

Annual Governance Report

South Oxfordshire District Council

Audit 2008/09

Date

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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.
-

Ladies and Gentlemen

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.

A draft of the report was discussed and agreed with the Chief Executive and Executive Director of Finance on 16 September 2009 and has been updated since as issues have been resolved.

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 (pages 7 to 8);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- take note of the VFM Conclusion and Use of Resources score; and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3).

Yours faithfully

Maria Grindley
District Auditor
Date

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	Page
Unqualified audit opinion	Yes	7
Financial statements free from error after adjustment	Yes	7
Adequate internal control environment	Yes	8
Use of resources	Results	Page
Use of resources judgements	Yes	10
Arrangements to secure value for money	Yes	11

Audit opinion

- 1 My work on your financial statements is substantially complete, and I anticipate giving an unqualified opinion before the due date of 30 September 2009.

Financial statements

- 2 The accounts adopted by the Audit and Corporate Governance Committee on 30 June 2009 were made available for audit supported by detailed working papers. The Finance Department processes were much improved and supported the audit process more effectively.
- 3 Whilst there have been a number of adjustments to the accounts, these are mainly for presentational issues. There were two errors identified during the audit by either the Finance Department as part of quality review processes or by the audit process. Both of these have been adjusted.
- 4 Following on from a late opinion in 2007/08, there are still small issues to be resolved around the bank reconciliation and clearance of suspense accounts. Solutions have been identified to clear these but this could not be done within the accounts timetable. The amounts involved are not material.

Key messages

Use of resources

- 5 My work on your scored use of resources is complete, and I am pleased to confirm that there are no areas where you do not meet expected standards and some where you are performing well. I will therefore be able to give an unqualified value for money conclusion by the due date of 30 September 2009.
-

Audit Fees

- 6 My audit is substantially complete and I can confirm that I do not propose to issue a further supplementary 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.

7 I ask the Audit and Corporate Governance Committee to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 8);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- take note of the VFM Conclusion and Use of Resources score; and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3).

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

- 8 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

- 9 There were a number of adjustments to the financial statements adopted by the Audit and Corporate Governance Committee. These fall into two categories – presentational and accounting errors.

Presentational errors

- 10 Where a different approach had been taken to presenting figures in 2008/09, some 2007/08 figures had also been changed to allow better comparison with 2008/09. However, the rules around changing previously audited figures do not allow for this to be done. As a result the following changes have been made to the statements:
- The restatement of the 2007/08 income and expenditure figures originally showed what the impact of separating out land and buildings within fixed assets would have been if it had been done last year (£3,592k). This also affects some capital notes. This is now shown as an adjustment to 2008/09 figures, with the explanation of how it might have looked last year as a separate note to the income and expenditure account (I&E).
 - Additional information has been given to explain changes to the agency services note and the publicity notes relating to 2007/08.
- 11 Further presentational changes have been made to the statements as follows:
- The disclosure note for commercial properties originally showed capital charges and impairments together. These have now been shown separately to make it easier to see how these feed into the I&E.
 - The depreciation and impairment of fixed assets were originally shown as one figure. These have been separated out to make the position clearer.
 - The three year position for building control was originally omitted. This has now been added.

- Information on the classification of bad debts and how they relate to outstanding debtor balances was not explicit in the statements. This has now been included in the financial instruments note.

Accounting errors

12 Adjustments have been made to the statements for errors as follows:

- On completion of the quality review, the finance department realised that investment interest values had been incorrectly calculated. These have been reduced by £687,000 in the I&E, which also reduces reserves and debtors on the balance sheet.
- During completion of the whole of government account return, it became apparent that some of the impairment for land at Didcot had incorrectly been incorporated into economic development service costs rather than within the trading account for commercial properties. Whilst this has no overall impact on the I&E, this has the effect of reducing service costs by £2,627k, and increasing the deficit on the trading account by the same amount.

Post balance sheet event

13 Since the adoption of the accounts, a legal settlement has been made for £250,000, £90,000 of which had been paid already. As the event which led to this settlement arose before 31 March 2009, the accounts have been adjusted to include the final payment amount of £160,000. This reduces the I&E by £160,000 and reserves by £160,000.

Material weaknesses in internal control

14 No material weaknesses in internal control were identified as a result of my audit.

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 2 contains the draft letter of representation I seek to obtain from you.

Key areas of judgement and audit risk

16 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit. My findings are set out in Table 1.

Table 1 Key areas of judgement and audit risk

Issue or risk	Finding
The accounts for 2007/08 were poorly completed, were supported by poor working papers, and contained numerous material errors. As a result a late opinion was given.	Processes to improve preparation and review of the statements ensured the accounts were presented on time, and that the working papers were much improved. Whilst there are still improvements to be made, we anticipate being able to give our opinion by the due date.
Problems with the payments system in 2007/08 resulted in additional work being done to gain assurance over expenditure figures.	On review, we were able to place reliance on the controls within the payments system for our assurance.
Council properties and investments were affected by the economic downturn, leading to risks around the correct valuation for these assets in the financial statements	We reviewed the transactions calculating these valuations, but did not identify any areas of concern. However, the allocation of the impairments within the I&E may need to be revised. The treatment of Icelandic bank investments was in accordance with guidance issued by CIPFA.

Accounting practice and financial reporting

17 I consider the qualitative aspects of your financial reporting. There are no issues I want to raise with you at this stage.

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

- 18** 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.
- 19** 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.
- 20** The Council's use of resources theme scores are shown in Table 2 below. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 4.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	3
Governing the business	3
Managing resources	3

- 21** There are strong linkages between financial planning, strategic priorities, costs and performance which support financial health with clear outcomes for local people. Consultation is used to shape priorities and finance follows priorities. Processes in place are delivering real efficiencies and better ways of working. Good quality services are being provided for a low council tax and there is high user satisfaction with services provided. Financial reporting internally and externally is sound, and used to drive learning and further improvements. Arrangements for production of the accounts were much improved, and the accounts were produced on time supported by detailed working papers.
- 22** The Council has a clear vision of the services required to meet local needs in a sustainable way based on understanding of the needs of the local population and the procurement options available. Strong use is made of partnership working and

Use of resources

outsourcing to deliver services and improve capacity. The Council is producing good quality data to support decision making and manage performance, with real outcomes from this to improve services. Data security meets expected standards, and complies with legal requirements. Data produced supports sound monitoring of priorities and enables early action to be taken if improvements are needed. There is a strong ethical drive within the Council supported by good relationships between officers and members. Risk management arrangements have matured during the year and are now embedded and there is a clear trail of risks moving in and out as they are managed and addressed. The internal control environment is strong with internal audit (IA) being respected and valued. Members and officers take their findings seriously and clear improvements are being delivered to the control environment as a result.

- 23** The Council demonstrates an empowering culture that works to develop its own workforce. It has done this by developing clear links between corporate priorities, service plans and appraisals and considering its needs now and in the future. Workforce planning has considered and addressed the challenges of delivering services at district level with limited resources, and has moved innovatively to both outsource work, form joint teams across two councils, and deliver a shared management team which is seen as good practice. It values diversity and offers a variety of options for its staff tailored to individuals rather than blanket policies. It is highly rated by the staff who work there, who recognise the importance of a mixed and diverse workforce. It was voted one of the top 20 organisations to work for in the Times survey.

Value for money conclusion

- 24** 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. My conclusions on each of the areas are set out in Appendix 3.
- 25** I intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains the wording of my draft report.

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

Opinion on the financial statements

I have audited the Authority accounting statements and related notes of South Oxfordshire 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 Collection Fund 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 South Oxfordshire 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 Director of Finance and auditor

The Director of Finance’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

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

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. I consider the implications for my report if I become aware of any apparent 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, South Oxfordshire District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Maria Grindley
District Auditor

Unit 5, Isis Business Centre
Horspath Road, Cowley

Oxford, OX4 2RD

September 2009

Appendix 2 – Adjusted amendments to the accounts

The following misstatements were identified during the course of my audit and the financial statements have been adjusted by management. I bring them to your attention to assist you in fulfilling your governance responsibilities.

Table 3

		Income and Expenditure Account		Balance Sheet	
Adjustments to the accounts	Nature of Adjustment	Dr £000s	Cr £000s	Dr £000s	Cr £000s
investment income reduced	error of calculation of accrued interest	687	687 SMGFB	687 reserves	687 long term invest
asset impairment	impairment moved from service lines to the trading deficit below the line	2627	2627	n/a	
PBSE	settlement of claim	160	160 SMGFB	160 reserves	160 creditors
Net impact		847	847 SMGFB	847 reserves	687 investment 160 creditors

Appendix 3 – Draft letter of representation

To:

Maria Grindley,

Unit 5, Isis Business Centre,
Horspath Road, Cowley
Oxford OX4 2RD

South Oxfordshire 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 other directors, officers, and Members of South Oxfordshire 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.

Appendix 3 – Draft letter of representation

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 entity'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.

Assets

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

- losses arising from sale & purchase commitments;
- agreements & 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. 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:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; 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.

I confirm that there are no related party transactions with Capita, with whom we have a contract for the provision of financial services.

Post balance sheet events

Since the date of approval of the financial statements by the Audit and Corporate Governance Committee, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

If adoption of the financial statements and the representation are on the same day this paragraph is not required.

Signed on behalf of South Oxfordshire District Council

I confirm that the this letter has been discussed and agreed by the Audit and Corporate Governance Committee on 29 September 2009

Name

Position

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.

Table 4 Managing finances

Theme score	3
Key findings and conclusions	
The Council has sound arrangements across most aspects of managing finances, and these arrangements are delivering real outcomes for local people. Considerable improvements have been made to the processes for producing the financial statements but these cannot yet be considered embedded.	
KLOE 1.1 (financial planning)	
Score	3
VFM criterion met	Yes
Key findings and conclusions	
The Council has good processes which link objectives, financial resources, the medium term financial strategy (MTFS) and objectives in both the short and long term. Service plans also link into the MTFS and savings targets. The MTFS is based on consultation with partners, stakeholders and the public. This makes use of extensive consultation using different methods and times and includes contacts with hard to reach and minority groups.	
Innovative ways of working are considered and implemented and these are supported by financial planning which is flexible and reactive. An action plan for achievement of corporate priorities is monitored proactively. Whole life costing and consideration of alternative scenarios is used as part of the decision making process.	
There is good understanding of the links between policy, service and costs throughout council. Budget monitoring is	

Appendix 4 – Use of resources key findings and conclusions

strong, and challenging targets are set for continuous improvement.

Outcomes noted include:

- above average performing services delivered with lower than average costs
- growth bids include short and long term impacts
- lean business process re-engineering via Fit for the Future has enabled to council to reduce costs by £1m pa next 3 yrs with improved service
- the joint financial service contract with Vale being assessed as good practice, and delivering savings in both cost and service improvements
- further joint working being delivered via the shared management structure and the joint waste contract
- agreement for joint finance contracts & shared provision of internal audit /payroll
- Strong member involvement on shared services management board driving financial & performance improvements
-
- receiving an award for ‘outlook’ magazine which goes to 55000 residents quarterly. This is also available in Braille and on audit cassette.
- use of workshops to gain views from hard to reach groups such as young and disabled people
- national recognition of the web site as being customer focused. Improved access for sight and hearing impaired users. ACG requesting and having training on risk, Internal and External Audit, the governance agenda, and their role in approving the accounts. This is already delivering a good level of challenge to officers

KLOE 1.2 (understanding costs and achieving efficiencies)

Score

3

VFM criterion met

Yes

Key findings and conclusions

The Council has good historical arrangements to link cost and performance, with high spend linked to high priority areas. Stretch targets are set for these priority areas and benchmarking used to assess performance. Detailed knowledge of costs supports decision making, with consistent use of benchmarking to identify where and how the council is out of line and also why. In fit for the future, the Council has built up considerable information around cost drivers and performance. Where appropriate, alternative methods of costing together with detailed cost analysis is used to take decisions. Whole life

Appendix 4 – Use of resources key findings and conclusions

costing is used routinely. Awareness of performance on key priorities is highlighted by service monitoring and used to feed procurement decisions. Quarterly performance plans show how performance is moving over time against partnership and key objectives, together with why, in format that allows members to take decisions. Consideration of value for money in the provision of services has been good over a number of years and is considered to be embedded. Strong arrangements for identifying and delivering efficiencies support this. The Council is delivering high satisfaction services with a low council tax base.

Outcomes noted include:

- overall costs being low on average whilst delivery of services is good and mirrored by good customer satisfaction
- the decision to let the finance contract jointly with VOWH and move to shared service delivery based. This has not only improved capacity but delivered significant efficiency savings
- the use of costing information to support the move to a joint internal audit section, and shared finance contract monitoring
- evidence of good understanding of where services need to be kept separate e.g. within individual accountancy sections and where processes can be aligned.
- detailed costing information being used to support a shared management which is already delivering improvements and will deliver recurrent savings
- good understanding of costs and drivers and how these can be reduced led to innovative procurement of joint contract-savings of £100k, 300k recycling credit, & 500k from joint recycling team
- the use of net current cost to decide best method of financing new waste bins and vehicles for revised contract. This also considered the need to improve performance of waste recycling and deliver cost savings
- the Fit for the future re-engineering business processes has already identified £500k+ savings and improved service delivery

Appendix 4 – Use of resources key findings and conclusions

KLOE 1.3 (financial reporting)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>Financial monitoring has been strengthened and the member role is now evidenced. Quarterly reports go to cabinet, with year end projections and recommendations for any remedial action required. The Council is using fit for purpose financial reports to monitor performance and support strategic decision making.</p> <p>The Council has undertaken work to identify the needs of its local population in accessing the website. Alternative methods offered include different size fonts and contrasts, a section for those hard of hearing, outlook available in Braille and on cassette. All agendas, minutes, etc are put on the Council's on web site promptly, and available in the various formats. Many meetings are on 'web cam' to encourage local residents to get involved.</p> <p>The AAL included an overview of the highlights/ issues raised by the Strategic Director as well as the report itself.</p> <p>The council has responded positively to the failings around production of financial accounts in the past two years, and has improved processes to ensure better production for 2008/09. The accounts were produced on time and the quality of the working papers was much improved from prior years. The Council's quality processes identified two changes within the financial statements after adoption by the ACG Committee. Whilst these improvements are considerable, they cannot yet be considered embedded, and there are further improvements that can be made to working papers for the coming year.</p> <p>Outcomes noted include:</p> <ul style="list-style-type: none"> • meetings where finance is discussed being open to the public, and webcast. • budget monitoring reports for officers being produced in a timely manner, and close working with finance officers ensuring this is done in a way which meets their needs. • the inclusion of financial reporting in 'Outlook' magazine to all residents in a format that is understandable and inclusive • quarterly performance plans being submitted to cabinet showing performance against NIs, LAA and local performance targets. • recognition of the Council's web site nationally as being customer focussed. • a better process for producing the accounts than in previous years.. 	

Appendix 4 – Use of resources key findings and conclusions

Table 5 **Governing the business**

Theme score	3
Key findings and conclusions	
<p>The Council has sound arrangements across all aspects of governing the business, which is delivering some good outcomes for local people. However, in some areas it was harder to see that outcomes had resulted from these arrangements in the year of assessment, although they stand the Council in good stead for the future.</p>	
KLOE 2.1 (commissioning and procurement)	
Score	3
VFM criterion met	Yes
Key findings and conclusions	
<p>The Council has a very clear vision for local services informed by extensive consultation with local people. It demonstrates a mature approach to commissioning services. The Council has a clear and accessible explanation of its commissioning and procurement strategy on its website. This is supported by effective and user friendly guidance for service users, the wider community and potential suppliers.</p> <p>Consultation is used to commission, redesign and deliver services which meet equalities and diversity objectives, but are also sustainable. This is used to drive Council engagement in researching and influencing the design of services. Satisfaction with outcomes is important to the Council and is assessed by feed back from e.g. the CAB, registered social landlords and by direct consultation with the citizens panel.</p> <p>Sound processes support consideration of how things are done and to make sure the Council delivers the right service to users. Good consideration of alternative methods of delivering service are considered including partnership working.</p> <p>Standardisation of good practice in making procurement decisions has led to sound arrangements. Workforce issues feed into considerations as do environmental concerns, and costs are based on whole life calculations. The Council demonstrates a ‘right first time’ procurement culture. The Procurement function is integrated with corporate planning, the MTFs, the capital strategy and arrangements for implementing e-government.</p>	

Appendix 4 – Use of resources key findings and conclusions

Outcomes noted include:

- a clear vision for transforming Didcot which has already procured some improvements e.g. the cinema
- use of local contractors to provide services where possible e.g. in the canteen
- •use of innovative practices and joint working e.g. via joint contracts for financial services and waste management
- •a shared management structure with Vale of White Horse which is delivering improved working and cost efficiencies
- •joint service provision with Vale of White Horse for IA, payroll, and contract management
- •collaborative working which has e.g. generated money from REAP to develop a procurement hub
- •external funding of an HR post to support further development of the shared management structure
- •effective on-line access provision to service information and payment methods
- •a home page link on the web site to ‘selling to the Council’ pages to the contracts register and upcoming opportunities
- •use of local firms used to supply produce to the canteen
- •use of framework contracts, partnership outsourcing to deliver savings
- consideration of environmental issues around waste management being built into the new contract as a deliberate response to concerns
- •procurement decisions being taken that deliver efficiencies without impacting on service delivery
- • delivering & procuring a county wide framework contract•

KLOE 2.2 (data quality and use of information)

Score

3

VFM criterion met

Yes

Key findings and conclusions

The Council has good arrangements for the production and use of reliable data to support decision making. PIs are monitored using a traffic light system and action taken as appropriate. A comprehensive suite of management information is provided for the management team and for scrutiny performance reports. These include Nis, (inc LAA targets) and Local Performance Targets quarterly and at the year end to support the decision making process. The Council's strategic management reports are clear and well structured, and enable analysis and interrogation of the information by managers and councillors. This is used routinely to support the decision making process.

The Council has procedures in place to ensure data security and compliance with statutory requirements. Data security is

Appendix 4 – Use of resources key findings and conclusions

robust and the security policy is up to date. Policies have been set and publicised for internet usage and data and document retention. Procedures for monitoring compliance with all the policies are in place and action taken to address any breaches. The Council operates a programme of educating staff and users with the focus is on handling and access to restricted data.

Governance, accountability and leadership arrangements are well embedded and data management arrangements are integrated into service and financial planning processes.

Outcomes noted include:

- good discussion of the problems caused by inaccuracies within benefits processing, which led corrective action being taken. Performance in this areas is now beginning to exceed targets
- requirements for data accuracy being built into the contracts let for leisure, finance, and waste
- met requirements for Government connect (extension given re Capita).
- ability for more on line planning applications.
- annual testing of data security and service recovery plans where any lessons learned are taken forward and used to deliver improvements.
- penetration testing of networks in 08/09 being used to improve security
- use of crime figures identifying alcohol as a cause of an increase in violent crime being used to set up a multi agency group to tackle problems
- alignment of the structure for performance monitoring and the risk register, and some evidence of reacting to this
- use of national and local benchmarking, quality assurance schemes, market research and consultation being used to evaluate current level of service provision (and satisfaction) and results fed back into service design and improvement.
- Effective working with partners to continue to improve the approach to performance management and data quality. The Council is actively involved in an Oxfordshire wide project to improve data flows and partnership reporting

Appendix 4 – Use of resources key findings and conclusions

KLOE 2.3 (good governance)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>The Council has adopted all required codes of practice and is routinely monitoring adherence to them. The Council constitution sets out principles to be followed clearly and allocates roles to individual officers and Members. The policy to prosecute any benefit fraud and publicise the outcome supports good governance both in principle and practice. In recognition of the importance of a clear vision for ethical governance, a skills assessment has been completed by Members and a targeted training programme to support them in their governance roles has been developed. The Council seeks to improve its openness to members of the public. Constructive working relationships have been fostered between Members and officers, which support a strong internal control environment. An ethical approach is demonstrated by the high profile for internal audit and the strong challenge from Members to officers over any high priority recommendations they make. Formal governance arrangements are in place for all significant partnerships and are monitored for compliance. This clear understanding of partnership responsibilities supports the achievement of objectives and minimises disputes. These all demonstrate sound arrangements, but it was difficult to demonstrate the outcomes flowing from these arrangements in the year of assessment.</p>	
KLOE 2.4 (risk management and internal control)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>Considerable improvements have been made to the arrangements for risk management, which have already begun to deliver outcomes and should continue to do so in 2009/10. This includes harmonisation of processes with Vale of White Horse DC and approval of a joint strategy. The risk register is linked into strategic objectives and risk levels are considered alongside an ongoing review of objectives by SMT. The strategic risk register is considered by Members of the ACG committee. This committee was given training in risk management during the year, and risk is also included in induction processes for new staff. Designated risk champions and the corporate risk officer support the process to embed risk management throughout the Council. Partnership working is recognised as a strategic risk and the Council is looking at how to manage and respond to partnership risks, and how to mainstream this process in the coming year.</p>	

Appendix 4 – Use of resources key findings and conclusions

The counter fraud and corruption strategy is available to all staff and supported by the anti fraud and corruption response plan. Internal Audit reviews service's anti-fraud and corruption awareness and arrangements as part of their plan of work. As part of raising the profile of anti fraud and corruption issues, training has been reviewed for all new staff.

Internal Audit is well respected within the Council. They have carried out an assessment of themselves against CIPFA standards (reviewed by S151 officer) and comply with 94% of recognised standards. No significant areas were not addressed.

The ACG Committee has responded well to training around their role in considering IA findings, and is now asking officers to respond to negative findings, and also monitoring achievement. The sources of assurance to support the annual governance statement are clear and reported regularly to the audit committee. The statement itself is an honest assessment, and sets out clearly actions to be taken to deliver any improvements.

Outcomes noted include

- recognition of the risks from partnerships within the risk registers, with officers are required to gain assurance over the management of those risks;
- incorporation of the Fraud and Corruption strategy and arrangements into the contract arrangements with major contactors routinely;
- reviewing the training provision for all new employees, increased the prominence of policies on the web site, and increased the use of posters on internal notice boards as part of raising the profile of anti fraud and corruption issues; and
- pursuing housing benefit fraud vigorously and publicising outcomes in the local press

Table 6 Managing resources

Theme score	3
Key findings and conclusions	
The Council’s arrangements to develop and support a skilled workforce both now and in the future are sound, and delivering real outcomes. The shared management structure with Vale of White Horse District Council is an example of good practice.	
KLOE 3.3 (workforce planning)	
Score	3
VFM criterion met	Yes
Key findings and conclusions	
<p>Council demonstrates an empowering culture with numerous examples of developing its people for promotion. It demonstrates ambition to learn, improve and develop its organisational agility. There are clear links between corporate priorities, service plans and appraisals underpinned by comprehensive requirements for competencies and behaviours. VFM and continuous improvement are important organisational values and the ‘fit for the future’ programme has supported this, developing greater organisational change and strengthening management capacity.</p> <p>The HR strategy clearly outlines actions to support the delivery of organisational priorities together with the improvement and change agenda. The HR strategy and the HR, IT and customer service improvement plans demonstrate how, when and by whom priorities will be delivered. The strategic integration of corporate, service, financial and HR workforce planning is considered to be embedded and the change process, including historical and current outsourcing, has been strategically managed.</p> <p>The Council’s comprehensive equality policy is a formal expression of its commitment to government equality standards. This brings together previous schemes for race, disability and gender equality into one document. The corporate framework reflects a commitment to managing its people to meet current and future needs and to develop its workforce to meet its needs.</p>	

Appendix 4 – Use of resources key findings and conclusions

Outcomes noted include

- the move to a shared management team, which along with an alignment of processes supporting workforce capabilities and resilience, is spreading good practice and improving resilience. This has delivered considerable efficiencies and was done in partnership with the workforce and unions. This has been recognised as an example of good practice in workforce planning. It is also receiving development support from IdEA to support the process further in the coming year.
- identification by the HR department of skill gaps led to a strengthening of its resources and a separation of administrative elements from strategic ones.
- success of the shared IA section which is recognised as professional, skilled, and valued across both Councils.
- continued support for outsourcing of many services and a move to joint contracting with Vale of White Horse DC.
- HR business partners introduced at each department to identify skills gaps, training needs, etc. This will be followed up in the harmonisation process as part of a management development programme.
- fitness incentives provided with PCT
- IIP accreditation and recognition as a 'Two Tick' employer
- staff feeling empowered to support the change process and develop confidence and resilience to organisational change
- sickness absence kept to below target - average sick days per employee dropped in 2008-09 to 5.6 days saving the council 359,612 in lost productivity
- use of various incentives to attract and retain staff with a resultant very low staff turnover. The Council was ranked as 11th best council to work for in the Sunday Times competition. It encourages and promotes family friendly policies such as job sharing and flexible working

Appendix 4 – Use of resources key findings and conclusions

The Audit Commission

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Appendix 4 – Use of resources key findings and conclusions