

RIBBLE VALLEY BOROUGH COUNCIL INFORMATION
REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No

meeting date: 24 MARCH 2010
title: ANNUAL AUDIT 2010 LETTER
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

- 1.1 To consider the Audit Commission's Annual Audit Letter.

2 BACKGROUND

- 2.1 Each year the Audit Commission provides an overall assessment of the Council drawing on the audit, inspection and performance assessment work that has been carried out by their staff and the Council's external auditor.

3 INFORMATION

- 3.1 I attach a copy of the Annual Audit and Inspection letter we have recently received from our District Auditor, Clive Portman.

The letter sets out:

- How the Council is performing
- The audit of accounts and value for money
- Looking ahead

I would draw your attention to the key messages section of the Audit Letter which I believe provides a fair summary of the Council's performance over the last 12 months.

4 CONCLUSION

- 4.1 The Annual Audit Letter will be circulated to all members of the Council and published on the Council's website. It is an important part of the Council's Corporate Governance arrangements.

DIRECTOR OF RESOURCES

AA8-10/JP/AC
16 March 2010

Annual Audit Letter

Ribble Valley Borough Council

Audit 2008/09

December 2009



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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.
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Key messages

This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit opinion

- 1 I issued an unqualified audit opinion on 17 September 2009.
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Financial statements

- 2 The financial statements submitted for audit were free from any material errors. The accounts were supported by good working papers. My findings and recommendations are set out in the Annual Governance Report presented to the Accounts and Audit Committee on 16 September 2009.
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Use of resources

- 3 I have completed my Use of Resources assessment at the Council. This is the first year of the Audit Commission's new methodology for assessment of the Use of resources which seeks to evaluate how well the Council is managing and using its resources to deliver value for money and better sustainable outcomes for local people. The Council achieved an overall score of 2 which means the Council is performing adequately. Further detail is set out in the report below and in Appendix 1.
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Value for money

- 4 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.
 - 5 I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.
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Comprehensive Area Assessment and organisational assessment

- 6 The Audit Commission introduced a new assessment regime during 2009, Comprehensive Area Assessment. This aims to review the performance of local partners in delivering better outcomes for local people. The assessment is designed to focus attention on areas that need attention in order to deliver additional and sustained improvement. Our work in this area is being led by the local Comprehensive Area Assessment Lead (CAAL). The CAAL has shared draft findings with officers and he is due to formally report on 9 December 2009. Alongside the CAA report we will issue our organisational assessment which combines our judgements on your use of resources and managing performance. Any issues arising will be discussed with you and planned into future years audit and assessment activity.

International Financial Reporting Standards

- 7 As part of my 2008/09 audit I have completed an Audit Commission survey on the Authority's progress in preparing for the implementation of IFRS. The survey indicated that the Authority is preparing well for the implementation of International Reporting Standards.

Table 1 Audit fees

	Actual	Proposed	Variance
Financial statements and annual governance statement	76,996	76,996	0
Use of resources	25,000	25,000	0
Total audit fees	91,996	91,996	0
Inspection	6,031	6,031	0
Grants	tbc	28,048	tbc

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- 8 I set out in my audit plan for 2008/09 my proposed fee of £98,027 for audit and inspection work. I am able to confirm that the audit has been completed in accordance with the plan.

Independence

- 9 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Economic outlook

- 10 The economic downturn and banking crisis is having a significant impact on public finances and the bodies that manage them. The impact on treasury management strategies has been immediate, but there are wider and more fundamental impacts on the ability of public sector bodies to fund service delivery and capital programmes, including pressures on income streams. There are further challenges for policy priorities where patterns of demand for services are changing.
- 11 This impacts on the audit and as part of my responsibility, I have reflected on the wider environment, specific issues and risks and the Authority's response. The Authority has sound financial planning arrangements in place and needs to continue to proactively manage its finances and other resources to address emerging financial risks.
- 12 I have also reviewed the Authority's treasury management arrangements. I am satisfied that the Authority has adequate treasury management arrangements in place.

Financial statements and annual governance statement

The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.

Significant issues arising from the audit

- 13** I issued an unqualified audit opinion on the financial statements on 17 September 2009. The Annual Governance Report was presented to the Accounts & Audit Committee on 16 September 2009. The Annual Governance Report set out any errors identified within the accounts above the trivial threshold of £2,140.
- 14** The two issues of most significance identified during the audit related to the accounting treatment of the Council's liability in relation to equal pay back pay and the Council not applying accruals accounting where charges from one year to the next are not material. These are set out below in more detail.
- The Council has received a number of claims in respect of equal pay back pay. We understand negotiation in relation to these claims is ongoing. The SoRP requires a provision to be made in relation to these amounts and we are of the view that this would be the correct accounting treatment. The Council has disclosed the amount as a contingent liability of £50,000 rather than a provision. There is an earmarked reserve in place in relation to the liability. Officers chose not to amend the accounts as the amount involved was not material.
 - The Council does not apply accruals accounting where charges from one year to the next are not material. The SoRP requires financial statements to be prepared on an accruals basis. Departures are only expected from the accruals concept where a transaction is not yet capable of reliable measurement. We were satisfied the amounts involved were not material. Officers chose not to amend the accounts as the amount was not material. However, accruals accounting should be applied from 2009/10.
- 15** The Annual Governance Report included a small number of recommendations in relation to the issues identified in the report and these have been agreed with officers.

Areas for improvement in internal control

- 16** External auditors are required by International Standards of Auditing (ISA+ 610) to consider and understand the activities of Internal Audit, to assist in planning the audit and developing an effective audit approach. During the year we made an assessment of the effectiveness of Internal Audit by checking its compliance with professional requirements.

Financial statements and annual governance statement

- 17 The review concluded that there was scope to improve in a number of areas in order to fully comply with the requirements of the CIPFA Code of Practice for Internal Audit. A separate report on the work carried out and conclusions reached was presented to the Accounts and Audit Committee on 16 September 2009.

Accounting practice and financial reporting

- 18 I considered the qualitative aspects of your financial reporting. There are no issues to bring to your attention.

Value for money and use of resources

I considered how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and gave a scored use of resources judgement.

I also assessed 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

- 19 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.
- 20 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.
- 21 The Council's use of resources theme scores are shown in Table 2 below. Detailed findings and conclusions for the three themes, and the underlying KLOE, are set out in Appendix 1. (This is the same appendix as that in our separate Use of Resources report presented to the Accounts and Audit Committee on 25 November 2009). The key messages are set out below.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	2
Governing the business	2
Managing resources	2

- 22 The basis of the assessment has changed in 2009 and defines use of resources in a broader way than previously, embracing the use of natural, physical and human resources. It also places new emphasis on commissioning services for local people and achieving value for money.

Value for money and use of resources

- 23 The Council received an overall score of 2 for its use of resources which means the Council meets minimum requirements and is performing adequately. I have made a small number of recommendations which are set out in my separate Use of Resources report.

Managing finances

- 24 The Council is able to demonstrate strong links between service planning and financial planning. The Council has a good understanding of its overall costs and the costs of individual services. It uses these, along with performance information to support planning and decision making. The Council sets a comprehensive and balanced budget including the achievement of realistic savings. The Council is able to manage spending on emerging issues so there is no impact on service delivery.
- 25 The Council needs to extend its current approach to make better use of information from partners and other stakeholders to assist in its decision making and commissioning. There is evidence of engaging with the local community, but it is not clear that this is comprehensive.

Governing the business

- 26 The Council has good procurement procedures which support the priorities in the Sustainable Community Strategy. The Council considers alternative delivery options and implements these where appropriate, leading to value for money savings and improved quality. The Council has adequate arrangements in place to ensure relevant and reliable data quality but needs to demonstrate more effective arrangements and outcomes with regard to partnership data and information.
- 27 The Council needs to demonstrate a greater awareness and understanding of the full range of community needs and ensure it is able to demonstrate how it is addressing the needs of the community and delivering effective outcomes and impact. There is scope to improve the procedures for collection of data relating to local Performance Indicators and to demonstrate they are embedded and effective.
- 28 Expected governance arrangements are in place and there are formally documented governance arrangements with the Council's significant partnerships. The Council has a comprehensive risk register and risks are managed at an appropriate level by named owners. Members and senior officers receive appropriate training on risk management and members provide a good level of scrutiny.

Managing resources

- 29 There are arrangements in place to identify the development needs of staff and to provide training and development to address these. Sickness levels are the lowest in Lancashire, five days per year per staff member, and staff turnover is low. The Council's staff satisfaction scores are good and the Council is proactive in engaging with its staff.

- 30** The Council needs to evidence a more comprehensive workforce plan over a three to five-year period, which actively supports future service changes and improvements and identifies specific knowledge and skill requirements. The Council's outward facing diversity approach can be limited with staff not always being aware of the true picture of need and diversity across the community. This is however improving with Equality Impact Assessments beginning to be used to informing service planning.

Looking ahead

- 31** For 2009/10, the key lines of enquiry specified for the use of resources assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. An additional KLOE, 3.1 - natural resources will apply to District Councils for 2009/10 and we will work with officers to review the Council's arrangements for managing natural resources and monitor progress throughout the year.

VFM Conclusion

- 32** I assessed 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 1.
- 33** I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Closing remarks

- 34 I have discussed and agreed this letter with the Chief Executive and the Director of Resources. I will present this letter at the Accounts and Audit Committee in March 2010 and will provide copies to all committee members.
- 35 Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Council during the year.

Table 3

Report	Date issued
Annual Governance Report	September 2009
Report on the Review of Internal Audit	September 2009
Use of Resources Report	November 2009

- 36 The Council has taken a positive and constructive approach to our audit. I wish to thank the Council staff for their support and co-operation during the audit.

Clive Portman
District Auditor
December 2009

Appendix 1 – Use of resources key findings and conclusions

The following tables summarise the key findings and conclusions for each of the three use of resources themes.

Managing finances

Theme score 2
Key findings and conclusions
<p>The Council are able to demonstrate strong links between service planning, the Medium Term Financial Strategy (MTFS) and the Corporate Performance and Improvement Plan. The MTFS clearly highlights the Council’s mission and ambitions over the long term and the financial resources needed to deliver this. This approach contributes to achieving objectives, for example, delivering the three stream waste collection resulting in improved recycling</p> <p>There is evidence of engaging with the local community, but it is not clear that this is comprehensive. There is potential for improvement in terms of accessibility of the website and key documents. The website needs to make clear the different formats documents are available in and advertise the availability of these formats in an accessible way.</p> <p>The Council has a good understanding of its overall costs and the costs of individual services. It uses these, along with performance information to support planning and decision making. The Council understands how local factors impinge on costs, and decisions take account of quantitative and qualitative factors. The Council regularly reviews costs as part of its benchmarking and VFM approach. The Council uses partnership working to help reduce costs. It consistently meets and exceeds efficiency targets.</p> <p>The Council needs to extend its current approach to make better use of information from partners and other stakeholders to assist in its decision making and commissioning. The Council should ensure such decisions are based on a full understanding of the needs of the community.</p>

Appendix 1 – Use of resources key findings and conclusions

Theme score 2	
Key findings and conclusions	
<p>The Council sets a comprehensive and balanced budget including the achievement of realistic savings. Budget monitoring and forecasting information is reliable, relevant and understandable. Budget monitoring information is produced on a timely basis and addresses variances with prompt action. The Council is able to manage spending on emerging issues so there is no impact on service delivery. The Council produces services plans which link to service priorities and the budget, these also show the performance indicators relevant for each section.</p>	
KLOE 1.1 (financial planning) Score VFM criterion met	3 Yes
Key findings and conclusions	
<p>The Medium Term Financial Strategy (MTFS) is produced based on the details provided within the Corporate Performance and Improvement Plan (CPIP). This takes into account risks areas and the controls in place to mitigate each risk. The CPIP underpins the service plans for each service area and there are clear links back to the MTFS. The service plan for each area sets out resources currently in place and what is required to ensure objectives are achieved. Action plans are put into place for each service area which explicitly link to the ambitions and priorities of the Council and ensure resources are focused on achieving these priorities and service delivery objectives. These are realistic plans produced by managers and focus on service reality. This system clearly contributes to the achievement of service priorities. An example of this is the three stream waste collection, leading to improved recycling results and good customer satisfaction levels. When required the Council is able to prioritise and redirect resources in order to ensure objectives are achieved without any detriment to services.</p> <p>The Council sets and approves a comprehensive balanced and realistic budget which includes the achievement of realistic savings. The budget working group acts to ensure there are resources available to meet requirements. Members and CMT work well together and all accept responsibility of financial matters. Financial reports are detailed and explain issues clearly to members so they can understand them.</p> <p>There is evidence of engagement with the local community and specific examples of feedback from stakeholders being acted upon but it is not clear that this is comprehensive. Excellent results in the Government’s Place Survey - not just for the Lancashire area, but for North West and nationally.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.2 (understanding costs and achieving efficiencies)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>The Council has a good understanding of its overall costs and the specific costs of individual services and has benchmarked these costs. It uses these, along with performance information to support planning and decision making. The Council is able to link the anticipated benefits of proposals and the desired improvement of performance to the investments being planned.</p> <p>The Council understands how local factors impinge on costs and is able to explain why some expenditure is higher than planned. The Council understands the issues of rurality and how they affect its communities. It benchmarks against SPARSE to compare with others that have similar problems. Decisions take account of quantitative and qualitative factors for example the three stream waste proposals and the reaction of customers to fortnightly collections.</p> <p>The Council regularly reviews costs as part of its benchmarking and VFM approach. Costs are commensurate with the level of service provided given the rurality and sparse population of the area. The Council uses partnership working to help reduce costs. It consistently meets and exceeds its efficiency targets.</p> <p>The Council needs to extend its current approach to make better use of information from partners and other stakeholders to assist in its decision making and commissioning. The Council should be able to demonstrate that such decisions are based on a full understanding of the needs of the community.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.3 (financial reporting) Score VFM criterion met</p>	<p>2 Yes</p>
<p>Key findings and conclusions</p>	
<p>Budget monitoring and forecasting information is reliable, relevant and understandable. It is produced on a timely basis throughout the year and addresses variances with prompt action. The Council is able to manage spending on emerging issues through the year so there is no impact on service delivery. Internal forecasting information is consistent with the financial information reported at year end.</p> <p>The Council produces services plans which link to service priorities and the budget, these also show the relevant performance indicators for each section. The Council produces performance data in terms of performance indicators and all information is included on the Covalent system and reports are produced for the CMT and committee. Reports to committee contain financial and non financial information where necessary and provide a detailed commentary to explain the underlying position.</p> <p>The Financial Statements working papers are of an adequate standard and no material errors were identified during the audit of the accounts. Some non-trivial errors were identified. Closedown arrangements are sound.</p> <p>The Council publishes performance information on its website - BVPIs quarterly, complaints related PIs and statistics, performance tables, the Corporate Performance & Improvement plan and so on. These reports are understandable and give a picture of performance through the year.</p> <p>The Council needs to clearly demonstrate how performance data and financial reporting is used to shape outcomes for the community. There is potential for improvement in terms of accessibility. It is not clear what other formats information is available in, for example large print, electronic or audio, languages other than English. Where documents are available in alternative formats, for example audio, the advertisement of this on the website is not clear. There is scope to improve the Council's external reporting by including environmental and social information, with an analysis of the council's environmental footprint.</p>	

Governing the business

Theme score 2	
Key findings and conclusions	
<p>The Council has good procurement procedures which support the priorities in the Sustainable Community Strategy. Partners and the community have some involvement in discussions and planning for commissioning revised/improved services although there is scope to extend this. The Council considers alternative delivery options and implements these where appropriate, leading to value for money savings and improved quality. The Council needs to demonstrate a greater awareness and understanding of the full range of community needs in relation to its procurement and commissioning plans and activities. The Council should ensure it is able to demonstrate how it is addressing the needs of the community and delivering effective outcomes and impact.</p> <p>The Council has adequate arrangements in place to ensure relevant and reliable data quality. The Council has procedures in place with partners who provide data to the Council but needs to demonstrate more effective arrangements and outcomes with regard to partnership data and information. Financial and performance information is integrated and underpins planning and strategic decisions. The Council consults with the users of the information. There is scope to improve the procedures for collection of data relating to local Performance Indicators and to demonstrate they are embedded and effective.</p> <p>The roles and responsibilities of Councillors, the Chief Executive and senior officers are clear. There is a constructive working relationship between members, CMT and staff. The MTFs and CPIP both highlight the Council's vision, mission and ambitions and these are used to drive the business. There are constructive working relationships between the Council and its partners.</p> <p>Expected governance arrangements are in place. The work and role of the Standards Committee has been highlighted via Ribble Valley News which is sent to all the households. The complaints procedure is detailed on the Council's website. There are formally documented governance arrangements with the Council's significant partnerships.</p> <p>There is a risk management system in place and a comprehensive risk register. Risks are managed at an appropriate level by named owners. There is good scrutiny by members and senior officers and appropriate training is provided. The anti fraud and corruption policy has been communicated to staff. The housing benefits team are proactive in identifying and investigating fraud. There is an audit committee which provides challenge to officers and standing orders, codes of conduct and the scheme of delegation are reviewed and updated regularly.</p>	

Appendix 1 – Use of resources key findings and conclusions

Theme score 2	
Key findings and conclusions	
The Internal Audit section appears adequate for the Council's needs and the Council is in the process of ensuring Internal Audit fully complies with all CIPFA standards. Counter fraud arrangements should be assessed against best practice and take into consideration guidance around money laundering/counter terrorism.	
KLOE 2.1 (commissioning and procurement)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>The Council has good procurement and commissioning procedures which are based on and broadly support the priorities in the Sustainable Community Strategy. However the Council's understanding of the whole picture of the community needs and the equality and diversity issues that this raises is somewhat limited, which may limit the effectiveness of some of its activities.</p> <p>At times of specific service change the Council does consult well with service users. Partners and the local community have involvement in the discussions and planning for commissioning revised or improved services, for example in revising its waste management services or the transfer of housing to an RSL. The Council has used IT based and other new technologies to improve services and deliver environmentally friendly solutions.</p> <p>Along with other East Lancashire councils it has been progressive in use of e-procurement options. The Council seeks to influence the supply market by supporting voluntary and third sector groups, and makes its procurement information available to potential suppliers. It uses an option appraisal approach to considering alternative delivery or supply methods. The Council carries out service reviews, considers alternative delivery options and, as required, implements them leading to some VFM savings or improved service quality.</p> <p>The Council's approach to procurement is based on sound procedures and means it has an adequate approach to procuring and delivering services, and is able to demonstrate the impact of its activities as measured by quality of service eg the Ribblesdale Pool, or containing costs at times of commissioning new contracts eg sweeper hire. It has recently effectively managed the transfer of its housing stock to a RSL.</p> <p>The Council needs to demonstrate a greater awareness and understanding of the full range of community needs in relation to its procurement and commissioning plans and activities. The Council should ensure it is able to demonstrate how it is addressing the needs of the community and delivering effective outcomes.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 2.2 (data quality and use of information)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>The Council has arrangements in place to ensure relevant and reliable data quality and also has agreed procedures in place with partners who provide data to the Council. The last external audit report on data quality suggested these arrangements with partners should be strengthened.</p> <p>The Council provides information to its decision makers in a variety of formats and integrates financial and performance information within its reporting procedures. It consults with the users of the information in order to ensure the presentation and style is suitable for their needs. The information provided is used for planning and strategic decisions and also for monitoring of performance, this helps the Council deal with specific issues of underperformance, where a ‘performance clinic’ approach is used.</p> <p>While the Council has adequate arrangements in place for data collection and reporting of national performance indicators it cannot always demonstrate the same rigour for its local indicators. The Council should examine its procedures for collecting such data and ensure they are robust and capture all valid data. It should ensure that staff are effectively trained in the use of these procedures.</p> <p>The Council has sound arrangements in place for data security and risks associated with information management. It regularly reviews its procedures and operational systems to ensure compliance with good practice. It uses the Government Secure Internet system and is compliant with the security requirements necessary to join that network.</p> <p>The Council needs to demonstrate more effective arrangements and outcomes with regard to partnership data and information, and also show that procedures for collection of data relating to local PIs are embedded and effective.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 2.3 (good governance)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>The Council publishes the Constitution which describes the roles of the Mayor, other councillors, scrutiny function and Chief Executive and senior officers. Members are clear on their role within the Council and wider community and offer a good level of scrutiny to the Council. The Constitution also details the scheme of delegation and reserve powers. It provides details of the matters which are reserved for approval by the full Council.</p> <p>There is a constructive working relationship between members, CMT and staff with regular meetings between senior officers and members in order to discuss priorities and ensure services are being delivered to a high standard to the community. Members receive induction training and a member development framework is in place including individual personal development plans for members.</p> <p>The MTFs and CPIP both highlight the Councils vision, mission and ambitions for the borough and these are used to drive the business. This vision is also shared with the Local Strategic Partnership. There are constructive working relationships between the Council and its partners and there is good evidence that this is beginning to have real outcomes for the local community.</p> <p>Service delivery is integrated with the Council’s priorities for the community and there is evidence of good satisfaction levels with council services within the community. The Council’s ambitions and priorities link through the objectives of the Sustainable Community Strategy to the themes of the Local Area Agreement enabling a joined up delivery of priorities and outcomes for the local area. The Council is actively involved in the Community Safety Partnership and crime levels are low for the area.</p> <p>A code of conduct has been adopted for members and staff. All council members are required to sign up to the code and have received training on this. A whistle blowing policy is in place to investigate allegations of breaches and is published to staff via the staff handbook and intranet site. Contract documentation requires contractors to abide by all council policies and specifically mentions the whistle blowing policy.</p> <p>There is a Standards Committee in place - the work and role of this has been highlighted to the community via Ribble Valley News which is sent to all the households within the borough, and via notices on parish and town council notice boards. There are strong arrangements in place to ensure compliance with laws and regulations. The complaints procedure and required form are detailed on the Councils website. Any complaints are reported to the Corporate Management Team and are monitored as they progress and assessed for lessons to be learned.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 2.3 (good governance) Score VFM criterion met</p>	<p>3 Yes</p>
<p>Key findings and conclusions</p>	
<p>Significant partnerships have formally documented governance arrangements although these vary depending on the partnership. Arrangements are set out in either a partnership constitution, terms of reference or protocol. Each partnership has been reviewed to ensure members are clear about their roles and responsibilities and to ensure it is made clear to all partners the extent of their authority to bind their organisation to partner decisions.</p>	
<p>KLOE 2.4 (risk management and internal control) Score VFM criterion met</p>	<p>2 Yes</p>
<p>Key findings and conclusions</p>	
<p>There is a risk management system in place and a comprehensive risk register. Risks are assessed for likelihood and impact and are linked to service actions, and to the Council's ambitions and priorities. Service managers maintain and update the risks every one, three or six months depending on whether the risk is classed as red/amber/green.</p> <p>Corporate business risks are reported to members and senior officers on an appropriate basis. The Risk Management Working Group meets on a quarterly basis to review areas of risk management. There is member involvement via a 'member champion' from the overview and scrutiny committee attending the working group and the Chief Executive also attends.</p> <p>There is risk management training provided at an appropriate level to all members of staff involved in risk management, including service managers and those who are promoted to relevant roles. There is an overview of risk management provide to new starters. Members have received training on the GRACE system, and risk management training forms part of the member induction. Service managers are required to identify risks with regards to partnerships allocated to them as appropriate to their area. These risks are added to the GRACE risk management system. Service managers are responsible for managing and updating these risks.</p> <p>There is an Anti-Fraud and Corruption Policy in place and approved by the Policy and Finance Committee. The policy has been reviewed by the Accounts and Audit Committee. It is communicated to all staff at induction and is available on the intranet.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 2.4 (risk management and internal control)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>Internal Audit assess the risk of fraud when planning their work and have appropriate reporting arrangements in place. The housing benefit team are proactive in identifying and investigating instances of fraud. The benefits section undertakes regular data matching exercises and has taken advantage of DWP's capacity to undertake surveillance on a number of occasions. Ribble Valley has recovered 46 per cent of housing benefit overpayment in comparison with the national average of 12 per cent. Ribble Valley's stance on benefit fraud is published on their internet site, and also included as part of contracts. The website contains an online form where residents are able to submit details of suspected frauds.</p> <p>All new employees have been required to provide a copy of their passport or other proof of identification. Employee's data forms part of the NFI data return.</p> <p>The Council has an Accounts and Audit Committee who deal with internal and external audit, as well as corporate governance such as standing orders, codes of conduct and the scheme of delegation all of which are in place and regularly updated. The Annual Governance Statement for 2007/08 included three issues which have been identified as improvement opportunities. Progress on these three issues was reported to the Accounts and Audit Committee after six months.</p> <p>The Council needs to ensure Internal Audit fully comply with all CIPFA standards. Counter fraud arrangements should be assessed against best practice and take into consideration guidance around money laundering/counter terrorism.</p>	

Managing resources

Theme score 2	
Key findings and conclusions	
<p>There are arrangements in place to identify the development needs of staff and to provide training and development to address these. Sickness levels are the lowest in Lancashire, five days per year per staff member, and staff turnover is low. The Council's staff satisfaction scores are good.</p> <p>An annual workforce profile is produced which feeds into the Organisational Development Plan. This identifies staff turnover, retirements and future needs but there is scope for improvement in terms of identifying specific knowledge and skill requirements. There is evidence of good engagement with staff via a variety of forums depending on the issues.</p> <p>The Council has a strong support system for staff including flexible working and health schemes. However, in terms of the outward facing diversity approach this is more limited with staff not always being aware of the true picture of need and diversity across the community. This is however improving with Equality Impact Assessments used to informing service planning.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 3.3 (workforce planning)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>Ribble Valley is a small district council with limited staffing resources, at times it can suffer from capacity problems, especially if key posts remain vacant for any length of time. Historically it has used a traditional approach to service delivery with relatively small sized departments delivering from within the Council's own infrastructure, but is now utilising alternative delivery options and has recently outsourced its housing stock to a RSL.</p> <p>The Council has arrangements in place to identify staff's development needs it then provides the required training and reports on the activity. However, there is little evidence of monitoring or evaluating the effectiveness of training and development activity. Staff sickness levels, at less than five days per year per staff member, are the lowest in Lancashire and the fourth lowest in England and the Council has good staff satisfaction scores in its staff survey. Staff turnover is below 2 per cent which is significantly below the level in many other councils and less than the RV target of 3.5 per cent.</p> <p>The Council does not have an overall organisational wide workforce plan, instead it uses a bottom up approach, at service level, through its business planning processes to identify future workforce issues and skills and training needs. It does produce a workforce profile each year and uses this alongside the service plans to produce an annual Organisational Development Plan. This examines issues such as staff turnover and planned losses due to retirements in the medium term, and identifies in broad terms the future needs for staff in the Council. However this does not clearly identify specific knowledge and skill requirements for each staff group. Agency staff costs have been reduced over the past year through the use of a partnership working arrangement with other local councils.</p> <p>The Council has appropriate arrangements in place for ongoing communication with staff, and uses specific actions at time of service change e.g. the housing service going to a RSL, waste management changes or the Longridge sports centre changes. It uses regular staff surveys and develops action plans to address issues raised. Staff receive feedback on the survey results and the actions planned but there is little evidence of the Council monitoring the progress of these actions for impact or outcome.</p> <p>The Council has a strong system of support for the well being of staff, eg walking club, discounted swimming and healthy eating/smoking cessation events. It also has a variety of flexible working options which it utilises to support staff as and when the requirement is there. Their outward facing diversity approach is limited, with staff not always being aware of the true picture of need and diversity across the community however actions have now started to be taken to deal with this, for example recent use of EIAs to inform service planning.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 3.3 (workforce planning)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
The Council would need to be able to evidence a comprehensive workforce plan which is actively supporting future service changes and improvements, and identifies specific knowledge and skills requirements. The Council should be able to demonstrate improved and effective skills and competences with regard to staff's working practices in diversity and equality related areas. The Council needs to monitor and evaluate the effectiveness of training and development of staff.	

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