

Meeting: AUDIT COMMITTEE

Agenda Item:

Date: 17 March 2008

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USE OF RESOURCES ASSESSMENT

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1 PURPOSE

- 1.1 To update Members on the Council's Use of Resources score for 2007.

2 RECOMMENDATIONS

- 2.1 That Members note the Audit Commission's Use of Resources overall score for Stevenage Borough Council is level 2, which is defined as "Only at minimum requirements - adequate performance".

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 every year since its introduction. It now provides strong judgements on the five themes listed above, based on standards that are raised each year.
- 3.3 Judgements are based on questions that are both broad and strategic in nature. They reflect the adequacy of the Council's financial arrangements and look for evidence that good practice is "embedded" - this means operating consistently with clear outputs and having an impact.

3.4 The value for money judgement draws from a self assessment by the Council. The high standard used for assessment differentiates between varied levels of performance and reflects the principle of continuous improvement. It also helps establish clear minimum requirements for the Council to meet.

3.5 The overall Use of Resources score is based on combining the auditor's scores for each of the themes. For the 2007 assessment, themes 1 and 5 have been given higher weightings than the others. Scores are taken from the following scale:

4 - Well above minimum requirements - performing strongly

3 - Consistently above minimum requirements - performing well

2 - Only at minimum requirements - adequate performance (*SBC's 2007 overall score*)

1 - Below minimum requirements - inadequate performance

3.6 The individual scores for each theme are:

Financial reporting	1
Financial management	3
Financial standing	3
Internal control	3
Value for money	3

3.7 The judgement for each theme is based on a number of key lines of enquiry (KLOE), plus information drawn from areas of audit focus, together with evidence provided by the Council. The complete "Use of Resources Auditor Judgements 2007" for Stevenage Borough Council is shown at appendix A.

4 REASONS FOR RECOMMENDED COURSE OF ACTIONS AND OTHER OPTIONS

4.1 Plans for this year's assessment are built around an approach which will improve the Council's position in order to attract an overall score of level 3.I.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 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.

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

5.2 Legal Implications

5.2.1 None identified at this stage.

5.3 Policy Implications

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

BACKGROUND PAPERS

- Audit Commission Use of Resources - Guidance for Councils.

APPENDICES

- [Appendix A "Use of Resources Auditor Judgements 2007 Stevenage Borough Council"](#).