

## USE OF RESOURCES JUDGMENT 2008/09

### 1 SUMMARY

- 1.1 This report presents the detailed results of the Use of Resources assessment carried out by the Council's external auditors, PKF, which is attached as an appendix.

### 2 INTRODUCTION

- 2.1 The Use of Resources assessment considers how well an organisation manages and uses its resources to deliver value for money and achieves better, sustainable outcomes for local people. It is combined with a Managing Performance assessment, carried out by the Audit Commission, to produce a score for the Council's annual organisational assessment as part of the Comprehensive Area Assessment (CAA).
- 2.2 The results of the CAA were published by the Audit Commission in December 2009 and this report presents the external auditors' (PKF) detailed findings on the Use of Resources element only. There will not be a separate report on Managing Performance.

### 3 BACKGROUND

- 3.1 In previous years the assessment was based on 5 themes that were scored from Level 1 (inadequate) to Level 4 (strong performance):-
- Financial Reporting (including the preparation of the accounts of the Council and the way these are presented to the public)
  - Financial management (including how the financial management is integrated with strategy to support the Council's priorities)
  - Financial Standing (including the strength of the Council's financial position)
  - Internal Control (including how effectively the Council maintains proper stewardship and control of its finances)
  - Value for Money (including an assessment of how well the Council balances the costs and quality of its services)

For each of these themes, performance against a number of Key Lines of Enquiry (KLOE) was scored on the following basis:-

Level	Performance
1	Below minimum requirements – inadequate performance
2	Only at minimum requirements – performs adequately
3	Exceeds minimum requirements – performs well
4	Significantly exceeds minimum requirements – performs excellently

3.2 For the 2007/8 assessment, the Council’s score improved from a level 2 to a level 3.

3.3 From 2008/9, as part of the change from the CPA to CAA, the Use of Resources framework was changed into 3 themes of Managing Finance, Governing the Business and Managing Resources. The same scoring framework as above was used but, instead of detailed KLOEs, which focused on processes and policies, the new framework is more outcome orientated.

**4 2008/9 ASSESSMENT**

4.1 A summary of the results for 2008/09 was reported to this Committee in September 2009 as part of the audit of the accounts and PKF have now provided a detailed report on their findings, which is attached. The scores for each theme, including the sub-themes is shown below:-

Theme	2008/9
<b>Managing Finances</b>	
1.1 Planning for financial Health	3
1.2 Understanding costs and achieving efficiencies	2
1.3 Financial reporting	2
<b>Theme score</b>	<b>2</b>
<b>Governing the Business</b>	
2.1 Commissioning and procurement	2
2.2 Use of information	3
2.3 Good governance	3

Theme	2008/9
2.4 Risk management and Internal Control	3
<b>Theme score</b>	<b>3</b>
<b>Managing resources</b>	
3.1 Natural resources	N/A
3.2 Strategic asset management	N/A
3.3 Workforce	3
<b>Theme score</b>	<b>3</b>
<b>Overall Use of Resources score</b>	<b>3</b>

- 4.2 For the Managing Resources theme, District Councils were only assessed on performance in managing the workforce. Managing natural resources will be assessed for the year 2009/10 and strategic asset management will be assessed for 2010/11.
- 4.3 The attached report includes comparisons against national scores, which shows that 29.4% of Councils scored a level 3 or above for Use of Resources.
- 4.4 The above scores feed into the Council's organisational assessment where a 3 was awarded for the managing performance theme and the Council received an overall level 3.
- 4.5 PKF have produced a detailed list of recommendations that are in the appendix to their report, together with the management response.
- 4.6 These recommendations will be incorporated into the Council's Strategic Improvement Plan, which is due for revision for 2010/11 and will be monitored by the Executive and the Strategic Improvement Board, which is a quarterly meeting of Council officers, Members, Audit Commission, PKF and Government Office-Eastern Region.

## 5 2009/10 ASSESSMENT

- 5.1 The assessment for the current year has already started as the timetable has been brought forward by the Audit Commission, in part to avoid the closure of accounts period. The initial results for 2009/10 will be reported to this Committee in September.

**6 RISK IMPLICATIONS**

- 6.1 The 2008/09 assessment had a completely different approach with the focus on outputs and achievements rather than processes and required a different approach from officers in preparing for the assessment. There is a reputational risk associated with external inspections and the CAA results received considerable publicity when they were published in December. The risk of not preparing adequately will be managed by holding early discussions with PKF to identify their requirements, co-ordinating evidence gathering centrally and briefing senior officers on a regular basis.

**7 RESOURCE IMPLICATIONS**

- 7.1 The 2008/09 assessment resulted in a considerable increase in workload for senior officers throughout the Council as a large amount of baseline information had to be provided to PKF so that they had a complete picture of the Council. For 2009/10, it is envisaged that the assessment will be a lighter touch, particularly in the themes where the Council scored a level 3.

**8 RECOMMENDATION**

- 8.1 It is proposed that the Committee **RESOLVES**
- (1) That the detailed results of the 2008/9 Use of Resources assessment be noted.
  - (2) That it be noted that the recommendations will be incorporated into the Council's Strategic Improvement Plan for monitoring by the Executive.

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**Background Papers:-**

None.

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Accountants &  
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# **Rochford District Council**

## **Use of resources 2008/09**

October 2009

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## Appendices

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- 2 Action plan

### **Code of Audit Practice and Statement of Responsibilities of Auditors and Audited Bodies**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission contains an explanation of the respective responsibilities of auditors and of the audited body. Reports and letters prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body and no responsibility is taken by auditors to any member or officer in their individual capacity or to any third party.



































































