, including to remove unnecessary items from cheques outstanding file
- Reviewing the need for all finance staff having administrator access to the General Ledger.

Revenues and Benefits

- Authorisation of Council Tax and NDR refunds on revenues system not being clearly being overseen by the client and refund reconciliations having no audit trail for preparation and review.

- Capita staff and some client side staff having had full user access to the IBS system, which should not have always been necessary and needed to be reviewed and monitored.

Payroll

- No signed contract or SLA in respect of the payroll services provided to the Council
- Paye/ NI control accounts have not been reconciled regularly by accountancy staff to the payroll over the year
- Payroll data sent via e-mail to the Council not sufficiently protected against unlawful interception, although we understand that a Secure File Transmission Protocol facility is due to be activated in the near future which should address this risk.

Accounts payable

- Current lack of purchase ordering/ commitment accounting in the financial system.
- Lack of segregation of duties in the BACS payment process
- Departments not using the numbered purchase orders consistently, which can lead to difficulties at year end for accruals.

Accounts receivable

- Collection performance not well managed for all types of income.
- No formal process for debt collection.

11 We have not provided here a comprehensive statement of all the weaknesses exist in internal control, nor of all improvements which may be made.

12 A number of other internal control weaknesses were raised by Internal Audit.

Recommendation

R1 The Council to ensure the improved operation of financial systems and processes, is achieved, including as planned within areas covered by the contract recently let for the external provision of financial support services

Accounting practice and financial reporting

13 I also consider the qualitative aspects of your financial reporting. The key issue is the need to continue to improve standards and reduce number of changes required as a result of the opinion audit. Some improvements have occurred in the last two years, and the new arrangements with capita provide an opportunity to further improve for the next year. Some specific areas to improve from this year have included ensuring NNDR and Council Tax Control Accounts reconcile timing differences between the general ledger and IBS system, that the cashflow statement is properly supported and also that the accounting for fixed assets is correct from the outset.

Summary

Key areas of judgement and audit risk from planning stage

14 In originally planning my 2008/09 opinion audit I identified specific risks in my plan that I would consider as part of my audit. My updated findings are now set out in Table 1.

Table 1 Areas of judgement and audit risk for opinion audit at planning stage

Issue or risk at planning stage	Outcome on completion of opinion audit
Issues remaining from the introduction of a new general ledger in the 2007/08 year	Problems were encountered in the year, most notably in ensuring system security and also the interface between the cash receipting system and the accounts receivable module of the general ledger system. Debt recovery procedures were also suspended during the early part of the 2008/09 year, and the debt recovery process was not fully effective. Accounts payable processes also remained undeveloped in the year. However no material errors identified.
The number of amendments required to the draft accounts in the past	The financial statements and supporting working papers were of a reasonable standard again this year, and were originally produced within deadlines. The accounts submitted for audit contained a number of misstatements which were subsequently adjusted following audit. However, no identified material unadjusted errors at conclusion of audit.
The outsourcing of the payroll system from April 2008 leading to errors.	In the 2008/09 year a number of problems arose in implementing new contract arrangements and payroll processing errors were occurring at the start of the year. Over the year, the council has worked to resolve these issues.
The outsourcing of the revenue and benefits service in 2008/09 leading to errors.	The Council has delivered improvements through working in partnership in delivering services with the contractor for these services.

Letter of representation

15 Before I issue my opinion, auditing standards require me to obtain appropriate written representations from you and management about your financial statements and governance arrangements. Appendix 3 contains the draft letter of representation I seek to obtain from you.

Use of resources

I am required to consider how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and give a scored use of resources judgement.

I am also required to conclude whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 16** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission’s current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 17** I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 18** The Council's use of resources theme scores are shown in Table 3 below.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	2
Governing the business	2
Managing resources	1

- 19** Our overall finding from our assessment of how Hart is managing and using its resources to deliver value for money and better and sustainable outcomes for local people was that the Council was performing adequately in the use of its resources in the 2008/09 year, with management of finances and governance arrangements adequate but aspects of workforce management less than adequate in that period.

Summary

Managing finances - summary

- 20** The Council was performing adequately in the management of its finances. The medium term financial strategy (MTFS) was clearly linked to the Corporate Plan. The Council was considering spending requirements over the medium term (three years). The Council was pursuing opportunities to manage and reduce costs. There was some consultation with the public over options and over the priorities for the 2009/10 budget.
- 21** There was a good understanding of the costs in some services, with the use of benchmarking in VFM reviews of some higher cost services. Cost information informed decisions on budget savings and service restructuring.
- 22** Budgets were monitored monthly and reports prepared after consultation with budget holders. Cabinet generally received quarterly budget monitoring reports within one month of quarter end.
- 23** The financial statements and supporting working papers were often of a good standard and were produced within deadlines. The lack of commitment accounting meant that managers were still keeping manual records. The Council also needed to ensure targets were set/performance monitored for collecting all types of income, not just Council Tax and NNDR.

Governing the business -summary

- 24** In the year, the Council was working hard to develop an understanding of the supply markets for procuring services, particularly for the purpose of outsourcing support services. In the year, the Council had outsourced revenues and benefits. The Council's programme of service reviews challenged value for money (VFM) and targeted higher cost services.
- 25** The reliability of data was adequate, with some changes agreed during our audit and action taken to improve in areas previously found to be incorrect. Performance information was being well used to inform corporate decision making.
- 26** Members and officers were working together towards a common purpose set by the corporate plan. The Audit committee was increasing its effectiveness. A framework was in place to help provide assurance over governance arrangements, although the annual governance statement did not provide much of a commentary on weaknesses. Strategies and plans are generally in place, including a business continuity plan, a risk management strategy and policy, an anti fraud and corruption policy, a whistle blowing policy and codes of conduct. Standing orders and financial regulations need to be updated for recent organisation changes.

Use of natural resources - summary

- 27** The only area assessed in the 2008/09 year under this heading for district councils was workforce planning. The performance in this area in the 2008/09 year was not adequate. The Council was instead focused on the externalisation of support services, including the HR function. In the year, the Council was unable to respond adequately to training needs and corporate training was suspended, although a training plan has since been put in place. There had been some improvement in sickness in the year,

but levels were still in the worst 25 per cent. Managing of poor individual performance was not consistent and performance management systems were poor.

- 28** The workforce was representative of people with disabilities, but not of BME communities and for women at top earner level. Training for existing staff on equalities and diversity was not available in 2008/09 and was late for new starters.
- 29** Detailed findings are included in Appendix 4 and are also reported, together with areas for improvement identified, in our separate Use of Resources report.

Recommendation

R2 The Council should consider the areas for improvement identified following completion of the 2008/09 use of resources assessment as reported separately.
--

Value for money conclusion

- 30** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body.
- 31** As outlined above, I have identified weaknesses in your arrangements in the year for organising and developing the workforce effectively to support the achievement of the Council’s strategic priorities. I therefore intend to issue a qualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources, except in this area for reasons highlighted.
- 32** Appendix 1 contains the wording of my conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources.

Appendix 1 – Independent auditor’s report to Members of Hart District Council

Independent auditor’s report to the Members of Hart District Council

Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Hart District Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund¹ and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Hart District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Responsible Financial Officer and auditor

The Responsible Financial Officer’s responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword and the content of the Annual Report. I consider the implications for my report if I become aware of any apparent

¹ The description of the accounting statements should only include those relevant to the local authority’s circumstances.

Appendix 1 – Independent auditor’s report to Members of Hart District Council

misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Hart District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009, except that it did not put in place adequate arrangements for organising and developing its workforce effectively to support the achievement of its strategic priorities.

Appendix 1 – Independent auditor’s report to Members of Hart District Council

Signature: Date:

Patrick Jarvis

District Auditor

Audit Commission
Collins House,
Bishopstoke Road,
Eastleigh,
Hampshire,
SO50 6AD

Appendix 2 – Adjusted amendments to the accounts

The following summarises misstatements identified during the course of our audit and for which the financial statements have been adjusted. I bring them to your attention to assist you in fulfilling your governance responsibilities.

Table 3 Adjusted amendments to the accounts

Adjusted misstatements	Nature of Adjustment	Income and Expenditure Account		Balance Sheet	
		Dr £000s	Cr £000s	Dr £000s	Cr £000s
Reversal of incorrectly made financial instruments adjustments	Balance sheet	£92k	92k	£134	£134
Errors / omissions in the reporting of information provided on financial instruments held at the year end.	Notes to the accounts- note 42	-	-	-	-
Consistency and rounding errors.	Statement of Accounts	-	-	-	-
Omissions, for example in the FRS17 notes	note 19 to the accounts	-	-	-	-

Appendix 3 – Draft letter of representation

Hart District Council - Audit for the year ended 31 March 2009

I confirm to the best of my knowledge and belief, having made appropriate enquiries of Members, officers and officials of Hart District Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2009.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements, in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice, which present fairly the financial position and financial performance of the Council and for making accurate representations to you.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error. There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or,
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Valuation

I confirm the reasonableness of the significant valuation assumptions within the financial statements, including whether they appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Council where relevant to the fair value measurements or disclosures

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale and purchase commitments;
- agreements and options to buy back assets previously sold; and,
- assets pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. Except as disclosed in the financial statements we have no other lines of credit arrangements.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular, other than those already disclosed in the financial statements;

- there is no significant pending or threatened litigation;
- there are no material commitments or contractual issues; and
- no financial guarantees have been given to third parties.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties. The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

Post balance sheet events

Since the date of approval of the financial statements by the Council, no additional significant events have occurred which would require additional adjustment or disclosure in the financial statements. The Council has no plans that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Appendix 3 – Draft letter of representation

Signed on behalf of Hart District Council:

Stuart Bailey
Chairman of the Audit Committee

Geoff Bonner
Chief Executive

Date: 22 September 2009

Appendix 4 – Use of resources key findings and conclusions

The following tables summarise the key finding and conclusions for each of the three use of resources themes.

The following tables summarise the key findings and scores for each of the three use of resources themes:

Table 4 Theme 1 - managing finances

Theme 1 score	2
KLOE 1.1 (financial planning) score	2
Key findings and conclusions	
<p>The medium term financial strategy (MTFS) is linked to the Corporate Plan which clearly outlines the Council's corporate priorities. This takes account both of national priorities and local improvement priorities. The Council has directed resources from lower priority to higher priority services. The MTFS considers requirements over the medium term (three years).</p> <p>The Council pursues opportunities to manage and reduce costs.</p> <p>The Council considered growth and savings options in its 2009/10 budget preparation, and there was some consultation with the public over options and over the priorities for the 2009/10 budget</p>	

Appendix 4 – Use of resources key findings and conclusions

KLOE 1.2 (understanding costs and achieving efficiencies) score	2
Key findings and conclusions	
<p>There is a good understanding of costs in some services. The Council uses cost benchmarking in value for money (VFM) reviews, and has reviewed higher cost and priority services, such as planning.</p> <p>Cost information/analysis informs decisions on the budget and on how services are to be structured, such as being used to inform the outsourcing of revenues and benefits.</p> <p>Cost and performance monitoring are not closely integrated, although can be considered together.</p> <p>The Council is on track to slightly exceed its £365k 2008/09 NI179 efficiency target.</p> <p>Improvements are being achieved through some shared services, for example legal services.</p> <p>Should aim to be able to demonstrate the positive outcomes from the Planning service changes and the revenues externalisation.</p>	
KLOE 1.3 (financial reporting) score	2
Key findings and conclusions	
<p>Budgets are monitored monthly and reports prepared after consultation on variances with budget holders. Explanations of variances and figures projected to year end are reported to Heads of Service and overall to the Management Team. Cabinet receive quarterly budget monitoring reports within one month of quarter end.</p> <p>Last year, the financial statements and supporting working papers were generally of a good standard and were produced within deadlines.</p> <p>In 2008/09 year, it was not always possible to complete the monthly budget monitors.</p> <p>The lack of commitment accounting means that managers are still keeping manual records which is inaccurate and wastes time.</p> <p>The Council also needs to ensure targets are set/ performance monitored for collecting all types of income, not just Council Tax and NNDR</p>	

Table 5 Theme 2 - governing the business

Theme 2 score	2
KLOE 2.1 (commissioning and procurement) score	2
Key findings and conclusions	
<p>A key focus for the Council has been negotiating with the potential provider of support services (Capita) to help the Council develop its access strategy, provide a better contact centre and invest in systems, including introducing e-procurement.</p> <p>The Council is developing its understanding of the supply market - including collaborating with other Hampshire councils on the procurement of goods.</p> <p>Earlier in year, the Council researched market for outsourcing support services and then used the framework contract of another council under which to outsource revenues and benefits services.</p> <p>The Council has been reviewing service competitiveness - the programme of service reviews challenges VFM and has targeted higher cost services - with Planning service costs reduced in year.</p> <p>Improvements were achieved in 2008/09, including some from benefits outsourcing and the shared legal service. However, the payroll shared service was not delivering hoped for savings.</p> <p>The Council is developing plans for joint waste collection with other Hants councils.</p>	

Appendix 4 – Use of resources key findings and conclusions

KLOE 2.2 (data quality and use of information) score	2
Key findings and conclusions	
<p>The Council has implemented a new corporate performance system, Covalent.</p> <p>The importance of ensuring data quality is being communicated to staff, including providing guidance and training for new starters, but poor quality checking of performance indicators (PIs) by some managers has been a problem to date.</p> <p>A draft data quality (DQ) policy has been produced which provides responsibilities.</p> <p>There is adequate performance information to inform corporate decision making. Members seem generally satisfied with performance reporting, and the format takes account of their views.</p> <p>The new corporate system is starting to be used to improve the range of performance reporting, such as service plan progress.</p> <p>The monitoring of performance by officers and councillors is linked to corporate priorities and key strategic projects.</p>	
KLOE 2.3 (good governance) score	2
Key findings and conclusions	
<p>Members and officers are working together towards a common purpose set by the corporate plan. There are regular meetings between the Chief Executive and the Leader of the Council who attends Management Team Meetings, and between Portfolio Holders and Heads of Service. Positive relationships between the council, its partners and the local community are being developed.</p> <p>An ethical structure is provided by the Member Code of Conduct, Officer Code of Conduct, Officer/ Member Protocol, the Standards Committee, Code of Corporate Governance and the Annual review of Corporate Governance by Internal Audit.</p> <p>A framework is in place to help provide assurance over governance arrangements.</p> <p>The annual governance statement is an open and honest assessment of its control and risk activities. Assurance for the annual governance statement is obtained for various sources.</p> <p>The terms of reference for the LSP are established to help ensure the Council and partners achieve intended outcomes.</p>	

Appendix 4 – Use of resources key findings and conclusions

KLOE 2.4 (risk management and internal control) score	2
Key findings and conclusions	
<p>An audit committee is in place which complies with CIPFA guidance and has a balanced membership.</p> <p>The annual governance statement provides an open and honest assessment of controls and risks.</p> <p>The council has a business continuity plan in place that is tested on a regular basis.</p> <p>A risk management strategy and policy is in place. There is a quarterly review of risk registers with Heads of Service who have had specific training for their role. The strategic risk register links to the corporate plan and named individuals are assigned to lead on addressing specific risks. Risks are analysed over significance and likelihood. Risk implications are included in reports. Training has been provided for staff on risk.</p> <p>An anti fraud and corruption policy is in place supported by a whistle blowing policy and codes of conduct. Fraud is investigated by suitably qualified members of Internal Audit.</p> <p>The Audit Committee has been developing its effectiveness.</p> <p>Weaknesses exist in controls in place for some key financial systems.</p>	

Appendix 4 – Use of resources key findings and conclusions

Table 6 Theme 3 - managing resources

Theme score	1
KLOE 3.1 (use of natural resources) - not applicable to district councils in 2008/09	
KLOE 3.2 (strategic asset management) - not applicable to district councils in 2008/09	
KLOE 3.3 (workforce planning)	1
Key findings and conclusions	
<p>The Council failed to respond adequately to training needs in the 2008/09 year, as late in providing induction training and corporate training was suspended, but a training place is in place for 2009/10.</p> <p>Some impact from applying sickness and capability policies, with sickness reducing to 11.3 days but still in the worst 25% for Councils.</p> <p>Managing of poor individual performance was not always consistent.</p> <p>Plans exist to improve HR systems and to use outsourcing of support services to improve.</p> <p>In the year, restructuring of some services, such as Planning, and engaged well with staff in performing this. The Council has self assessed as achieving level 2 of equality standard. The workforce is representative of people with disabilities, but not of BME communities and women at top earner level. Website not targeting people from different backgrounds and need to develop understanding of diversity of local communities. Training for existing staff on equalities and diversity was not available in the year.</p>	

Appendix 4 – Use of resources key findings and conclusions

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

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

© Audit Commission 2009

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

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

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk

Appendix 4 – Use of resources key findings and conclusions