

Meeting: **Audit Committee**

Portfolio Area: Council wide

Date: **26th June 2007**

USE OF RESOURCES ASSESSMENT- CPA

NON-KEY DECISION

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1 PURPOSE

- 1.1 To update Members on the Councils 'Use of Resources' score for 2006, which resulted from the annual judgements carried out as part of the Audit Commission's Comprehensive Performance Assessment (CPA).

2 RECOMMENDATIONS

- 2.1 That Members note the Audit Commission's 'Use of Resources' 2006 score of Level 3, which is defined as "Consistently above minimum requirements – performing well".

3 BACKGROUND

- 3.1 The Use of Resources judgement assesses how well the council manages and uses its financial resources. The assessment focuses on the importance of having sound and strategic financial management, to ensure that resources are available to support the council's priorities and improve services. It covers five themes:
- financial reporting
 - financial management
 - financial standing
 - internal control
 - value for money
- 3.2 The annual Use of Resources assessment has been significantly revised since its introduction, such that it now provides stronger judgements on the five themes listed above. The questions on which the judgements are based have become broader and more strategic in their nature and reflect the impact as well as the adequacy of the Council's financial arrangements.
- 3.3 The value for money judgement draws from a self-assessment by the council. The high standards used for assessment differentiate between varied levels of performance. They also reflect the principle of continuous improvement and help

establish clear minimum requirements that will provide the foundation for reducing regulation in the future.

- 3.4 The overall Use of Resources score is based on combining auditors' scores for each of the themes covered. The score is taken from the following scale:

4 = well above minimum requirements – performing strongly

3 = consistently above minimum requirements – performing well (SBC's 2006 score)

2 = at only minimum requirements – adequate performance

1 = below minimum requirements – inadequate performance

- 3.5 The judgement for each theme consists of a number of key lines of enquiry (KLOE) plus areas of audit focus and evidence. The complete "Use of Resources Auditor Judgements 2006" for Stevenage Borough Council is show at appendix A.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 Having achieved a good 2006 score at Level 3, plans for this years assessment are build around an approach which will consolidate the Council's position in order to secure Level 3 for 2007.

5 IMPLICATIONS

5.1 Financial Implications

The Use of Resources assessment reviews all aspects of financial management across the Council. It contributes to the enhancement of operations in line with best practice and helps strengthen the Council's sound base of robust financial management.

Costs relating to the inspection are included within the annual Audit Commission fee.

5.2 Legal Implications

None identified at this stage.

5.3 Policy Implications

The score from our Use of Resources assessment will have significant impact on any future Comprehensive Performance Assessment rating. Whilst the framework for future CPA has still to be agreed by the Audit Commission, the Use of Resources score this year and in future years will remain vitally important.

APPENDICES

- Appendix A – "Use of Resources Auditor Judgements 2006 Stevenage Borough Council"

BACKGROUND DOCUMENTS

- Audit Commission Use of Resources – Guidance for Councils