

Report to: **Audit Committee**
Date: **14th June 2007**
Report of: **Director of Finance and Corporate Services**
Subject: **Use of Resources Auditor Judgements 2006 – Feedback**
Ward: **All**

1. Purpose of the Report

- 1.1 To inform members of the feedback from the Audit Commission on the Use of Resources Assessment for 2006.

2. Consultation

- 2.1 The report was prepared in consultation with the Council=s Financial Management Unit and the Asset and Property Manager. The Management Team has considered the report.

3. Use of Resources Feedback 2006 - Easington

- 3.1 Members will recall the Extraordinary Meeting of the Council held on the 25th April 2007 where the Annual Audit and Inspection Letter was considered. Within the letter reference was made to the Council's arrangements for Use of Resources, which was scored as 3 from 4 showing that it is working above minimum requirements and performing well in most areas.

- 3.2 The 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 resources are available to support the Council's priorities and improve services.

- 3.3 The report acknowledged that the Council's arrangements had been improved and strengthened when compared to the previous year and suggested the following key actions to further strengthen our position:

- Continue to develop partnership arrangements.
- Ensure that a wide range of stakeholders is considered when deciding whether to publish an Annual report.
- Assess the level of backlog maintenance to the council's asset base and develop a plan for its phased and prioritized reduction to be approved by members.

- 3.4 In terms of the above:

- A partnership framework has been adopted by the council, which will enable it to take a more structured and informed view of those partnerships in place. The checklist will assess whether they are fit for purpose before commitments are put in place. During 2007/8 we will carry out further work in this area.
- The council has surveyed a wide range of stakeholders on whether or not to prepare an Annual Report.
- The Property and Asset Management Unit is currently being reviewed, which should provide additional resources to tackle outstanding issues.

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- 3.5 Attached to the report is the Use of Resources Feedback Report for 2006, which gives further details on the assessment suggesting areas where the Council may be able to improve its position. The Financial Management Team is liaising with the Audit Commission to clarify the position on these matters and assess any resource implications.

The theme scores are summarised below where it should be noted that value for money is scored in 2 parts as indicated with the overall score. The average score of 2.5 is rounded down to 2. In overall terms the Council has improved in a number of areas but insufficiently to increase the overall score.

Key Line of Enquiry/theme	Score 2006	Score 2005
Financial Reporting	3	3
Financial Management	2	2
Financial Standing	3	3
Internal Control	3	3
Value for Money: 1.Achievement of VFM.	2)	2)
2.Management and Improvement of VFM	3) 2	2) 2
OVERALL SCORE	3	3

- 3.6 Appendix 1 of the Feedback Report informs the Council of changes to the key lines of enquiry (KLOES), which the Audit commission uses in the assessment. I'm confident the changes will not adversely affect the Council's position.

4. National and Regional Position – District Councils

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- 4.1 The national position showed improvement with over 58% now performing at above the minimum standards compared to around 37% in 2005. There are 7 Councils achieving the top score with 6 achieving a score of 1, below minimum standards. Around 28% of authorities improved in the last year.

Table 1 – National Distribution of scores for District Councils (2005 and 2006)

- 5.1 **Policy**
None
- 5.2 **Financial**
None.
- 5.3 **Legal**
None
- 5.4 **Risk**
The report is for information.
- 5.5 **Communications**
None
- 5.6 **Corporate Implications**
None
- 5.7 **E Government**
None
- 5.8 **Procurement**
None.
- 5.9 **Equality and Diversity**
None
- 6. Recommendations**
- 6.1 The Committee is recommended to note the information contained in the report.

Background Papers

Report to Extraordinary Report to Council – Audit and Inspection Letter 2005/6.
Use of Resources Feedback –2006. (Audit Commission)
Summary of District Council Scores 2005 and 2006 – Audit Commission

10th May 2007
THB/Use of resources feedback 2006.-audit committee