

Annual Audit Letter

South Northamptonshire 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.

Financial statements

- 1 I have given an unqualified opinion on the financial statements. The draft financial statements were changed to correct a few errors, and officers have agreed to address the issues identified by our audit. This should improve the quality of next year's financial statements.

Value for money

- 2 I have also given an unqualified value for money conclusion as you have adequate processes in place to manage and use your resources to deliver value for money. The next step is for you to demonstrate how much these processes are actually improving services to local people without increasing costs.

Financial position

- 3 The Council has responded positively to the economic downturn. The impacts of the recession will continue to present a challenge to the Council in the coming financial years.

Organisational assessment

- 4 Our assessment is that you perform adequately overall. The Council is making reasonable progress in delivering its most important services. It works well with partner organisations such as other councils and the police, to make sure that improvements are likely to continue. The Council is starting to work more closely with residents to understand what they want and need and to let them take a bigger part in making decisions. Capacity has been significantly increased by changing the staff structure. This has led to the Council being able to work in new ways to improve services and will mean that further improvements can be made.

Fees

- 5 We have delivered the audit within the fee agreed at the start of the year as summarised below.

Table 1 **Audit fees**

	Actual £	Proposed £	Variance
Financial statements and annual governance statement	54,149	54,149	Nil
Value for money	40,569	40,569	Nil
Total	94,718	94,718	Nil

Independence

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

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

- 7 I issued an audit report including an unqualified opinion on the financial statements on 29 September 2009. The financial statements presented for audit contained three material errors and four non-trivial errors. Management agreed to amend the financial statements for all errors with the exception of an unidentified error in the cash-flow statement.
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Material weaknesses in internal control

- 8 I did not identify any significant weaknesses in your internal control arrangements.
- 9 I have not provided a comprehensive statement of all weaknesses which may exist in internal control, or all the improvements which may be made. I report only those matters which have come to my attention because of the audit procedures that we have performed.
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Accounting Practice and financial reporting

- 10 I considered the qualitative aspects of your financial reporting. I reported three issues to the Audit Committee in my Annual Governance Report. Officers have agreed to implement the following for 2009/10:
- formal written instructions to the external valuer, including the provision of separate valuations for land and buildings and an assessment of the remaining useful life of assets;
 - review of accounting policies for depreciation of ICT equipment; and
 - review of building control fees to ensure the statutory requirement to break-even over a three year period is achieved in future.
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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

- 11 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.
- 12 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.
- 13 The Council's use of resources theme scores are shown in Table 2 below.

Table 2 Use of resources theme scores

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

- 14 The Council's arrangements across all areas are sound. They meet minimum acceptable levels of performance and are consistent with established professional practice and guidance, meet statutory requirements and generally operate effectively. Across the theme areas there are some stronger performing aspects covering the Council's governance arrangements, risk management and internal control. Detailed findings and areas for improvement are in Appendix 1.

VFM conclusion

- 15 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.
- 16 I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Financial position

- 17 The last year has seen the country enter a significant economic downturn. The consequence nationally, is an increasing demand for public services and the likelihood of reduced levels of central government funding. Together, these provide a significant challenge for local councils as they seek to continue to provide services to local residents, whilst maintaining a sound financial position.
- 18 The Council has responded to this challenge positively so far. Members' away days have focused on priorities including strategies to deal with finance and the economic downturn. Zero based budgeting has helped to ensure alignment of the budget with the Council's priorities and ambitions and managers have amended budgets following identification of reductions in income. Additional investment has been made in debt counselling and benefits take-up services. The impact of the recession has also been considered when reviewing fees and charges.
- 19 The impacts of the recession will continue to present a challenge to the Council in the coming financial year. I will continue to monitor the Council's response and actions in this key area.

Treasury management

- 20 Following the difficulties faced by some authorities last year the Audit Commission asked auditors to review the overall arrangements in place at council's for treasury management. We found that the Council's arrangements were adequate.
- 21 We took our findings into account in the Council's Use of Resources assessment.

Organisational assessment

The Comprehensive Area Assessment Lead has used my use of resources assessment along with an assessment of how well the Council manages its performance to come to an overall assessment for the Council. This is known as the organisational assessment.

- 22 Comprehensive Area Assessment, or CAA, is a new way of assessing local public services in England. It examines how well councils are working together with other public bodies to meet the needs of the people they serve. It is a joint assessment made by a group of six independent watchdogs and will provide an annual snapshot of quality of life in the area. There is also an organisational assessment for each council within the CAA.
- 23 The organisational assessment brings together the use of resources judgement with the Council's managing performance assessment. Our assessment is that you perform adequately overall. The Council is making reasonable progress in delivering its most important services. It works well with partner organisations such as other councils and the police, to make sure that improvements are likely to continue. The Council is starting to work more closely with residents to understand what they want and need and to let them take a bigger part in making decisions. Capacity has been significantly increased by changing the staff structure. This has led to the Council being able to work in new ways to improve services and will mean that further improvements can be made.

Table 3 **Organisational assessment**

Managing performance	2 out of 4
Use of resources	2 out of 4

- 24 South Northamptonshire Council scores 2 out of 4 for managing performance. Nearly everybody living in South Northamptonshire thinks the area is a good place to live. Air and water pollution are being reduced, recycling rates are high and less rubbish is sent to landfill. There are other plans to protect the environment. Major projects to make sure that towns grow and towns and villages remain attractive places to live are developing well. Positive steps are being taken to lessen the impact of the recession.
- 25 The Council has promised to provide more homes that people can afford to live in. But not enough houses are being built in the area to meet needs or prevent people becoming homeless.

Organisational assessment

- 26 Work with young people and with other organisations has cut the number of injuries and deaths on the road but more needs to be done to make the roads safer. There are fewer reports of anti-social behaviour but some other crimes are increasing.
- 27 There are good leisure activities for young people. Much is also being done to make adults healthier. Older and disabled people are helped to get around by the issue of reduced cost travel passes.
- 28 The housing benefits service is good and claims are dealt with quickly. Planning applications are decided much more quickly than a year ago. The Council knows what it wants to achieve but wants to better understand what matters most to local people.
- 29 The Council works well with partner organisations such as other councils and the police, to make sure that improvements are likely to continue. Capacity has been significantly increased by changing the staff structure. This has led to the Council being able to work in new ways to improve services and will mean that further improvements can be made.

Closing remarks

- 30 I have discussed and agreed this letter with the Chief Executive and the Head of Finance. I will present this letter at the Audit Committee on 13 January 2010 and will provide copies to all Council members.
- 31 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 4

Report	Date issued
Audit & Inspection Plan	April 2008
Data Quality Report	December 2008
Opinion Audit Plan	June 2009
Review of Internal Audit	June 2009
Annual Governance Report	September 2009
Opinion on the financial statements and value for money conclusion.	September 2009
Final Accounts Report (Draft)	October 2009
Organisational Assessment	December 2009

- 32 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.

Neil Bellamy
District Auditor
November 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>Financial management is adequate</p> <ul style="list-style-type: none">• Financial, corporate planning and risk management are timely and linked with improvement plans. Corporate priorities reflect the most important improvement areas. Key improvement plans are resulting in small improvements in performance, eg in speed of processing planning applications.• Financial stability was maintained by a good response to the economic downturn. A zero based budget reduced risks and shifted resources from low to high priorities.• Consultation with stakeholders on financial planning is minimal.• There is a good track record of managing spending within available resources and the Council is financially sound over the medium term. There is appropriate individual and collective responsibility for financial management, a good understanding of procedures and level of challenge of financial assumptions.• There is a good understanding of the costs of some services and where available it is used by managers. Costing information is of a reasonable quality to support decision making.• The use of benchmarking information is limited.• Efficiency targets over the last three years were exceeded with notable success in reducing the cost of waste management services.• Budget monitoring is generally sound. Internal audit review of budgetary control and reporting provided satisfactory assurance that systems produce accurate and reliable data.• Integrated reporting of financial and performance information supports effective Member decision making.• The accounts audit commenced on 10 August. The council's financial statements comply with all the statutory and regulatory requirements and meet the relevant accounting and reporting standards, subject to amendment of three material errors.

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions	
<ul style="list-style-type: none"> Accounts closedown is generally efficient although last-minute amendments were required prior to approval by members and a significant proportion of audit working papers are prepared after approval. Preparations for IFRS are adequate.	
KLOE 1.1 (financial planning)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>Links between financial, corporate planning and risk management are timely and linked with improvement plans. Corporate priorities reflect the most important areas for improvement. Production of improvement plans for key areas and supporting strategies such as those for Homelessness and Customer Access/Service Strategy strengthened the strategic approach to service delivery and underperformance. However, there is little evidence that investment in priority areas has clearly led to improved outcomes. Top priorities and activities are distinguished, and links between corporate priorities, business plans and personal objectives clear. Members' away days focused on priorities including strategies to deal with finance and the economic downturn. Managers also clearly contribute to the planning process, for example, by identifying the reduction in income due to the economic downturn and the need to amend budgets. Financial and Corporate planning processes are linked to risk management by: risk assessment of budget growth items; corporate plans feeding into business plans containing divisional risk registers; and a corporate risk and opportunities register. Zero based budgets reduce financial risks and enabled the council to shift resources from low to high priority areas. For example, budget lines for contingencies were removed and all costs such as consultant costs, subscriptions and expenses reviewed and removed or reduced where possible. The capital programme is linked to priorities and the service improvements required for each project are set out. The Annual Governance Statement and Audit Committee ensure risk management is integrated with key decisions and plans.</p> <p>Consultation with the local community and other stakeholders on financial planning is minimal. The council consults only with local businesses but a broader consultation framework is developing. Equality impact assessments were undertaken in the key areas of concessionary travel and the new arrangements for 'Ways to Pay' and the results fed into the medium term financial strategy. The finance sub-group of the CDRP exchanged information with the council. Place survey results informed priority setting for 2009/10.</p> <p>There is a successful track record of managing spending within available resources and the council is financially sound over the medium term. It has operated within its budget for several years and remained debt free whilst improving value for money. Spending is targeted towards service improvement priorities whilst maintaining good or adequate quality of services. The impact of the financial downturn on securing continuous improvement was limited by planned adjustments to budgets and activities. Sound treasury management ensured that there were no investments in foreign banks and two long term investments are providing a rate of return well above the current interest rate. The loss of income from reduced interest on other investments and reduced fees/income from services were managed by adjustments to the medium term financial strategy, budget re-mapping, and a zero-based budgeting exercise.</p>	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions	
<p>There is appropriate individual and collective responsibility for financial management, a good understanding of financial procedures and a good level of challenge of financial assumptions. The 2009/10 budget setting process and zero based budget review resulted from close working between officers and members. This required a good understanding of the financial environment and effective scrutiny and challenge. Financial training requirements are identified in the performance management system and budget holders can request specific financial training. Accountancy meets regularly with non-finance budget holders to support their budget responsibilities. The audit committee considers internal audit reports where there is a limited assurance or where high priority recommendations are made to ensure significant issues are reported to cabinet and relevant committees. The audit committee closely monitors progress of audit recommendations.</p> <p><i>Areas for improvement</i></p> <ul style="list-style-type: none"> • Demonstrate performance improvements linked to financial investments in priority areas. • Engage stakeholders, including the public, in proposed spending decisions. 	
KLOE 1.2 (understanding costs and achieving efficiencies)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>The council has a good understanding of the costs of some of its services and the impact on performance and has achieved some efficiencies. Cost analysis data is available for legal, environmental and planning services which are regularly used by some managers. For example, the legal team charge their time by the hour and keep records of time spent on each piece of work. The planning department have an access database (Armadillo) on which records on the costs and numbers of types of planning applications are kept. Managers use this to analyse trends and make forecasts of future income. A thorough review of land charges was undertaken to obtain a better understanding of the cost drivers and to create a fair charge to the public. The review resulted in a decrease to the land charges. A similar project is planned in a fees and charges project to address the lack of comprehensive information on cost drivers.</p> <p>Costing information is of a reasonable quality to support the decision making process. The MTFs requires whole-life costing information to be used to support decisions for large projects, for example in the decision to switch to using leased vehicles to provide the refuse collection service; this resulted in a significant reduction in costs while maintaining the same level of service. Officers have an understanding of the potential impact of cost variances on services but need a better understanding of its impact on service quality. The council makes use of scenario planning to support decision making, for example evaluating the cash flow options for funding the Moat Lane redevelopment.</p> <p>The implementation of 'New Ways to Pay', the cashless payment system, is an example of how the council has successfully introduced planned efficiencies. The introduction has led to back office efficiency savings and has improved the service by offering greater access to residents through a greater choice of payment locations for example at rural post offices. The recent organisational development review provides greater capacity for the council to deliver more efficient services in the future.</p>	

Key findings and conclusions	
<p>The use of benchmarking information is limited and tends to be based on comparisons with a neighbouring authority. The council has not expanded the range of comparators used to include other similar authorities as a useful source of information on pricing and costing and to help challenge the decision making process. There are plans to formalise benchmarking clubs in 2009/10.</p> <p>Efficiency targets over the last three years were exceeded by saving £2.15 million against a target of £0.94 million with notable success in reducing the cost of waste management services.</p> <p><i>Areas for improvement</i></p> <ul style="list-style-type: none"> • Continue to develop arrangements for understanding costs and the impact on services, particularly service quality. • Expand the use of benchmarking 	
KLOE 1.3 (financial reporting)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>Budget monitoring arrangements are adequate. The corporate management team rely on quarterly reports to monitor budget variances but more frequent high level monitoring is being introduced to support monthly corporate management meetings. The month-end closedown time of ten working days could be shortened to allow budget holders to assess variances earlier and provide opportunity for more prompt action to be taken. The recent internal audit review of budgetary control and reporting arrangements provides satisfactory assurance that the system produces accurate and reliable data.</p> <p>Financial information systems are accessible and support service managers to access and monitor information. Accountancy provides support and training to assist budget-holders in using the accounting system. Heads of service are encouraged to take the lead in promoting individual budget holders responsibility to ensure ownership at all levels. The integrated approach to the reporting of financial and performance information supports effective decision making at Member level. Regular meetings with finance and performance officers ensure that performance information is integrated into the financial reporting process. Quarterly monitoring reports adopt a 'traffic light' approach, linking financial reporting information and key risks identified in the annual budget and medium term financial plan and to specific performance indicators. This assists identifying the impact of decisions on outcomes.</p> <p>The 2008/09 accounts audit commenced on 10 August. The 2008/09 accounts were approved on 30 June by the council's audit committee. The draft statements issued to members prior to the 30 June were replaced by a second draft incorporating several minor amendments and a significantly revised cash flow statement. Working papers were available to support the notes to the accounts at this time but none in support of the main statements. The remaining working papers were provided at the start of the audit. Audit work on the statements has identified three material errors relating to a prior period adjustment and misclassifications in the Income and Expenditure Account and Cashflow Statement. There were also weaknesses in respect of the council's arrangements for the valuation of assets. Members were involved in the scrutiny of the draft statements and took part in a questions and answers session chaired by the Head of Finance prior to the 30 June audit committee. Throughout the year officers have been proactive to ensure an efficient accounts closedown producing a detailed plan assigning individual officer responsibility and deadlines. Early consideration has been given to the correct accounting treatment of the Moat Lane redevelopment project.</p>	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions

Steps have been taken to prepare for the IFRS implementation and include participation in a countywide group consisting of other local authorities to provide support and advice.

The 2007/08 statement of accounts is on the council's website but this is not accompanied by a copy of the most recent annual governance report or annual audit and inspection letter. All publications are available in alternative formats on request including different languages, audio and Braille format. This service is advertised on the website and on the insider cover of hard copies. A summary set of accounts is posted on the website after the audit opinion has been issued. The annual review published in the spring will incorporate the summary set of accounts sent to every household (ie the 2008/09 accounts will appear in the 2009 annual review published in January 2010). This is a format that has been used for the past three years and public satisfaction surveys have indicated this is a popular format.

Areas for improvement

- Shorten the month-end closedown time to allow budget holders to assess variances earlier and provide an opportunity for more prompt action to be taken when necessary.
- Continue to improve accounts closedown arrangements to minimise the risk of errors and late adjustments. All working papers should be prepared and available for review prior to approval.
- Ensure the annual governance report and annual audit letter are published on the council's website alongside the relevant statement of accounts.

Governing the business

Theme score: 2

Key findings and conclusions

Governance arrangements are adequate overall.

- There is a clear overall vision and priorities based on needs assessments.
- Procurement is effective and supports objectives and there is a reasonable understanding of the supply market illustrated by the in depth analysis used in the development of major projects. However, stakeholders are not fully involved in all parts of the commissioning process.
- Service reviews identify value for money improvements. A new call centre and shorter planning validation times have improved the customer experience.
- The production of relevant and reliable information to support decision making and manage performance is adequate. Spot checks of performance indicators produced mixed results. Resources targeted to improving the waste indicator resulted in good data quality. Planning indicators, which did not receive similar resources showed only adequate arrangements.
- The council performs well in promoting and demonstrating the principles of good governance. The published constitution sets out individual roles and responsibilities and the scrutiny function. There is good cooperation between staff and members to achieve objectives. A standardised format is used to ensure a co-ordinated corporate approach to delivery.
- The ethical framework is sound.

Key findings and conclusions	
<ul style="list-style-type: none"> • The council has sound governance arrangements in place for its main partnerships. There have been reviews of aspects of partnership working to learn lessons and mitigate risks. • Effective risk management processes are in place to identify key business/strategic and operational risks. Key risks arising from partnership working are also identified but this is not part of a joint register. • The risk of fraud and corruption at the council is low and the council's arrangements are good in addressing this risk. • There is a good system of internal control supported by internal audit and the audit committee. 	
KLOE 2.1 (commissioning and procurement)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>The council has a clear overall vision and priorities for its local community and shapes services and development plans based on assessments of specific areas of need such as housing or open spaces. Strategic level analysis of inequalities and diversity information and community needs, however, are not used to inform commissioning priorities. Research has been commissioned to address this gap. The Mosaic Package (demographic profiling) was jointly commissioned to inform needs assessment. The council does take opportunities to influence other providers where a local need should be addressed and this has resulted in improved access in some areas such as youth services. The strategic objectives are not translated into clear commissioning priorities. The commissioning and procurement strategy and action plan is focused on process.</p> <p>Local people, partners, staff and suppliers are not fully and consistently involved in all parts of the commissioning process or service redesign. The council has a clear consultation programme to reflect priorities and services and has a range of user groups which are consulted on developments and reviews of management arrangements along with key partners. Examples of involvement of service users who are difficult to engage are isolated. Improvement plans for Community Engagement are refocused by the Customer Services Framework and Customer Access Strategy currently subject to consultation.</p> <p>The customer experience is improving as a result of a new customer contact centre. Customers also benefit from significantly shorter planning validation times. Investment and efficiencies in IT supports the achievement of business priorities pulled together by the centralisation of the IT team into the Corporate Services Division. A new land and property gazetteer is implemented and integrated with the Academy finance system. A tender is in place for a new Customer Relationship Management system.</p> <p>There is a reasonable understanding of the supply market illustrated by the in depth analysis used in the development of major projects such as the Towcester Master Plan and routine procurement of stationery and mobile phones. Where appropriate, support is given to providers to develop capacity and to develop the third sector. Additional funding was given to the Leisure Trust to enable them to secure match funding. Plans are progressing to transfer third sector funding to a joint Daventry and SNC agency to improve support.</p>	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions	
<p>Procurement also supports other objectives and is responsive to demand. The switch to all 'green' electricity has led to CO2 reductions. Increased investment in the debt counselling service is a response to the economic pressures. Parkland was purchased to increase green spaces to meet residents' needs. Different options for procurement are considered and evident in a joint feasibility study with a neighbouring council for building control services or shared pest control services.</p> <p>The value for money of services is considered through reviews carried out on an exception basis and identified in business plans. Waste rounds are currently under review with a view to reduce and reconfigure the service. Development control is subject to a similar service improvement plan. Performance benchmarking is used in some area such as revenues and benefits to identify competitiveness. Some reviews cover wider benefits such as energy efficiency.</p> <p><i>Areas for improvement</i></p> <ul style="list-style-type: none"> • Translate strategic objectives into clear commissioning priorities informed by analysis of equality and diversity information and community needs. • Ensure that all stakeholders (including 'hard to reach' groups) are systematically involved in the full commissioning cycle so that they influence how services are delivered as well as what services. • Develop shared commissioning with partners so that services are increasingly customer focused, integrated and accessible. 	
KLOE 2.2 (data quality and use of information)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>A standard operating framework is in place. There is a corporate focus on data quality (DQ) and DQ objectives are part of Corporate Business Plans. An Improvement Planning Group reviews and monitors performance and data quality. Leadership on DQ issues is at a senior level and performance management is embedded in the remit of members and a lead portfolio holder. Data quality is not distinct in the corporate risk register and there has been no formal audit. The 2008/09 spot checks of performance indicators produced mixed results. The performance team targeted resources in year to improving the data quality of the waste indicator. However, the planning indicators, which did not receive similar resources from within the service showed only adequate DQ arrangements. Significant steps have been taken to improve housing benefit indicators, the outcome of which should become evident during 2009/10. Systems which enable the effective management of performance and improvement are being strengthened. The implementation of the Performance Plus management system is nearing completion. Work with partners in the Northamptonshire Performance Improvement Network and the Communities of Practice put a focus on data quality and data sharing issues. A partnership data sharing agreement has been adopted recently (May/June 2009).</p> <p>There is a clear decision making 'hierarchy' within the council and members and officers receive appropriate levels of information. Reports are regularly reviewed and tailored to the purpose of the report and the requirements of committees. Discussions with each committee link officer and chair ensures the format supports decision making requirements. Trend and forecasting data is used to inform significant service changes and budget reductions in areas such as waste management and planning performance. Data and information used to support performance management is stored on Performance Plus enabling the information to be accessed from one source. Information is posted on the intranet and officers are referred to committee reports to prevent multiple collation of information.</p>	

Key findings and conclusions	
<p>The main server is routinely tested as the main business critical system. Other systems are not subject to regular testing. There is however an Emergency Planning Group which is introducing advanced arrangements to protect critical information such as disaster recovery for all systems. A range of data security and compliance policies are in place to ensure statutory requirements are met and include: use of e-mail and internet, information security policy, data quality strategy, Freedom of Information policy and publication scheme and Data Protection policy. No security breaches have been reported.</p> <p>Data is linked to the achievement of corporate priorities. The format of the performance plan is reviewed annually with the involvement of the communications panel. Major partnerships and some service areas such as waste management have performance targets. Reporting of progress against strategic priorities and key projects to senior management and members is an integral part of quarterly monitoring arrangements. The content of reports is reviewed to ensure it remains useful and informative. The IPG reviews performance and achievements with divisional management teams and targeting has improved performance, for example in revenues and benefits and building control.</p> <p><i>Areas for improvement</i></p> <ul style="list-style-type: none"> • Include data quality in the risk register and consider undertaking periodic audits. • The performance team, with relevant service managers, should target resources at improving other priority indicators such as planning to improve management arrangements and reliability of data. 	
KLOE 2.3 (good governance)	
Score	3
VFM criterion met	Yes
Key findings and conclusions	
<p>The council performs well in promoting and demonstrating the principles of good governance. Individual roles and responsibilities and the scrutiny function are set out in the constitution. The scheme of delegation and reserve powers were revised to reflect changes arising from the ODR and clarify member's portfolios. Member attendance at development sessions could be higher. The relationship between members and officers/staff is good and each is clear on their role to provide leadership and direction and robust delivery arrangements respectively. Regular meetings are held between the Chief Executive, leader and deputy and Directors meet with portfolio holders and present reports to them. Joint planning between the cabinet and executive team determines approaches to key issues such as the budget/economic downturn ('Affordable Excellence') where live financial models were debated and work streams agreed. The approach has attracted positive interest from other councils.</p> <p>The council has a clear vision of what it wants to achieve for its community and there is good cooperation between staff and members to meet objectives. Cabinet away days are used to set priorities in discussion with officers. Corporate priorities were reviewed in 2008 to: ensure they still reflect the improvement areas identified as important to the council; distinguish priorities, goals and activities; and focus strategy on long term service delivery and known areas of under performance through improvement plans. Staff are made aware of the priorities through divisional briefings and from April 2009 the priorities were made part of the appraisal process. The ODR increased strategic and operational management capacity to effectively address key priorities. Business plan priorities are discussed in the Executive team meetings to ensure they drive operational delivery.</p>	

Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions

A standardised format is used to ensure a co-ordinated corporate approach to delivering priorities with minimal local variations where appropriate. Discussions in late 2008/09 by the Executive Team were focussed on making sure plans were joined up with simple action plans for priority initiatives, especially where delivery affects more than one Business Plan, with the focus on timing, resources and risk issues. Also to ensure all plans address the Sustainable Communities Strategy and actions relating to that including targets.

The ethical framework is sound. The council has adopted member and staff codes of conduct. A standards committee is in place with the new assessment regime and criteria, although some of the best practice is yet to be adopted. The ethical agenda is actively promoted. Code of conduct training is used to raise the ethical profile. Equalities training was provided to Members, full Cabinet and officers. Compliance reports are in the monitoring officer's annual report and regular monitoring occurs on areas such as the register of interest, standing orders and financial regulations. There are examples from the development of the Silverstone (race circuit) project brief and presentations and reports from the Youth council illustrating how information is disseminated to local people. Whistle blowing arrangements are covered in induction and accessible on the intranet. Details of how to complain are on the internet and in leaflet form. Members of the council display behaviour associated with good governance. There are no recent Standards Board cases for SNC, a low level of complaints and no track record of unethical behaviour/incidents.

The council has sound governance arrangements in place for partnerships. A partnership survey gave positive support for senior management and members in their role in partnerships and highlighted the 'good reputation' of senior managers and members. The council is jointly represented on key partnerships to ensure continuity and involvement of members. The LSP and other partnerships have documented governance arrangements and the LSP is chaired by the council leader. The voluntary sector has a clear role in the LSP and sub groups, is a member of the CDRP and signed up to the SCS. The merged CDRP is a good model of arrangements with joint processes and initiatives and the flexibility to focus on SNC specifically to maintain its good performance in community safety. The model of joint working groups is being used to inform the development of children and young people's services. Internal audit have reviewed some partnerships to learn lessons and mitigate risks, including a report on the policing of Silverstone and a review following the transfer out of housing, resulting in an overarching body being put in place.

Areas for improvement

- Ensure the Standards Committee meets best practice principles established by the Standards Board for England.

<p>KLOE 2.4 (risk management and internal control)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings and conclusions</p> <p>The management of risk and the systems of internal control are good. Effective risk management processes are in place to identify key business/strategic and operational risks. Corporate and Divisional risk registers are developed and maintained through an established system involving all staff. The ‘risks and opportunities’ register is actively reviewed by the audit committee and links are made between business risks and strategic objectives. The Cabinet approves the risk management strategy as part of the medium term financial strategy. Risks are formally assessed for all major projects. Risks arising from formal contractual arrangements are restricted to issues of non compliance with the contract. Key risks arising from partnership working are identified through internal discussion or the partnership development process and recorded in divisional risk registers but this is not through the use of a joint formal process. The council undertakes activities with partners to mitigate these risks where identified and reduce the potential impact. The risk of fraud and corruption at the council is low and the council’s arrangements are good in addressing this risk. Training is provided to all new starters and the anti-fraud and corruption strategy is communicated to existing employees through the staff intranet. There is evidence that communication has been effective; recent reported incidents by staff have led to further investigations. In the last year internal audit has been instructed to investigate two suspected cases of fraud raised through the whistleblowing procedure. The council has a policy of targeted communication to reinforce the council’s zero tolerance attitude to fraud and corruption. The council focuses its resources in the biggest risk area of housing and council tax benefits which is supported by a dedicated fraud and investigations team driven by a specific business plan which is updated annually. The investigations team make use of external resources such the Housing Benefits Matching Service and the National Fraud Initiative and has been successful in bringing prosecutions and recovering overpaid benefit in the year. The outcome of two recent investigations has been reported in the local press and highlighted by the chair of the audit committee. A housing benefits newsletter is produced twice a year targeted at benefit officers but available to all staff. The council should look to put in place arrangement to monitor the risk of fraud and corruption with its partners.</p> <p>There is a good system of internal control supported by an effective internal audit and an audit committee that delivers all core functions as defined by CIPFA. Internal Audit provided full or satisfactory assurance on all key financial systems and present regular update reports to the audit committee to ensure members are aware of key internal control issues. The audit committee review all high priority recommendations and all limited and partial assurance audit reports. The committee monitors progress in implementing recommendations and ensure managers take timely, appropriate action to address internal control issues. The committee are involved in producing the internal audit plan which has clear links into the corporate risk register. As a direct result of identified internal control issues members requested internal audit to undertake additional work in the year on the South Northants Homes contract. The Audit Committee has a positive impact on the council and have recommended that all committees undertake an annual review of effectiveness and present this to full council. The previous year’s annual governance statement included a clear statement of actions taken to address internal control concerns. The Audit Committee has a balanced membership which is representative of the council as a whole.</p> <p><i>Areas for improvement</i></p> <ul style="list-style-type: none"> Put in place arrangement to monitor the risk of fraud and corruption with its partners. 	

Appendix 1 – Use of resources key findings and conclusions

Managing resources

Theme score: 2	
Key findings and conclusions	
<p>Management of resources is adequate.</p> <ul style="list-style-type: none"> • The completion of the Organisational Development Review (ODR) has ensured the structure, skills and capacity of the workforce, particularly at a senior level, meets the council's immediate needs and supports the achievement of the strategic objectives. • Performance management of staff is customer focused and linked to priorities and divisional objectives. • The current workforce plan is short term and in need of updating to reflect changes in strategic objectives and the revised workforce structure. • Workforce planning is not completed in partnership but there are examples of joint working which result in efficiencies. • The council has policies and practices in place including diversity practices which support good people management and the minimum requirements of equalities legislation and duties. Actions to build a diverse and representative workforce are limited. 	
KLOE 3.3 (workforce planning) Score VFM criterion met	2 Yes
Key findings and conclusions	
<p>The completion of the ODR has ensured the structure, skills and capacity of the workforce, particularly at a senior level, meets immediate needs and supports the achievement of strategic objectives. More detailed work to identify and address gaps in skills at service level is at an early stage. Career grade/trainee posts and a Post Entry Qualification Scheme are used to develop talent. The performance and effectiveness of individual staff is maintained through an appraisal and development system and corporate and individual training plans which reflect aims and values. Performance management of staff is customer focused and linked to priorities and divisional objectives. Staff and team achievements are celebrated in briefings, newsletters and a team challenge. Improvements in controls have led to a reduction in the days lost to sickness, although a further reduction is a council target. The health of employees is supported by access to a stress counsellor, free medicals and subsidised access to a leisure centre. There is a limited use of innovative recruitment processes and the council does not target specific under represented groups. There is a small degree of benchmarking of staff costs to identify efficiency savings.</p> <p>The current workforce plan is short term and the supporting action plan was updated. The strategic objectives have since changed and the ODR has resulted in a revised workforce structure. The workforce plan is to be updated to address these changes as a priority. Systems are in place to provide the data and information required to produce plans. Workforce planning is not completed in partnership but there are examples of joint working which result in efficiencies. A shared resource in Pest Control services has increased the value for money of the service and efficient use is made of planners through their secondment to the Joint Planning Unit. The joint procurement arrangements (NAPS) has strengthened processes and led to efficiencies in procurement.</p>	

Key findings and conclusions

Through its management of the ODR a systematic and planned approach to managing the workforce implications of organisational change is demonstrated. The completion of the ODR has provided a renewed focus on agreed priorities and improvements in key areas of under performance such as planning. Staff were involved through the Change Management Group and were well supported throughout the process. Methods of communication with staff are established and broad ranging and enable two-way feedback. Individual staff concerns about the ODR were covered by a broad range of methods. Change management training was provided. The Council has learnt from the ODR and recognised the benefits by completing an end of project report, considered by key committees.

Policies and practices are in place including diversity practices which support good people management and the minimum requirements of equalities legislation and duties. Consistent implementation is promoted through the annual training plan which incorporates corporate priorities and individual development. The equalities action plan has resulted in some outcomes to support the Council's aim to be an 'achieving' authority within the revised equalities framework. Actions to build a diverse and representative workforce are limited. Recruitment is not currently directed to any specific groups as the council plans to analyse the detail of local demographics. Staff satisfaction surveys are not regularly used. A 'year on' review of ODR is to be carried out in 2009.

Areas for improvement

- Update the workforce plan in consultation with partners to reflect revised corporate priorities and identified skill gaps.
- Continue to develop strategies for achieving a diverse and representative workforce.

The Audit Commission

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