

AUDIT COMMITTEE AGENDA



Tuesday, 8 December 2009

at 2.00 pm

in Committee Room A, Civic Centre, Hartlepool

MEMBERS: AUDIT COMMITTEE:

Councillors C. Akers-Belcher, Barker, Hall, McKenna, Preece, Turner and Wistow

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

3.1 To confirm the minutes of the meeting held on 29 September 2009

4. ITEMS FOR DISCUSSION/DECISION

- 4.1 Treasury Management Strategy Update – *Chief Financial Officer*
- 4.2 International Financial Reporting Standards (IFRS) – Priorities for the Council – *Chief Financial Officer*
- 4.3 Audit Commission Report- Use Of Resources – *Chief Financial Officer*
- 4.4 Internal Audit Plan 2010/11 – *Head of Audit and Governance*
- 4.5 Internal Audit Plan 2009/10 Update – *Head of Audit and Governance*

5. ANY OTHER ITEMS WHICH THE CHAIR CONSIDERS ARE URGENT

AUDIT COMMITTEE

MINUTES AND DECISION RECORD

29 September 2009

The meeting commenced at 3.00 pm in the Civic Centre, Hartlepool

Present:

Councillor Councillor Preece (In the Chair)

Councillors C Akers Belcher, Barker, Hall, McKenna and Turner

Officers: Mike Ward, Chief Financial Officer
Chris Little, Assistant Chief Financial Officer (Corporate Finance)
Noel Adamson, Head of Audit and Governance
Peter Turner, Principal Strategy Development Officer
Kerry Trenchard, Strategy and Performance Officer
Sarah Bird, Democratic Services Office

Cathy Eddowes, Audit Commission
Cath Andrews, Audit Commission

7. Apologies for Absence

Councillor Wistow

8. Declarations of Interest

None

9. Minutes of the meeting held on 30 June 2009

These were confirmed as an accurate record

10. Approval of 2008/2009 Statement of Accounts – *Chief Financial Officer*

Purpose of Report

The report was presented in order to enable members to approve the final 2008/09 Statement of Accounts and to present the Audit Commission's Annual Governance Report.

Issues for Consideration

Members were reminded that the audit of the 2008/09 Statement of Accounts had run slightly behind schedule but Members had been advised that there would not be any material amendments to the Statement of Accounts which would mean that the Authority's financial position as at 31 March 2009 had not changed since the draft Statement of Accounts had been approved at the previous meeting in June 2009.

Amendments which had been made included:-

- Prior Period Adjustments including the accounting policy on pension fund accounting although these figures were not material
- Changes to the Balance Sheet where an asset valued at £111,000 had been moved from the Asset Under Construction category to Community Assets
- Equal Pay as a small number of Equal Pay cases had received a High Court judgement since the accounts had been authorised in June
- Tall Ships Reserves where the transfer in and out of the reserves had been overstated although the overall effect was neutral

The Auditor had also identified a number of other proposed changes but these issues were not material and did not impact on the position reported in the accounts and the Chief Financial Officer did not recommend that these changes be implemented.

The Audit Commission representative then referred to the Annual Governance Report and apologised for the lateness of its circulation to Members. She highlighted the key messages in the report which stated that the quality of the financial statements had significantly improved since last year. She highlighted the errors in the financial statements, four of which had been corrected but there were a number which the Chief Financial Officer had decided not to amend as the issues were not material. She outlined the findings and conclusions of the use of resources judgement and said that it was expected that the overall score would be a level three which was an improvement on previous years as the testing methodology was harder. The report contained the draft letter of representation which required the approval of the Committee.

In response to a Member's query, it was clarified that the wording regarding the scoring of the use of resources judgements was standard i.e. 'adequate' was the terminology used when a score of 2 was awarded. A Member stated that the uncorrected errors seemed significant and asked if it would be better if the amendments were corrected prior to submission of the accounts. He was informed that these errors were not classed as material and all significant errors had

been amended and making these amendments would delay the submission of the accounts. It was clarified that there was no benefit to the Council from adjusting for the non material errors but there was a risk to future Use of Resources scores from being late. Most of the errors had been about accounting errors between one classification and another, none affected or altered the resources available to the Council for the delivery of services. The annual report was included in the September edition of Hartbeat but there had been a minor differences between the figure used and the final accounts. It was agreed that the correct figure would be published on the website.

It was clarified that in Appendix 3 of the Annual Governance Report, the error relating to the non separation of the value of land and buildings should read that there would be a subsequent understatement of asset values.

Members expressed concern at the late circulation of the final Statement of Accounts and Annual Governance Report and reasons why were explained by Officers.

It was clarified that errors in relation to the asset register had only been identified for the first time this year due to changes in accounting reporting as asset values were more detailed.

Decision

Members:-

- Considered the matters raised in the Audit Commission's Annual Governance Report
- Approved the reasons detailed in Appendix 1 to the Supplementary information to the final 2008/09 statement of accounts and audit commission annual governance report
- Noted that the Chair would sign the Letter of Representation detailed at Appendix 4 of the Annual Governance Report
- Instructed the Chief Financial Officer to implement the action plan detailed at Appendix 6 of the Annual Governance Report
- Unanimously approved the final 2008/09 Statement of Accounts

11. Internal Audit Plan 2009/10 Update – Head of Audit and Governance

Purpose of Report

To inform members of the progress made to date completing the

internal audit plan for 2009/10

Issues for Consideration

Appendix A to the report detailed the pieces of work that had been completed. Internal Audit staff had also been involved with the following working groups

ISO 17799 Group
Procurement Working Group
Corporate Risk Management Group
Use of Resources assessment

The section had also received data matches from the Audit Commission in relation to the National Fraud Initiative (NFI) for 2008/09 and was, along with the Benefit Fraud Team, currently investigating identified anomalies.

The work completed and ongoing was in line with expectations at this time of the year.

Decision

Members noted the content of the report.

12. Consultation on Proposals for an Enhanced Role and Remit of the Council's Standards Committee

– Chief Financial Officer

Purpose of Report

Part of the work programme for the Constitution Working Group and Constitution Committee for 2009 – 2010 was a consideration of the reporting mechanisms to Council of the Standards and General Purposes Committees. Presently the recommendations made by these committees have no direct reporting mechanism to Council. Therefore consideration had been given to an enhanced role for the Standards Committee. The views of the Audit Committee were sought.

Issues for Consideration

The report set out the background and discussions which had taken place at Constitution Working Group and Constitution Committee in that the Standards Committee would have a role in receiving and reviewing the Council's Annual Governance Statement and to make recommendations for the approval of the Annual Governance Statement to the Audit Committee as well as monitoring of the operation

of the Council's Anti-Fraud and Corruption Policy so far as it relates to the actions of Members of the Council.

The Chief Financial Officer suggested that from a practical perspective it would be too onerous a time frame for it to go through Standards Committee before the Audit Committee but Standards may raise issues of governance with the Audit Committee. Members agreed with this.

In relation to the anti-fraud and anti-corruption policy, it was commented that these issues would be reported to the Audit Committee in regular monitoring reports submitted by the Head of Audit and Governance.

Decision

Members agreed that the Standards Committee may raise issues of governance with the Audit Committee and that the Standards Committee monitor the operation of the Council's Anti-Fraud and Corruption Policy so far as it related to the actions of Members of the Council and make reports as necessary to the Audit Committee.

The meeting finished at 3.05 pm.

CHAIRMAN

AUDIT COMMITTEE

8 December, 2009



Report of: Chief Financial Officer

Subject: TREASURY MANAGEMENT STRATEGY UPDATE

1. PURPOSE OF REPORT

- 1.1 To update the Members on matters relating to Treasury Management and proposals for revising the existing Treasury Management Strategy.
- 1.2 To report changes to the Prudential Indicators following changes to the Capital Programme approved by Council.

2. BACKGROUND

- 2.1 This report was taken to the Portfolio holder for Finance and Performance on the 4th December, 2009. The report is now being presented to this Committee for information purposes in anticipation of its future role in reviewing Treasury Management activities following publication of the revised CIPFA Code of Practice for Treasury Management.
- 2.2 The current Investment and Borrowing Strategy was approved by the Council on 9th February, 2009.
- 2.3 The CIPFA Code of Practice for Treasury Management recommends as best practice, interim reporting of Treasury Management activities. This report provides details of Treasury Management activity for the year to date and recommends changes to the strategy to respond effectively to the current economic environment. The review covers the following areas:
 - Treasury Management Developments
 - Interest Rates and Economic Outlook
 - Borrowing Strategy
 - Investment Strategy and Counter Party Risk
 - Prudential Code Monitoring and revisions to Prudential Limits

3. TREASURY MANAGEMENT DEVELOPMENTS

- 3.1 There are a number of forthcoming treasury developments to bring to members attention.
- 3.2 The current world-wide crisis in the financial markets, and resulting banking failures, has resulted in Treasury Management being reviewed by:
- Department for Communities and Local Government
 - Parliamentary Select Committee
 - Audit Commission
 - CIPFA
- 3.3 The requirement of the current CIPFA Code of Practice is for reporting a forward looking strategy in advance of the year and a backward looking annual report after the year. This guidance is currently being revised and the draft guidance is for additional in year reporting. The Council already operates this approach to reporting Treasury Management activity by producing mid year update reports such as this.
- 3.4 It is expected that the revised CIPFA code of practice will require greater involvement of the Audit Committee. Following publication of the code, a report will be taken to members early in the New Year which will set out the roles and responsibilities of Council, the Portfolio Holder and the Audit Committee. This report will also be taken to the next Audit Committee to inform them of these developments and update them on the current Treasury position.
- 3.5 This professional guidance is also likely to require greater Member involvement in the consideration and benchmarking of security, liquidity and return in the investment portfolio. The report produced in the new year following publication of the guidance which will set out plans for benchmarking and any other additional practices required. It is also proposed that training will be provided to members to help with their understanding of the technical concepts involved in the area of Treasury Management.

4. INTEREST RATES AND ECONOMIC OUTLOOK

- 4.1 The outlook for the UK economy is still very unclear and talk of green shoots of recovery may well be premature. During the second quarter of the year the GDP reduced by 5.6% on year-on-year basis. Although recent economic data has become less pessimistic, the improvement has been not reliably consistent and broad based. The bulk of the favourable news has come from surveys of activity and sentiment in the manufacturing and service sectors. The prospect of significant public spending cuts, a weak global economy and moderate growth suggests a strong recovery is unlikely. The

household sector is finding it difficult to increase its spending activity because of the level of indebtedness which is at an historic high. Any upturn in growth will be slow and consumer spending based on readily available credit will not return to the levels prior to the economic downturn.

- 4.2 Weak growth should suppress domestic inflation and increasing unemployment help to keep wage demands subdued as the pool of available labour remains comparatively large. In addition, slow retail sales growth implies intense competitive pressures on the High Street and aggressive discounting by retailers intent upon holding market share or winning it from domestic and international rivals.
- 4.3 The main inflationary threat will come from external factors over which the Bank of England has no real control. Here, the outlook is mixed but the low point of the cycle has probably passed. In the meantime, UK inflation performance will remain benign and pressure upon the Monetary Policy Committee (MPC) to raise interest rates should be modest. The focus of monetary policy is on how much longer the approach of Quantitative Easing (QE) will be used. Once the threat of deflation has lifted – and the dangers of this happening have diminished markedly in the past few months – the Bank of England may see the need to reverse some, if not all, of this experimental relaxation in monetary conditions for fear that it could prove highly inflationary over the longer term. The reversal of QE will require additional sales of gilt-edged securities to non-bank institutions. Added to the already heavy schedule of gilt issues required to fund the public sector deficit, these sales will maintain upward pressure on long-term interest rates.
- 4.4 Despite the potential signs of economic recovery there is a time lag between recession and the resulting unemployment which may not yet have reached its peak level. The prospect of severe cuts to public spending and the resulting impact on employment could prevent the economic recovery from being sustained, resulting in a ‘dead cat bounce’.
- 4.5 The table below details the forecast provided by Butlers for short term and long term borrowing rates.

Medium-Term Rate Estimates

Annual Average %	Bank Rate	Money Rates		PWLB Borrowing Rates		
		3 month	1 year	5 year	20 year	50 year
2008/09	3.9	5.0	5.3	4.2	4.8	4.5
2009/10	0.5	0.9	1.6	3.4	4.7	4.8
2010/11	1.0	1.5	2.6	4.0	5.0	5.2
2011/12	2.0	2.5	3.3	4.3	5.3	5.3
2012/13	4.5	4.8	5.3	5.3	5.5	5.3

- 4.6 As a result of the economic conditions described above, the Council continues to receive diminishing investment returns in the medium term. This will have a much greater impact on the Council's finances in the next financial year as it the Council has been partially protected from this reduction in interest rates in the current year, because of the fixed deposits taken out before the drastic reduction to interest rates. In addition the actual level of investments will continue to reduce as resources are used to support the revenue budget, Business Transformation and Building Schools for the Future.

5. BORROWING STRATEGY

- 5.1 The Council's borrowing and investment position as at 18th November, 2009, was as follows:

	£m	Average Rate
PWLB	1.8	4.33%
LOBO	45.0	4.00%
Gross Debt	46.8	4.12%
Investments	32.2	1.5%
Net Debt	14.6	

- 5.2 The Council is currently under-borrowed in relation to its Capital Finance Requirement (CFR) which was £82.6m as at 31st March, 2009. This has been achieved by internalising the Council's borrowings and temporarily using reserves to avoid external borrowing. This has mitigated some of the counterparty risk that has been endemic in the financial markets in the first half year.
- 5.3 Long-term fixed interest rates are currently low but expected to rise over the three year planning period. The Bank Rate is expected to remain at 0.5% until mid 2010, before rising gradually. With rates at their current levels it advantageous to use the Council's own cash balances to temporarily fund its capital borrowing requirement rather than lock into current loan rates which will increase cash holding at a time when counterparty risk remains high and investment returns are low. Therefore borrowing should be postponed until cash flow need is more apparent. Any borrowing required will be with temporary loans until long term borrowing rates become more attractive.
- 5.4 There may be a need to undertake some new long term borrowing if long term rates begin to rise in order to protect the Council's position in the future. This is because of the need to balance the risk of higher long term borrowing costs compared to minimising short term interest payments. Currently this is best achieved by the netting down of borrowing and investments, but this could change if long term interest rates begin to rise. The balance of the risks will be kept under review and the Chief Financial Officer will consider the most appropriate

form of borrowing after taking into account the interest rates available at the time.

6. INVESTMENT STRATEGY AND COUNTER PARTY RISK

- 6.1 The level of investments as at 18th November, 2009, was £32.2m.
- 6.2 The Council's investment strategy is safeguarding the repayment of the principal and interest of its investments on time – the investment return being a secondary objective. Against the economic background described earlier the current investment climate has one overriding risk consideration, which is counterparty risk. As a result of this underlying concern the Chief Financial Officer is implementing an operational investment strategy which tightens the controls already in place in the approved investment strategy.
- 6.3 The original investments strategy included the approval of various criteria for determining the counterparties which the Council will invest funds with. In accordance with best practice the Council does not rely solely on credit agency ratings. Credit ratings have a role in determining the original list but are supplemented with additional considerations such as Government support.
- 6.4 The original criteria approved by Members provides a starting point which is then restricted further to produce an operational list which is reviewed on a regular basis. Following the increased risk and uncertainty arising from the unprecedented recent economic crisis the Chief Financial Officer has adopted an even more vigilant approach resulting in what is effectively a 'named' list. This consists of a very select number of counterparties that are considered to be the lowest risk. This has involved the Council temporarily suspending making new deposits with all building societies except the Nationwide, which has a financial standing rating equivalent to the major clearing banks. This is because of their weakened position resulting from the impact of a significant property devaluation on their mortgage books. The Council has also continued to exclude all foreign banks, including Irish banks from the list following the downgrading of the countries sovereign rating.
- 6.5 The counterparty list now includes organisations meeting the following more stringent criteria:
- The original 8 eligible institutions included within the Governments guarantee scheme. This includes the major clearing banks and the Nationwide.
 - Banks with a AA rating
 - The Government's Debt Management Office
 - Other Local Authorities
 - The Council's own Bank, the Co-Operative Bank

- 6.6 By not relying on credit ratings the Council is seeking to take a more pragmatic and broad based view of the factors that impact on counterparty risk. The downside of this prudent approach is a lower investment return than would be possible if deals were placed with organisations with a lesser financial standing.
- 6.7 Because the list has been made significantly smaller, the Chief Financial Officer has used his delegated powers to increase the investment limits of the 8 eligible institutions to £10m. This has been necessary to enable the Council to achieve at least some investment income at the most minimum risk.
- 6.8 As part of the approach to maximising security the Council has also kept investment periods short. This has also resulted in lower investment returns.

7. PRUDENTIAL CODE MONITORING

- 7.1 As part of the Treasury Strategy for 2009/2010 the Council set a number of prudential indicators. Compliance against these indicators is monitored on a regular basis and there are no breaches of these limits to report.
- 7.2 Additional Prudential Borrowing of £5.8m match funding in relation to Social Housing Grant, has been approved since the original Capital Programme was set. Of the £2.9m is contingent on the Council being successful in its second round bid for this grant. This has resulted in the following changes to Prudential Limits

Prudential Limit	Original £000	Revised £000
Capital Financing Requirement	86,280	92,180
Operational Limit for External Debt	87,000	92,800
Capital Expenditure Financed by Borrowing	6,282	6,282
<u>Add</u>		
Rephased capital expenditure approved in previous years		11,225
		5,800
Additional Prudential Borrowing approved in 2009/10		23,307
Total		

8. CONCLUSIONS

- 8.1 The Council is currently funding some of its Capital Financing Requirement by using temporary cash balances. This is most cost effective way to finance this expenditure in the short term and is minimizing the Councils exposure to counterparty risks. When these resources are no longer available, the Council will use temporary borrowing until long term rates become more cost effective again.

9. RECOMMENDATION

- 9.1 For the Committee to note the report.

AUDIT COMMITTEE

8th December, 2009



Report of: Chief Financial Officer

Subject: International Financial Reporting Standards (IFRS) –Priorities for the Council

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to advise Members of the changes required to the Council's statutory accounts under International Financial Reporting Standards.

2. BACKGROUND

- 2.1 International Financial Reporting Standards (IFRS's) are accounting standards issued by the International Accounting Standards Board (IASB). The aim of IFRS is to harmonise accounting standards across both private sector and public sector accounts.
- 2.2 It is a statutory requirement for all local authority's financial statements to be IFRS compliant by 2010/2011. To comply with this requirement the Council will need to revise its accounting policies, change the format of its financial statements and include a significant number of additional disclosures from 2010/2011. In addition, the 2009/2010 comparative figures will need to be restated to comply with IFRS requirements.
- 2.3 As IFRS will have a significant impact on the Council's Financial Statements, officers are currently carrying out an initial impact assessment on the Income and Expenditure Account and Balance Sheet to identify what affect the new standards will have.
- 2.4 IFRS is underpinned by a series of International Accounting Standards (IAS) which specify the accounting treatment of specific issues.

3. DETAILED IFRS CHANGES

- 3.1 There are four main areas that the Council needs to address to enable IFRS compliant accountings statements to be produced as detailed in the following paragraphs.

3.2 **Employee Benefits**

3.3 Under current accounting requirements Local Authorities have not had to make financial accruals at the year end for untaken annual leave entitlement which is being carried forward to the following year. In accordance with IFRS Local Authorities will either recognise an annual leave accrual or will perform sufficient analysis in this area to satisfy the Auditors that it is not a material amount. Where an accrual is required it is anticipated that this will be reversed out for tax setting purposes, although this position has not yet been confirmed.

3.4 The Council's annual leave year is dependant on the individual's birthday i.e. if your birthday is in June your annual leave runs from June to May. The exception to this is Teachers whose leave year runs on an academic year. The Council's current policy states that employees can carry over five days leave at their own discretion and over five days leave with the approval of the relevant Chief Officer. These holidays must be taken within the first three months of the following leave year.

3.5 An initial assessment of this area has been undertaken and it is anticipated that the Council will not need to make accruals. It is important that each Department has the necessary arrangements in place for collating information to demonstrate to the external auditors that the accruals were not needed.

3.6 **Leases**

3.7 With the implementation of IFRS the Council will be required to separately account for leases of land and buildings. These have previously been treated as one lease.

3.8 The Council will need to ensure that it holds a comprehensive register of all leases covering all contractual agreements. Where a lease relates to land and buildings the Council's Valuer will need to carry out a valuation exercise.

3.9 Each lease on the register must be evaluated to determine any changes in accounting treatment required under IFRS. Consequently, the Council needs to revisit all current arrangements to determine these outcomes and this work has commenced.

3.10 The Council will be required to evidence to external auditors that the lease list is complete.

3.11 **Fixed Asset Accounting**

3.12 **Valuation of Fixed Assets**

3.13 IFRS provides clarification regarding valuation methods to be applied, as set out below:

- Operational Land and Buildings and Investment Properties are to be held at Fair Value or Depreciated Replacement Cost (DRC) where no fair value exists;
- Infrastructure Assets and Community Assets to be held at historical cost;
- Vehicles, Plant and Equipment to be held at fair value;
- Assets that are surplus to requirement are to be held at Lower of Fair Value less costs to sell and carrying amount.

3.14 This work will require a significant input from the Council's Estates Section and work is underway to address these issues.

3.15 **Component Accounting**

3.16 IFRS introduces the concept of accounting for different components of asset separately, including recognising the asset lives and depreciation charges of each component separately, i.e. a school could be split between buildings with an asset life of forty years, boiler with an asset life of fifteen years

3.17 Component accounting will not be applied retrospectively. It will only apply to newly built, acquired or modified assets after April, 2010 or at the point of revaluation under the five year rolling programme.

3.18 This work will require a significant input from the Council's Estates Section and work is underway to address these issues.

3.19 **Assets Held for Sale**

3.20 The Council is required to review the classification of its fixed assets to ensure that assets held for sale are recognised appropriately in the accounts. Fixed asset disposals in 2009/2010 will be accounted for under existing accounting requirements in the 2009/2010 financial statements. In the 2010/2011 accounts these transactions will need to be restated and accounted for under IFRS requirement.

3.21 **Infrastructure Assets**

3.22 Under IFRS the Council will have to significantly amend the way it accounts for infrastructure assets i.e. the Council roads, footpaths and street lighting. The Department of Transport has indicated that these accounting requirements will not be introduced until 2011/2012 with a 'dry run' in 2010/2011.

- 3.23 The current method for inclusion in the financial statements is using historical cost. IFRS requires that the Council calculates the Gross Replacement Cost (GRC) and the Depreciated Replacement Cost (DRC). This will provide the Gross Book Value (GBV) and the Net Book Value (NBV) respectively for the accounts; GRC is calculated by multiplying road length by width by the cost per square meter of road.

4. IMPLEMENTATION PLAN

- 4.1 An Action Plan (**Appendix A**) has been produced to ensure that the Council complies with the relevant timescales and gives a step by step approach which includes a requirement to include those charged with Governance and keep them involved in the whole programme. Details of progress against this Action Plan will be reported to a future meeting of your Committee.
- 4.2 It is also proposed that before Members are required to approve the 2010/2011 accounts, that specific training on the implications of implementing IFRS and Members responsibilities will be provided.

5. CONCLUSION

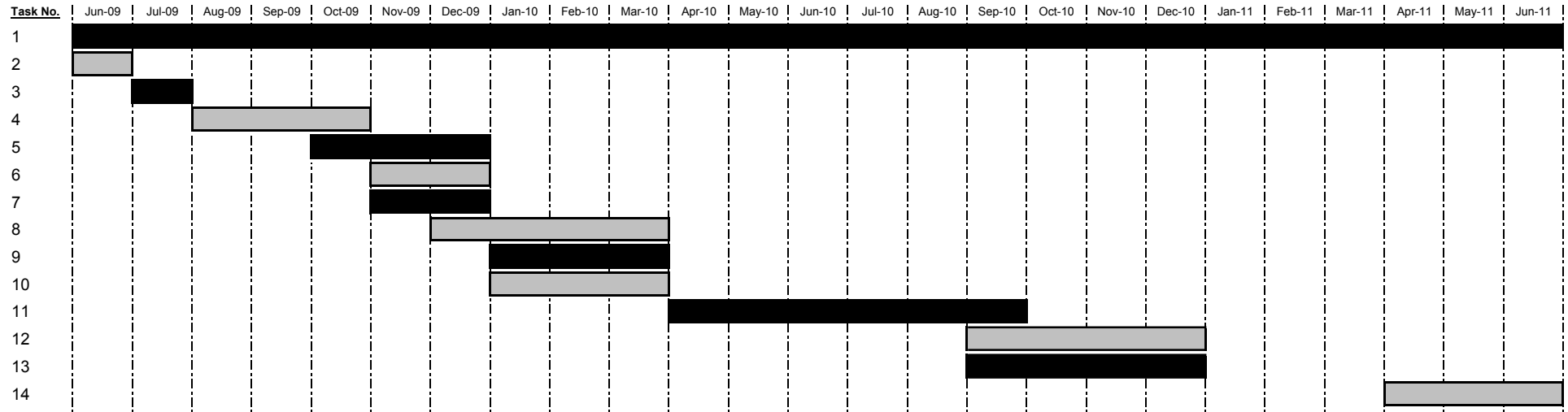
- 5.1 From 2010/2011 all local authorities will be required to comply with IFRS. The aim of this change is to harmonise accounting standards across both private and public sector accounts. These changes have already been introduced in the private sector and part of the public sector, such as the NHS. Interestingly they did not help identify the significant financial risks in the banking sector.
- 5.2 The implementation of IFRS by local authorities is a complex accounting task and will make the production of the Annual Statement of Accounts more challenging. Compliance with IFRS will place additional pressures of Key Finance staff and will mean that resources are not available to support other initiatives. The successful implementation of IFRS will also be a key factor in the Audit Commission use of resources assessment.
- 5.3 The Annual Statement of Accounts will become a more complex and detailed document. It will become harder to follow the links between the Council's management accounts and the statutory Statement of Accounts. It will therefore become increasingly important that these links are identified for Members to enable them to understand the Council's strategic financial position.

6. RECOMMENDATIONS

6.1 The Audit Committee is requested to note and approve:

- a) the Action Plan to enable the Council to proceed with the IFRS transition project;
- b) the priorities identified to enable the Council to ensure that they produce IFRS compliant financial statements;

IFRS Implementation Plan



Task No.	Task Details	Start Date	End Date	Completed
1	Key staff trained on IFRS Transition (this is an ongoing task where training will be necessary as IFRS requirements are refined)	Jun-09	Jun-11	Ongoing
2	Carry out high level impact assessment using information on CIPFA website (and other resources available)	Jun-09	Jun-09	Jun-09
3	Co-opt key staff onto project team, allocate responsibilities and develop detailed project plan	Jul-09	Jul-09	Jul-09
4	Identify information (e.g. Leases, Tangible Assets and Employee Benefits) required to restate 1 April 2009 balance sheet and 2009/10 Accounts	Aug-09	Oct-09	Oct-09
5	Obtain information (e.g. Leases, Tangible Assets and Employee Benefits) required to restate 1 April 2009 balance sheet and 2009/10 Accounts	Oct-09	Dec-09	
6	Identify changes to accounting policies	Nov-09	Dec-09	
7	Restate 1 April 2009 Balance Sheet balance sheet (including reconciliations between UK GAAP and IFRS)	Nov-09	Dec-09	
8	Identify systems and procedural changes	Dec-09	Mar-10	
9	Identify likely impact on budget	Jan-10	Mar-10	
10	Implement systems and procedural changes	Jan-10	Mar-10	
11	Testing of systems and procedural changes	Apr-10	Sep-10	
12	Deliver training for Members	Sep-10	Dec-10	
13	Restate 2009/10 accounts in parallel with main 2009/10 accounts process (including reconciliations between UK GAAP and IFRS)	Sep-10	Dec-10	
14	Produce 2010/11 accounts on IFRS basis	Apr-11	Jun-11	

AUDIT COMMITTEE

8 December 2009



Report of: Chief Financial Officer

Subject: AUDIT COMMISSION REPORT- USE OF RESOURCES.

1. PURPOSE OF REPORT

- 1.1 To inform Members of the Audit Committee that arrangements have been made for a representative from the Audit Commission to be in attendance at this meeting, to present the content the Audit Commissions Use of Resources Report.

2. BACKGROUND

- 2.1 This report summarises the Audit Commissions key findings from their assessment of how Hartlepool Borough Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people. From 2008/09, the new use of resources assessment forms part of the Comprehensive Area Assessment (CAA) and comprises three themes that focus on:
- sound and strategic financial management;
 - strategic commissioning and good governance; and
 - the management of natural resources, assets and people.
- 2.2 As in previous years, the standards against which the council is judged in each theme has risen.

3. FINDINGS OF THE AUDIT COMMISSION

- 3.1 Details of key messages from work carried out as part of the Use of Resources review are attached as Appendix 1.

4. RECOMMENDATIONS

- 4.1 That the Audit Committee:
- i. note the report of the Audit Commission

Appendix 1

Use of Resources

Hartlepool Borough Council

Audit 2008/09

Date

DRAFT

Contents

Summary	3
Introduction	4
Use of resources judgements	5
Use of resources 2009/10	8
Appendix 1 – Use of resources key findings and conclusions	9
Appendix 2 – Action plan	24

DRAFT

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.
-

Summary

This report summarises our key findings from our assessment of how Hartlepool Borough Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people.

- 1 The Council performs adequately at managing finances, addressing a challenging budget position, identifying future efficiencies and improving financial reporting. The Council can identify improved outputs as a result of policy decisions but does not always clearly identify outcomes.
- 2 The Council performs well at governing the business. There is an informed approach to commissioning and procuring services and supplies which is resulting in tailored services for local needs. The Council monitors performance against priorities and targets and manages under performance effectively. There are good governance and risk management arrangements in place and a sound system of internal control.
- 3 The Council performs well at managing resources with a good understanding of its current impact on natural resources and action plans in place to make improvements. There are plans in place to develop asset management arrangements to link to strategic priorities and service needs.
- 4 Our detailed findings are shown in Appendix 1.

DRAFT

Introduction

- 5 This report sets out our conclusions on how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people and give scored use of resources theme judgements.
- 6 In forming our scored theme judgements, we have followed the methodology set out in the use of resources framework: overall approach and key lines of enquiry (KLOE) document and the use of resources auditor guidance. For each of the specific risks identified in relation to our use of resources work, which were set out in our audit plan, we considered the arrangements put in place by the Council to mitigate the risk and plan our work accordingly.

Use of resources framework

- 7 From 2008/09, the new use of resources assessment forms part of the Comprehensive Area Assessment (CAA) and comprises three themes that focus on:
- sound and strategic financial management;
 - strategic commissioning and good governance; and
 - the management of natural resources, assets and people.
- 8 The scores for each theme are based on the scores reached by auditors on underlying KLOE. The KLOE are generic and applicable equally to all organisations subject to use of resources judgements under CAA. This promotes consistency, demonstrating all organisations within a CAA area are treated in the same way, and to the same standards.
- 9 The Commission specifies in its annual work programme and fees document, which KLOE are assessed over the coming year.
- 10 Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, with 4 being the highest (Table 1). Level 1 represents a failure to meet the minimum requirements at level 2.

Table 1 Levels of performance

Level 1	Does not meet minimum requirements – performs poorly
Level 2	Meets only minimum requirements – performs adequately
Level 3	Exceeds minimum requirements – performs well
Level 4	Significantly exceeds minimum requirements – performs excellently

Source: use of resources framework: overall approach and KLOE document

Use of resources judgements

Scored judgements

11 Hartlepool's use of resources theme scores are shown in Table 2.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement	
Managing finances How effectively does the organisation manage its finances to deliver value for money?		
1.1 Financial planning	2	Level 2
1.2 Understanding costs	2	
1.3 Financial reporting	2	
Governing the business How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?		
2.1 Commissioning and procurement	2	Level 3
2.2 Data quality	3	
2.3 Good governance	3	
2.4 Risk management and internal control	3	
Managing resources How well does the organisation manage its natural resources, physical assets and people to meet current and future needs and deliver value for money?		
3.1 titles need adding in for these two	3	Level 3
3.2	2	

Managing finances

12 A challenging budget position has been addressed effectively, with the Council providing additional resources for service priorities. The Council has a good track record of engaging with local communities and other stakeholders. Sound medium term financial planning has created a service planning environment allowing the Council to sustain its focus on achieving priorities and improving services. Looking to the future, the Council faces a challenging financial position as, in common with many

other councils, costs are rising faster than resources. To address the shortfall in resources the Council is implementing a business transformation programme which is aimed at delivering £6 million of efficiencies. Further reductions may be required and a strategy for achieving the remaining reductions is being developed.

- 13** The Council understands its costs and how local context and policy decisions impact on both costs and performance at the operational level, but this is less evident at the strategic level and there is room for improvement in the medium term financial strategy in demonstrating the relationship between cost and performance. The Business Transformation Programme is the primary basis for delivery of efficiencies. The Council can identify improved outputs as a result of policy decisions but does not always clearly identify outcomes. Benchmarking is used as a tool for challenge, but there is still scope to further develop this.
- 14** Monthly financial management reports are issued to departments on the first working day after the month end. During 2009/10 the Council implemented new arrangements to email monthly financial management reports to budget holders on the first working day after the month end. These reports enable budget holders to 'drill down' to individual transactions. The corporate and financial management report shows progress on a quarterly basis using a 'traffic light' system. The quality of the financial statements and supporting working papers and detailed budget monitoring reports has improved in 08/09. Information is circulated to householders in the regular 'Hartbeat' summary.

Recommendation	
R1	Establish clearer links between the medium term financial strategy and the performance management framework and ensure the strategy describes joint plans with partners and stakeholders in financial terms.
R2	Further develop benchmarking as a tool to challenge costs.

Governing the business

- 15** The Council has an informed approach to commissioning and procuring services and supplies and is tailoring services to meet local needs. There are some good examples of procurement delivering value for money in its broadest sense in specific procurement exercises, but the Council's corporate approach is still developing and is yet to demonstrate the extent to which overall objectives are being achieved and successfully delivering positive outcomes.
- 16** The Council has improved performance across a range of measures. There is evidence of good outcomes from the use of information to support decision-making and manage performance. The arrangements for PI systems are robust. The Council monitors performance against its priorities and targets and manages under-performance effectively. Planned efficiencies are achieved.
- 17** The Council has good governance arrangements in place. Progress has continued against the Audit Commission's Ethical Governance report, which highlighted strong awareness of the ethical agenda and good leadership. The Council maintains its focus

Use of resources judgements

and vision. There are good relationships between the Chief Executive, the Mayor and members. This contributes to the open culture and the achievement of strategic priorities. The Council ensures each of its significant partnerships has an appropriate form of governance that is formally documented.

- 18 The Council has good risk management arrangements, including working with partners to drive improvement and deliver outcomes. No significant internal control issues or cases of fraud and corruption have been identified during the year. The Council is also proactive in working with key partners to reduce fraud.
- 19 There is a sound system of internal control, including an effective Internal Audit function. A business continuity plan is in place, which has been tested.

Managing resources

- 20 The Council has a good understanding of its current impact on natural resources and action plans are in place to make improvements. Progress on sustainability is being made through a range of initiatives and although not all have clear and comprehensive targets, most can demonstrate impact.
- 21 The Council has good plans in place to develop its asset management and to link it to its strategic priorities and service needs, particularly in relation to partnership working. The foundations are in place for good performance, which should begin to show through in outcomes in 09/10 onwards.

Detailed findings

- 22 The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.

Use of resources 2009/10

- 23 The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. In my letter of April 2009 about the audit fee for 2009/10, I identified a number of significant risks in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the Council to mitigate the risk and plan my work accordingly.

Table 3 Initial risk assessment

Risk	Planned work	Timing of work
Adequacy of governance arrangements to manage the Business Transformation Programme effectively and deliver envisaged outcomes.	Ongoing monitoring of the progress on delivery of the envisaged improvements from the Business Transformation Programme.	Ongoing monitoring
Impact of current economic climate.	Ongoing monitoring of the Council's actions.	Ongoing monitoring
Quality, reliability and relevance of data.	Additional data quality spot checks of performance indicators.	April - August 2009
Financial reporting is not timely or accurate.	Ongoing monitoring of action being taken to improve arrangements.	By September 2009
Financial management.	Follow up of our 2008 Medium Term Financial Strategy Review (Effective Financial Management).	By August 2009
Building Schools for the Future programme.	Ongoing monitoring.	Ongoing monitoring

- 24 An additional KLOE 3.3 - Workforce planning will apply to single tier and county councils for 2009/10. However, KLOE 3.1 - Natural resources will not be assessed. I have also considered any additional risks arising from my 2008/09 value for money conclusion.
- 25 I have not identified any additional risks in relation to my 2009/10 value for money conclusion.

Appendix 1 – Use of resources key findings and conclusions

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

DRAFT

Table 4 Theme 1 - managing finances

Theme 1 score	2
Key findings and conclusions	
<p>A challenging budget position has been addressed effectively, with the Council providing additional resources for service priorities. The Council has a good track record of engaging with local communities and other stakeholders. Sound medium term financial planning has created a service planning environment allowing the Council to sustain its focus on achieving priorities and improving services. Looking to the future, the Council faces a challenging financial position as costs are rising faster than resources. To address the shortfall in resources the Council is implementing a Business Transformation Programme which is aimed at delivering £5.96m of efficiencies. Further reductions may be required and a strategy for achieving the remaining reductions is being developed.</p> <p>The Council understands its costs and how local context and policy decisions impact on both costs and performance at the operational level, but this is less evident at the strategic level and there is room for improvement in the Medium Term Financial Strategy in demonstrating the relationship between cost and performance. The Business Transformation Programme is the primary basis for delivery of efficiencies. The Council can identify improved outputs as a result of policy decisions but does not always clearly identify outcomes. Benchmarking is used as a tool for challenge but there is still scope to further develop this.</p> <p>Monthly financial management reports are issued to departments on the first working day after the month end. During 2009/10 the Council implemented new arrangements to email monthly financial management reports to budget holders on the first working day after the month end. These reports enable budget holders to 'drill down' to individual transactions. The Corporate and Financial Management report shows progress on a quarterly basis using a 'traffic light' system. The quality of the financial statements and supporting working papers and detailed budget monitoring reports has improved in 08/09. Information is circulated to householders in the regular 'Hartbeat' summary.</p>	

KLOE 1.1 (financial planning) score	2
Key findings and conclusions	
<p>The Council has revised its Medium Term Financial Strategy (MTFS) early in 2009 following review; some areas for improvement remain including establishing clearer links between the MTFS and the Performance Management Framework and ensuring the MTFS describes in financial terms joint plans with partners and stakeholders. Outcomes have included an outturn strategy for 2008/09 aimed at protecting services and General Fund balances, additional capital resources for local priorities, a framework for strategic land and property acquisitions and allocation of additional ongoing funding for Children's Services and Adult Social Services.</p> <p>The Council has a good track record of engaging with local communities and other stakeholders. The Council has consulted widely on the development of the Building Schools for the Future programme, as well as consultation with members and trade unions on the Business Transformation Programme.</p> <p>Sound medium term financial planning has created a service planning environment allowing the Council to sustain its focus on achieving priorities and improving services. Looking to the future, the Council faces a challenging financial position as costs are rising faster than resources. To address the shortfall in resources the Council is implementing a Business Transformation Programme which is aimed at delivering £5.96m of efficiencies. Further reductions may be required and a strategy for achieving the remaining reductions is being developed. There are plans in place to address economic climate issues.</p> <p>Leadership for financial planning and management is provided by the Cabinet and Corporate Management Team. Quarterly Corporate Plans and Financial Management reports are submitted to the Scrutiny Coordinating Committee. Specific training was given to the Audit Committee in July 2008. During 2008/09 a finance module was included within the Council's 'Leadership and Management Development Programme' with a second phase of training planned.</p>	

KLOE 1.2 (understanding costs and achieving efficiencies) score	2
Key findings and conclusions	
<p>The Council is developing an increasingly sophisticated understanding of overall costs aimed at ensuring that it is able to maximise savings by maximising the benefits of modern business infrastructure and processes. This is expected to deliver significant potential savings in excess of initial investments, whilst maintaining appropriate quality services. The work undertaken previously by consultants has been used as a basis for further analysis and plans and this is being factored into medium term projections. Capital projects are evaluated in accordance with a framework which is appropriate to the scale of investment. As the Council has a good understanding of its costs it is able to use that to make informed decisions about the services it commissions. It can demonstrate that investments have led to high quality services and improvements in priority areas. Similarly it can highlight how cost information has been used to reconfigure services so that they deliver better impact from the resources they use. It can identify improved outputs as a result of policy decisions but does not always clearly identify outcomes. Benchmarking is used as a tool for challenge but there is still scope to further develop this. The Council Tax and Benefits Team has been awarded the IRRV 'Excellence in Financial and Social Inclusion' award. The Council has successfully identified and pursued opportunities to make efficiencies. In 2008/09 it projected efficiency savings of £2.3m and has achieved this. Progress on efficiencies is monitored throughout the year. The business transformation project will begin delivering efficiencies from 2010/11.</p>	



KLOE 1.3 (financial reporting) score	2
Key findings and conclusions	
<p>Monthly financial management reports are issued to departments on the first working day after the month end. Quarterly corporate plan and revenue financial management reports are submitted to Cabinet. Quarterly financial management reports are also produced for the capital programme and programmes where the Council is the accountable body. During 2009/10 the Council implemented new arrangements to email monthly financial management reports to budget holders on the first working day after the month end. These reports enable budget holders to 'drill down' to individual transactions.</p> <p>The quarterly Corporate Plan and Revenue Financial Management reports provides details of progress against actions with specific completion dates and key performance indicators as measures of success. Progress is managed using a 'traffic light' system which highlights areas where corrective action is needed.</p> <p>There were a number of errors in the 2007/08 financial statements but this significantly improved in 2008/09. There has been improvement in the level of detail included in the Quarter 3 budget report in 2008/09 as compared to 2007/08. Timely production of the year-end outturn report (i.e. before the approval of the statutory accounts) remains important. A detailed outturn strategy is approved by Cabinet before the statutory accounts are prepared and this is reported to the Audit Committee to highlight the factors reflected in the statutory accounts. A detailed project plan is due to be produced for implementation of the new International Financial Reporting Standards, with some action being taken to date.</p> <p>Information published includes:</p> <ul style="list-style-type: none"> - information about the Council and its performance on the external website; - a summary report 'Hartbeat' circulated to all households; and - Corporate Plan progress is reported quarterly along with financial information. Department plans progress is also reported quarterly and a performance indicator overview report is produced annually for the Cabinet 	

Theme 2 - governing the business

Theme 2 score	3
Key findings and conclusions	
<p>The Council has an informed approach to commissioning and procuring services and supplies and is tailoring services to meet local needs. There are some good examples of procurement delivering value for money in its broadest sense in specific procurement exercises, but its corporate approach is still developing and is yet to demonstrate the extent to which overall objectives are being achieved and successfully delivering positive outcomes.</p> <p>The Council has continued to sustain improved performance across a range of measures. There is evidence of good outcomes from the use of information to support decision making and manage performance. The arrangements for PI systems are robust. The Council monitors performance against its priorities and targets and manages under-performance effectively. Planned efficiencies are achieved.</p> <p>The Council has good governance arrangements in place. Progress has continued to be made against the Audit Commission's Ethical Governance report, which highlighted strong awareness of the ethical agenda and good leadership. The Council maintains its focus and vision. There are good relationships between the Chief Executive, the Mayor and members. This contributes to the open culture and the achievement of their strategic priorities. The Council ensures each of its significant partnerships has an appropriate form of governance that is formally documented.</p> <p>The Council has good risk management arrangements, including working with partners to drive improvement and deliver outcomes. No significant internal control issues or cases of fraud and corruption have been identified during the year. The Council is also proactive in working with key partners to reduce fraud.</p> <p>There is a sound system of internal control, including an effective Internal Audit function. A Business Continuity Plan is in place, which has been tested.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.1 (commissioning and procurement) score	2
Key findings and conclusions	

DRAFT

The Council's overall approach to procurement is set out through the Commissioning and Procurement Strategy and the Sustainable Procurement Strategy. Key strategic objectives include achieving best value, continuous improvement, sustainability and contribution to local regeneration and key aims are set against each of these. Appropriate links are made to the Sustainable Community Strategy and corporate plan objectives and a clear commissioning framework is specified but success measures are not clear. The 5 year Procurement Plan is detailed and progress is being made on it but it lacks clear mapping to strategic objectives and does not include key outcome based success measures. Skills levels and procurement practices vary across departments; the Council lacks a centralised specialist procurement function and good management information to identify how effective procurement is.

Consultation is a strength at strategic and service levels and is used to shape services. As a result the Council and partners have a clear vision of intended overall outcomes and these are reflected in Council plans.

A good understanding of individual needs has been developed and used, for example to make significant improvements to social care services which are highly rated by users. Similarly, the approach to Building Schools for the Future has been developed through extensive and systematic engagement with key stakeholders including pupils. The Council is taking opportunities to ensure that the programme delivers sustainable, environmental, social and economic improvements through design, and linked programmes of training and recruitment. Progress to date has been impressive but it is too early to identify positive outcomes.

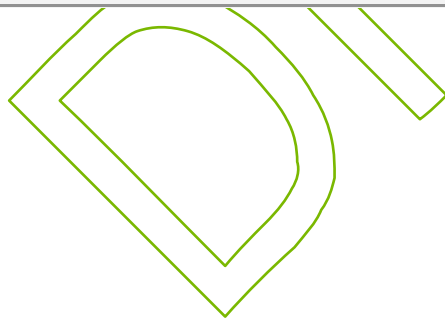
A good understanding of the supply market, developed through dialogue with small and medium enterprises, mainstream providers and the voluntary sector, has resulted in a broader and more competitive market. The Council has worked hard to demonstrate a fair and transparent procurement process and this has resulted in much greater engagement with suppliers who have had considerable input into designing some of the more robust quality measures which are inspected.

There are many examples of joint provision and procurement aimed at achieving better value for money. The Council collaborates with other local agencies to commission and procure services, such as energy, agency labour, waste disposal and energy recovery and works in partnership to deliver for example telecare services and extra care facilities and services with other organisations. Recent procurement exercises provide good examples of procurement practice which is delivering improved competitiveness and value for money. For example, in relation to recent procurement exercises for both transport and children's services (fostering) there are good examples of the Council working with service users and other stakeholders to develop clear visions of outcomes relating to improved standards, efficiencies and accessibility and using these to drive service improvement. The formation of the Integrated Transport Unit has not only delivered significant cost savings by reducing surplus capacity, it has also delivered an improved quality of service to users.



Appendix 1 – Use of resources key findings and conclusions

KLOE 2.2 (data quality and use of information) score	3
Key findings and conclusions	
<p>The Council has improved performance across a range of measures over the last 5 years. Risks in data quality are identified and managed. There is an integrated performance based information system which links policies and strategies to performance indicators (PIs) and the strategic risk register. There is a comprehensive Data Quality Policy in place that is supported by a set of operational procedures and guidance. A review of the 2008 Safer Hartlepool Partnership strategic assessment was commissioned by the Government Office and this highlighted the assessment as “probably one of the best in North East in terms of its wide range of partner data. The assessment is comprehensive, well written and has focus”. There is also evidence of outcomes relating to economic development, with an increase in ‘business birth rates’ (NI 171) which have increased by 92% between 2002 and 2007. The improvement has been greater than all of the Tees Valley local authorities, the North East and GB and the gap between GB and Hartlepool business birth rates has halved since 2002.</p> <p>The arrangements for PI systems are robust and business continuity plans are in place. The Council is compliant with the Government Connect Code of Connection and has an information security incident procedure in place. There have been no security issues nor any significant issues from penetration testing carried out. Also, the Council has been awarded BS7799.</p> <p>The Council manages under performance effectively. The budget and planning framework is integrated and budget and performance reporting is on a quarterly basis. High risk spend areas are identified and monitored through these reports to ensure that financial management is integrated with potential risk and the use of data as part of an overall approach to management. PIs are tracked on a long term basis with an Annual PI report which is considered by the Corporate Management Team and Cabinet. The Council has a good track record of achieving non-financial and financial targets. The Council has a track record of learning from a range of activities. There is a consultation and improvement plan which monitors consultation with service users.</p>	



KLOE 2.3 (good governance) score	3
Key findings and conclusions	
<p>The Council has good governance arrangements in place including providing training to senior officers and members linked to personal development plans. There are constructive working relationships between members, the Corporate Management Team and staff. The assessment of governance arrangements is a key component of the reviews carried out and high level support from the Corporate Management Team on defining partnerships and shaping governance arrangements. The Council has developed a good strategy for working with the voluntary sector.</p> <p>The Council demonstrates its purpose and vision via the Sustainable Community Strategy and Corporate Plan. Progress against the Corporate Plan and Departmental Plans is reported to the Corporate Management Team, Cabinet and the portfolio holders quarterly. The Covalent system allows objectives, outcomes and risks to their achievement to be explicitly linked and reported. It will assist in identifying areas where risk management should be strengthened. Mayoral leadership is seen as a strength and there are good relationships between the Chief Executive and Mayor. This contributes to the open culture and the achievement of strategic priorities. Progress has continued to be made against the Audit Commission's Ethical Governance report carried out in 2007/08 which highlighted strong awareness of the ethical agenda and good leadership. The Council has adopted a Codes of Conduct for its members. There is a Standards Committee in place which produces an Annual Report. Registers of interest are maintained. Complaints procedures are on the web-site as well as the Whistle-blowing procedure. The Chief Executive has adopted CIPFA good practice this year in relation to a more detailed publication of his salary, expenses and role in the statutory statement of accounts. In addition, members are publishing details of their expenses in the accounts. Robust training plans for members are in place on both an individual and collective basis linked to personal development plans.</p> <p>Significant partnerships have appropriate governance arrangements in place. The Council has continued to build upon good partnership working arrangements to date in order to ensure that there are adequate governance arrangements in place for all significant partnerships. This includes strengthening the ability of significant partnerships to achieve stated objectives e.g. the Local Safeguarding Children's Board.</p>	

KLOE 2.4 (risk management and internal control) score	3
Key findings and conclusions	
<p>The Council has established good risk management arrangements. The risks are aligned with the business objectives. The main partnerships risks are identified and considered. Regular training is provided to members and staff. Good risk management arrangements in place for the Building Schools for the Future project, on-going business transformation and the Tall Ships event; all of these projects are on-track. Performance management arrangements are integrated as part of the LSP theme partnerships and the overarching arrangements for performance through the partnership including reporting. There are a number of examples of the Council working with partners to drive improvement and deliver better outcomes. This is supported by the mature LSP and supporting partnership arrangements that are in place. For example, Community Safety; working through the Crime and Disorder Reduction Partnership, a sub partnership of the LSP, the Council has worked with partners analysing data to deliver improvement strategies.</p> <p>For fraud and corruption the Council has many initiatives in place including an anti fraud and corruption strategy. Internal Audit provides assurance to the Council on the effectiveness of the strategy. Internal Audit work in this area is adequately resourced. The Council is a member of the National Anti Fraud Network with the Benefits Fraud section taking the lead. There have been no cases of fraud arising during 2008/9. The Council is proactive in working with key partners to reduce fraud. Instances of reported fraud are low, as reflected in the National Fraud Initiative and work identifying duplicate payments. No whistle-blowing cases in 2008/09. The Council works with key partners to encourage fraud referrals. There have been various radio campaigns as well as a publicised fraud hotline.</p> <p>The Council has well established internal control arrangements, including an effective Internal Audit function. There is a Business Continuity Plan in place which has been tested and business continuity is assessed as part of procurement and commissioning arrangements.</p>	

Table 5 Theme 3 - managing resources

Theme 3 score	3
Key findings and conclusions	
<p>The Council has a good understanding of its current impact on natural resources and action plans are in place to make improvements. Progress on sustainability matters is being made through a range of initiatives and although not all have clear and comprehensive targets, most can demonstrate impact.</p> <p>The Council has good plans in place to develop its asset management and to link it to its strategic priorities and service needs, particularly in relation to partnership working. The foundations are in place for good performance, which should begin to show through in outcomes in 09/10 onwards.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 3.1 (use of natural resources) score	3
Key findings and conclusions	

DRAFT

The Sustainable Community Strategy (SCS) provides a strong strategic focus on sustainability including the use of natural resources; it gives practical examples of what can be done and the Council is using well developed sustainability appraisals to inform its own plans and those it develops with partners and the community. The Council has initiatives in place which contribute to specific environmental aims of the SCS, for example there is an LAA target to reduce water consumption in schools and early indications are that this has been exceeded. The Council has worked hard to develop staff awareness of energy and issues relating to the use of natural resources and these have helped to achieve savings. The activity of building based energy action teams has impacted on the use of energy in high consumption buildings. Over the last 7 years, overall consumption of gas and water has reduced and there are indications that electricity consumption is stabilising. It has further developed its understanding of energy consumption in buildings and has undertaken research with the Carbon Trust to identify further energy saving opportunities. It intends developing an action plan to achieve these savings in the current year. An analysis of the Council's work to reduce emissions was undertaken by the Energy Saving Trust in 2007 and this found most areas of performance to be good with few areas of weakness and some areas of excellence; the analysis does not however include clear evidence of outcomes achieved. A draft Carbon Reduction Policy and Strategy is being developed to take the recommendations from this work forward.

The Council has processes, strategies and facilities in place to minimise its own waste through, for example, its approach to procurement, refurbishment of buildings, travel plans, paper policies, centralisation of print facilities and provision of recycling facilities to schools and most can demonstrate positive outcomes. There are a number of actions and initiatives underway to combat climate change, such as emission testing for staff cars, 2 Plus travel and cycling skills for adults; data has been collected on most initiatives so that the Council can identify their impact. Early indications are that overall emissions in the area have reduced by 7.05%. The Council was accredited under the 'Energy Efficiency Accreditation Scheme' and when this 3 year standard expires this year will be applying for the wider Carbon Trust Standard.

The Council works with its partners to protect and enhance the natural environment and ensure that local biodiversity is valued and protected. A recent assessment of the approach concluded that the Council was meeting and or exceeding its statutory obligations as a result of, for example, changed working practices, development of sites of natural interest with local communities and evaluation of sites to identify ecological factors of land management for consideration in future sale or uses. However it also noted a lack of targets and quantitative measures of progress. The Tees Valley Joint Strategy Unit has developed a green infrastructure strategy on behalf of a wider partnership of Tees Valley authorities.

Appendix 1 – Use of resources key findings and conclusions

KLOE 3.2 (strategic asset management) score	2
Key findings and conclusions	
<p>The Council has an asset management plan which sets out how the Council plans to manage its asset base. All property terrier information has been plotted onto a GIS system to allow easier identification of the land and buildings held by the Council. Responsibility for assets is allocated to the Executive Member for Finance and Efficiency and the Head of Procurement, Property Services and Public Protection. Asset management planning in general is becoming more integrated with other service plans, and is looked at corporately across the Council as a whole. An example of this is the link to work being done on business transformation planning, which will rationalise staff accommodation across all directorates. This shows that a central asset management team will be put in place.</p> <p>The Council is in the process of reviewing all assets and their suitability with the view to rationalising the property portfolio to not only realise capital receipts, but to reduce the running costs of the portfolio and allow resources to be focussed on bringing assets into a fit for purpose state. A new asset management package has been purchased which will allow better monitoring of the property portfolio as more detail will be stored in a single place. This will not be fully operational until 2010. The refurbishment of the civic centre is being used as a chance to rationalise accommodation, and once the refurbishment is completed, hot desks will be available. The Council has shown that it can work with partner organisations in a variety of ways to use its assets to help deliver strategic priorities. The Council has started to consider the use of public buildings as a whole across Hartlepool (for example sharing office accommodation with the PCT and voluntary sectors at the new retirement village). This led to accommodation being leased rather than using Council-owned property. Accommodation for the Integrated Offender Management Team has also been provided in Council premises. Improvement of the property to allow this joint approach also allowed for more energy efficient changes to be made to the building which reduced revenue running costs. There is a strategy in place for working with the voluntary sector.</p>	
KLOE 3.3 (workforce planning) not applicable to single tier and county councils in 2008/09	Not applicable

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R1 Establish clearer links between the medium term financial strategy and the performance management framework and ensure the strategy describes joint plans with partners and stakeholders in financial terms.					
7	R2 Further develop benchmarking as a tool to challenge costs.					

AUDIT COMMITTEE

8 December 2009



Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2010/11

1. PURPOSE OF REPORT

- 1.1 To inform Members of the direction of internal audit activity, and to seek approval of the annual operational Internal Audit Plan for 2010/2011 (**Appendix A**).

2. BACKGROUND

- 2.1 Under the Accounts and Audit Regulations 2006, the Council is responsible for maintaining an adequate and effective system of internal audit of its accounting records and accounting control systems in accordance with proper internal audit practices. At Hartlepool, the authority for ensuring this responsibility is discharged, has been delegated to the Chief Financial Officer.
- 2.2 To accord with the CIPFA Code of Practice 2006 and to assist in ensuring the objectives of Internal Audit are achieved, audit activity must be effectively planned to establish audit priorities and ensure the effective use of audit resources
- 2.3 Given available audit resources, all aspects of the Council's systems and arrangements cannot be audited in one year. In recognition of this a Strategic Audit Plan has been prepared using a risk model based on the model accredited by the Chartered Institute of Public Finance and Accountancy, which factors include:
- System Factors
 - Managerial and Control environment
 - Value of transactions
 - Volume of transactions
 - Opinion critical
 - May incur legal penalties
- 2.4 The Strategic Audit Plan is produced in a way that ensures all relevant risk areas are covered. This allows the most relevant and comprehensive annual opinion on the councils control environment to be given to the Audit Committee. Additionally, the audit plan has been tailored to add value to the Council following a process of discussion

and consideration by Corporate Management Team, of their current operational issues.

- 2.5 Hartlepool Borough Council Internal Audit establishment consists of a Head of Audit and Governance and 6 FTE audit staff.

3 INTERNAL AUDIT RESOURCES 2009/2010

Mainstream Internal Audit

- 3.1 A total of 83 planned areas of audit coverage will form the basis of the mainstream Internal Audit work for 2010/11. The plan includes fundamental systems such as salaries, debtors, creditors, risk management etc., which are identified, for the purpose of the plan, as single audits. However, these will include system and probity audits in each or some of the departments, in support of the main system reviews.

In addition to the planned audit work, advice and support will be provided on an ad hoc basis throughout the financial year together with unplanned reactive work wherever necessary and appropriate.

- 3.2 In addition, for 2010/11, 120 days of audit work will be provided to the Cleveland Fire Authority.
- 3.3 Further details are provided in **Appendix A** of the focus of coverage across the council.

4 DELIVERING THE AUDIT

- 4.1 Regular liaison is an essential feature of an effective and responsive audit function. In this context, Internal Audit will:
- Have frequent meetings with departments to discuss the short term audit program, any current departmental issues which may benefit from an audit review and provide the opportunity to raise any concerns with the audit services provided
 - Following audit reviews, agree action plans scheduling recommendations, identifying responsibilities and timescales for action
 - Carry out follow up work to monitor the effectiveness of management in actioning audit recommendations
 - Ensure audit recommendations are focused on improving controls and delivering benefits to the Council.
 - Provide feedback to the Chief Financial Officer and Members on progress on the audit plan and the outcomes of audit work.

5 INTEGRATION

- 5.1 Although Internal Audit and the Audit Commission carry out their work with different objectives, it is good professional practice that both parties should work closely together, which is a principle that the Council has always been committed to.
- 5.2 The arrangements for ensuring effective joint working are formalised into a Joint Protocol Agreement, which ensured that the overall audit resources are most effectively focused and duplication is mitigated.

6 RECOMMENDATION

- 6.1 It is recommended that Members approve the 2010/2011 Internal Audit Plan.

4.4 Appendix A

Department Name		2010/11
Child and Adult Services	Adoption	0
Child and Adult Services	Adult Education	0
Chief Executives	Age Discrimination Act	0
Child and Adult Services	Allotment Rentals	0
Regeneration and Neighbourhood Services	Asset Management	5
Chief Executives	Asset Register - Capital Accounting	10
Chief Executives	Assisted Car Purchase	0
Chief Executives	Attendance Management	10
Chief Executives	Bailiff Services	5
Child and Adult Services	Barnard Grove Primary School	8
Chief Executives	Benefits - Housing & Council Tax	20
Child and Adult Services	Book Fund	0
Child and Adult Services	Brougham Primary School	0
Chief Executives	Budgetary Control	20
Regeneration and Neighbourhood Services	Building & Development Control Income	0
Regeneration and Neighbourhood Services	Building Maintenance	10
Child and Adult Services	Building Schools for the Future (BSF) / Primary Capital	10
Chief Executives	Business Transformation Process	10
Chief Executives	BVPI's	50
Regeneration and Neighbourhood Services	Car Parking - Blue Badge Scheme	0
Regeneration and Neighbourhood Services	Car Parking - Income	10
Child and Adult Services	Carefirst System	10
Child and Adult Services	Carlton Centre	0
Chief Executives	Cash/Bank	5
Child and Adult Services	Catcote Special School	8
Child and Adult Services	Catering	0
Child and Adult Services	Cemeteries & Crematoriums	0
Chief Executives	Central Land Charges	0
Chief Executives	Central Printing	0
Child and Adult Services	Children Centres	10
Child and Adult Services	Childrens Fund	10
Child and Adult Services	Childrens Trust	5
Chief Executives	Claim Adjustor Reviews	0
Child and Adult Services	Clavering Primary School	0
Regeneration and Neighbourhood Services	Cleaning of Buildings	0
Chief Executives	Communication - Land Lines	0
Chief Executives	Communication - Mobile Phones	0
Child and Adult Services	Community Care	5
Child and Adult Services	Community Grants	5
Regeneration and Neighbourhood Services	Community Safety	10
Regeneration and Neighbourhood Services	Community Strategy	0
Chief Executives	Complaints Procedure	0
Chief Executives	Computer Audit	80
Child and Adult Services	Connexions	0
Child and Adult Services	Consistent Financial Reporting (CFR)	0
Chief Executives	Contact Centre	5
Child and Adult Services	Contact Point	5
Regeneration and Neighbourhood Services	Contaminated Land	0

Chief Executives	Contracts	30
Child and Adult Services	Contracts & Commissioning	0
Chief Executives	Corporate Manslaughter Act	0
Chief Executives	Corporate Postages & Franking	0
Chief Executives	Council Tax	15
Child and Adult Services	Court Of Protection	0
Chief Executives	CRB	10
Chief Executives	Credit Card Payments	5
Chief Executives	Creditors	15
Chief Executives	Data Quality - DPA	0
Chief Executives	Data Quality - Fol	0
Chief Executives	Debtors	15
Chief Executives	Democratic Services	0
Child and Adult Services	Devolved Capital/Asset Management	0
Child and Adult Services	Direct Payments	0
Chief Executives	Disabled Discrimination Act	0
Child and Adult Services	Dyke House Secondary School	0
Chief Executives	E - Government Strategy	0
Regeneration and Neighbourhood Services	Economic Development	0
Child and Adult Services	Education 14 - 19	8
Child and Adult Services	Education Development Centre	0
Child and Adult Services	Eldon Grove Primary School	8
Child and Adult Services	Elwick C Of E Primary School	0
Regeneration and Neighbourhood Services	Emergency Planning	0
Chief Executives	Employee Protection/Violence Register	0
Chief Executives	Employees Registers of Interest/Gifts and Hospitalitys	5
Regeneration and Neighbourhood Services	Energy Management	0
Child and Adult Services	English Martyrs Secondary School	0
Regeneration and Neighbourhood Services	Environmental Enforcement - Abandoned Vehicles/Fly Tipping	0
Regeneration and Neighbourhood Services	Environmental Enforcement - Dog Fouling Income	0
Regeneration and Neighbourhood Services	Environmental Enforcement - Dog Warden Service	0
Child and Adult Services	Fens Primary School	0
Child and Adult Services	Foreshore Management	5
Child and Adult Services	Fostering	0
Chief Executives	Fraud Awareness	25
Child and Adult Services	Free School Meals	0
Child and Adult Services	Golden Flatts Primary School	0
Child and Adult Services	Governor Support	0
Child and Adult Services	Grange Primary School	8
Child and Adult Services	Greatham C Of E Primary School	8
Regeneration and Neighbourhood Services	Ground Maintenance/Horticulture	0
Regeneration and Neighbourhood Services	Hackney Carriages	0
Child and Adult Services	Hart Primary School	0
Child and Adult Services	Havelock Day Centre	0
Chief Executives	Health and Safety	10
Child and Adult Services	High Tunstall Secondary School	0
Regeneration and Neighbourhood Services	Highways - Repairs and Maintenance	0
Regeneration and Neighbourhood Services	Highways - Street Cleansing	0
Child and Adult Services	Hire Of Community & Public Halls	0
Child and Adult Services	Holy Trinity C Of E Primary School	0
Child and Adult Services	Home Care	0

Regeneration and Neighbourhood Services	Housing Aid/Homelessness	0
Chief Executives	Housing Hartlepool	0
Regeneration and Neighbourhood Services	Housing Market Renewal	10
Regeneration and Neighbourhood Services	Housing Strategy	0
Regeneration and Neighbourhood Services	Improvement/Renovation/Disabled Facilities Grants	10
Child and Adult Services	Individual School Budgets	10
Regeneration and Neighbourhood Services	Industrial Estate Lettings/Rental	0
Chief Executives	Information/Data Management	10
Chief Executives	Insurances	0
Regeneration and Neighbourhood Services	Integrated Transport Unit - Concessionary Travel	0
Regeneration and Neighbourhood Services	Integrated Transport Unit - Dial a Ride	0
Regeneration and Neighbourhood Services	Integrated Transport Unit - Fuel Management	0
Regeneration and Neighbourhood Services	Integrated Transport Unit - Home to School	0
Regeneration and Neighbourhood Services	Integrated Transport Unit - Vehicle Repairs	5
Regeneration and Neighbourhood Services	Integrated Transport Unit - Workshops	0
Child and Adult Services	Jesmond Primary School	0
Chief Executives	Job Evaluation Payments	0
Child and Adult Services	Kingsley Primary School	0
Regeneration and Neighbourhood Services	LAA/LSP/ABG	10
Regeneration and Neighbourhood Services	Landscape Planning and Conservation	8
Child and Adult Services	Libraries	8
Regeneration and Neighbourhood Services	Licensing	0
Chief Executives	Loans & Investments	5
Child and Adult Services	Looked After Children	0
Child and Adult Services	Lynnfield Primary School	0
Chief Executives	Main Accounting	20
Child and Adult Services	Manor College Of Technology	0
Regeneration and Neighbourhood Services	Market Rents	0
Child and Adult Services	Meals On Wheels	0
Chief Executives	Members Allowances/Travel/Subsistence	10
Chief Executives	Members Code of Conduct	0
Chief Executives	Middleton Grange Shopping Centre	0
Regeneration and Neighbourhood Services	Milk Grant	0
Child and Adult Services	Millhouse Leisure Centre/Headland Sports Centre	0
Chief Executives	Mortgages	0
Child and Adult Services	Music Service (Joint Arrangement)	0
Regeneration and Neighbourhood Services	Neighbourhood Renewal	10
Chief Executives	NFI	10
Chief Executives	NNDR	10
Child and Adult Services	Nursing & Residential Accommodation Charges	0
Chief Executives	Officers Expenses	5
Child and Adult Services	Open Spaces	8
Childrens	Owton Manor Primary School	0
Child and Adult Services	Parks Income	0
Chief Executives	Partnerships (UoR/CPA/CAA)	40
Child and Adult Services	Pensions, Allowances & Client Property	0
Chief Executives	Performance Management Systems	5
Child and Adult Services	Personalisation Agenda	12
Regeneration and Neighbourhood Services	Pest Control, Licences, Public Health Income	0
Chief Executives	Petty Cash	10
Chief Executives	PIDA	0
Child and Adult Services	Placements	0

Child and Adult Services	Playing Fields & Lettings	0
Child and Adult Services	Playschemes (Easter & Summer)	0
Chief Executives	PoCA	0
Regeneration and Neighbourhood Services	Prevention Services	0
Regeneration and Neighbourhood Services	Procurement	20
Chief Executives	Public Relations	0
Child and Adult Services	Pupil Referral Unit (P.R.U.)	0
Child and Adult Services	Pupil Support/Admissions	0
Chief Executives	Recruitment, Selection and Retention	5
Regeneration and Neighbourhood Services	Recycling/Landfill	0
Chief Executives	Redundancies	0
Child and Adult Services	Registrars	0
Child and Adult Services	Registration & Inspection	0
Child and Adult Services	Resource Centres	0
Child and Adult Services	Rift House Primary School	0
Chief Executives	RIPA	0
Chief Executives	Risk Management	10
Child and Adult Services	Rossmere Primary School	0
Child and Adult Services	S.E.N. Support	0
Child and Adult Services	Sacred Heart Primary School	8
Chief Executives	Salaries	7
Chief Executives	Scheme of Delegation	0
Regeneration and Neighbourhood Services	School Catering Recharges	0
Child and Adult Services	School Improvement	0
Child and Adult Services	Seaton Carew Nursery	0
Child and Adult Services	Section 17 Payments	5
Child and Adult Services	SIMS System	0
Child and Adult Services	Social Care Management Arrangements	15
Child and Adult Services	Springwell Special School	8
Child and Adult Services	St. Aidans Primary School	8
Child and Adult Services	St. Begas Primary School	8
Child and Adult Services	St. Cuthbert's Primary School	0
Child and Adult Services	St. Helens Primary School	0
Child and Adult Services	St. Hilda's Secondary School	0
Child and Adult Services	St. John Vianney Primary School	0
Child and Adult Services	St. Josephs Primary School	0
Child and Adult Services	St. Teresas Primary School	0
Regeneration and Neighbourhood Services	Stores	0
Child and Adult Services	Stranton Primary School	8
Child and Adult Services	Summerhill	0
Child and Adult Services	Supporting People	10
Regeneration and Neighbourhood Services	Sustainability	10
Regeneration and Neighbourhood Services	Tanfield Road Nursery	5
Child and Adult Services	Throston Primary School	8
Child and Adult Services	Tourism - Historic Quay/Museum/TIC	10
Child and Adult Services	Tourism - Maritime Festival	0
Child and Adult Services	Tourism - Strategic Arts and Events	0
Child and Adult Services	Tourism - Tall Ships	10
Child and Adult Services	Tourism - Town Hall Theatre/Borough Hall	6
Regeneration and Neighbourhood Services	Trade Refuse/Special Collections	0
Regeneration and Neighbourhood Services	Trading Standards	0
Chief Executives	Training	0

Regeneration and Neighbourhood Services	Transport Plan	8
Chief Executives	V.A.T.	5
Chief Executives	Wages	7
Child and Adult Services	Ward Jackson Primary School	8
Child and Adult Services	Warren Road	0
Child and Adult Services	West Park Primary School	8
Child and Adult Services	West View Primary School	8
Child and Adult Services	Wrap Around/After School Provision	8
	ADMINISTRATION	
Corporate	Training/Development	64
Corporate	Administration	96
Corporate	Contingency/Advice/Support/Special Investigations	100
	CFA	120
	TOTAL	1302
	Holidays	206
	Sickness	40
	Bank Holidays	64

AUDIT COMMITTEE

8 December 2009



Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2009/10 UPDATE

1. PURPOSE OF REPORT

- 1.1 To inform Members of the progress made to date completing the internal audit plan for 2009/10.

2. BACKGROUND

- 2.1 In order to ensure that the Audit Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan. Regular updates allow the members of the Committee to form an opinion on the controls in operation within the Council. This in turn allows members of the committee to fully review the Annual Governance Statement, which will be presented to a future meeting of the Committee, and after review, will form part of the statement of accounts of the Council.

3. AUDITS COMPLETED AND IN PROGRESS

- 3.1 **Appendix A** of the report details the pieces of work that have been completed.
- 3.2 As well as completing the afore mentioned audits, Internal Audit staff have been involved with the following working groups:
- ISO 17799 Group.
 - Procurement Working Group.
 - Corporate Risk Management Group.
 - Use of Resources assessment.
- 3.3 The section has now received data matches from the Audit Commission in relation to the National Fraud Initiative (NFI) for 2008/09. The section, along with the Benefit Fraud Team, is currently investigating any anomalies identified.

- 3.4 **Appendix B** details the audits that were ongoing at the time of compiling the report.

4 AUDIT PLAN PROGRESS

- 4.1 The work completed and currently ongoing is in line with expectations at this time of year, and audit coverage to date has allowed the Audit Commission to place reliance on the scope and quality of work completed when meeting their requirements under the Audit Code of Practice.

5 RECOMMENDATION

- 5.1 It is recommended that Members note the contents of the report.

Appendix A

Audit	Objectives	Recommendations	Agreed
Home to School Transport	Home to School Transport services are only accessible to authorised users; Any statutory obligations have been complied with; There are adequate arrangements in place to appropriately assess and register all of the service users; Ensuring that appropriate vehicles and drivers are available to deliver the service. There are appropriate controls in place regarding the assessment, calculation, recording, handling and reconciling of service users contributions to the service; All data/assets held regarding service users is controlled, securely stored in compliance with any Data Protection guidelines; Contract arrangements with external providers have been made in accordance with the Authority's Contract and Financial Procedure Rules; Safety of service users and drivers is ensured.	<ul style="list-style-type: none"> - Training in Lift Operation should be undertaken by all members of staff. - All application forms should be signed/initialled by the officer assessing the request. - A copy of an up to date insurance certificate should be obtained and kept on file showing employee's motor and public liability cover. - All drivers should have a CRB clearance every three years. - Annual checks should be undertaken on all drivers' licences to detect any endorsements etc. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Hart Primary	Ensure school financial and governance arrangements are in line with best practice.	<ul style="list-style-type: none"> - Items of equipment costing in excess of £500 or of a portable and attractive nature should be recorded in the inventory record. Annual stock checks should be undertaken and inventory records signed by the independent officer performing the reconciliation. - The Governing Body should undertake a review of the schools control environment and prepare / sign a Statement on Internal Control which reflects the guidance issued by DCSF. Any material weakness in the control environment of the school should be reflected in the wording of the SIC. - As no recent recruitment exercises have been undertaken, testing was not performed on the recruitment and selection process, and will be reviewed at the follow up audit. - The staffing structure of the school should be reviewed periodically with any changes to the structure approved by the Governing Body. - A self evaluation of staff financial management competencies should be carried out by the Headteacher and School Secretary, using DCSF competency grids. Such staff should 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>

		<p>be given the opportunity to attend financial management training courses, particularly to address any gaps in their competencies and records maintained of any training provided.</p> <p>- The school improvement plan should be based upon 3 to 4 years instead of annual in order to comply with DCSF guidance.</p> <p>- A medium term budget which reflects the School Improvement Plan should be in place. The school may consider using Children's Services HCSS software.</p> <p>- The School profile containing all relevant information about the school should be in place.</p> <p>- The school should carry out a benchmarking exercise for this financial year using the DFES Teachernet benchmarking website to evaluate performance against similar schools.</p> <p>- The Governing Body should ratify the LEA's Financial Regulations which should be reviewed on a regular basis (at least two yearly).</p> <p>- Orders should be used for all goods and services with a few limited exceptions. These orders should then be committed on the school's financial system to prevent overspending.</p> <p>- The school should develop detailed local procedures for the finance function and ensure that they are approved by the Governing Body. It can adapt the proforma provided by internal audit to achieve this and develop procedures that fit the school's particular circumstances.</p> <p>- Risk management should be embedded into the school's processes. This can be achieved by:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Establishing a risk management group to co-ordinate the school's risk management activities; <input type="checkbox"/> Providing appropriate training in risk management to the group; <input type="checkbox"/> Undertaking risk assessments of all school activities to identify, evaluate and treat risks to the achievement of the schools priorities. The school may utilise the risk management software provided by internal audit in order to carry out annual reviews of the school's risk position and inform the preparation of the school's Statement of Internal Control. Training in the use of the software can be provided by 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
--	--	--	---

		<p>Internal Audit.</p> <ul style="list-style-type: none"> - Arrangements for securing software licenses and ensuring compliance with the designs, copy write and patents act were not reviewed and will be reviewed at the follow up audit. - Back ups of information should be taken on a regular basis for all IT systems. Back ups should be tested periodically and records of testing maintained. - Annual accounts should be presented to the Governing Body. - All staff are subject to a CRB disclosure and reviewed every three years. - All Governors should be subject to CRB disclosure upon appointment and should be reviewed every three years. - In order to demonstrate Best Value in the provision of its services the School should identify areas to review the economic, efficient and effective use of resources, document these areas in a best value statement and submit this statement to the LEA on an annual basis. - As well as identifying individual training needs, members of the Governing Body (and in particular Finance) should evaluate their strengths in order that the school may utilise these competencies. - A reconciliation of budget summary reports to SIMS will be undertaken as part of the follow up review. - The school should have an ICT strategy in place which provides direction in the use of ICT resources in the areas of learning, teaching and administration. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
LAA	<p>To determine the extent and implications of the grant conditions and evaluate the arrangements in place to ensure that these are achieved. To examine the funding reporting arrangements and budgetary control procedures. To ensure that capital assets procured by the LA are appropriately recorded. To ensure that actual outcomes are reported on a regular basis. To identify and evaluate the arrangements in place for collating outcome figures, ensuring that these can be supported by back up documentation. To evaluate the risk management processes in</p>	<ul style="list-style-type: none"> - That monitoring visits are carried out to ensure that the terms and conditions of the funding are being adhered to. A risk based approach should be taken to ensure that resources are focused where they are most needed. - That monitoring visit follow up to recommendations made are documented and 'signed off' as evidence that all necessary action has been taken. - That all involved in projects are requested to complete a declaration of interests form/a system is put in place whereby staff declare interests in projects as and when applicable. - That arrangements are put in place to ensure that the asset is correctly recorded. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>

	place. To assess the arrangements in place for approving projects. To evaluate the internal monitoring arrangements in place.		
Main Accounting System	Financial management arrangements, accounting standards and policies adopted by HBC meet the requirements of the organisation, comply with legislation and best practice and are adhered to throughout the organisation; The financial accounting system is sufficiently robust and flexible enough to meet the needs of different users (i.e. budget holders, senior managers, those charged with governance), capable of expansion to meet any growth in the organisation or in its financial information requirements; All transactions recorded in feeder systems are completely and accurately transferred to the main accounting system. Accounting balances from the previous financial year are brought forward into the current years accounts correctly; Transactions within the main accounting system are correctly coded and calculated; The output from the main accounting system is correctly presented in the authority's final accounts; The security and integrity of the system is maintained.	<p>- That Sims to Integra reconciliations are carried out on a more regular basis to ensure that schools are receiving accurate and timely information for budgetary control and decision making processes.</p> <p>- That Adult Services Finance team carry out quarterly reconciliations of Controc to Integra.</p> <p>- That the overall process is examined to identify the processes that should be followed when internal transactions are processed.</p> <p>- That transaction descriptions are sufficient to enable an officer to immediately see why the transaction has been processed.</p> <p>- That supporting documentation is retained to verify the validity of journal transactions which have been entered to Integra.</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Holy Trinity Primary	Ensure school financial and governance arrangements are in line with best practice.	<p>- A register of business interests (including 'nil' returns should be maintained for all governors and those staff who can influence purchasing decisions) to ensure that they remain appropriate to the needs of the school.</p> <p>- The Governing Body should ratify the LEA's Financial Regulations which should be reviewed on a regular basis (at least two yearly).</p> <p>- Uncollectable debts should be referred to the LEA in order that recovery action can be taken. Consideration needs to be given to write the debt off as none recoverable.</p> <p>- Orders should be raised prior to the goods / invoice being received for payment and committed for budgetary control purposes.</p> <p>- The school should develop detailed local procedures for the finance function and ensure that they are</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>

		<p>approved by the Governing Body. It can adapt the pro-forma provided by Internal Audit to achieve this and develop procedures that fit the school's particular circumstances.</p> <p>- Risk management should be embedded into the schools processes. This can be achieved by:</p> <ul style="list-style-type: none"> • Establishing a risk management group should to co-ordinate the school's risk management activities; • providing appropriate training in risk management to the group; • Undertaking risk assessments of all school activities to identify, evaluate and treat risks to the achievement of the schools priorities. <p>The school may utilise the risk management software provided by internal audit in order to carry out annual reviews of the school's risk position and inform the preparation of the school's Statement of Internal Control.</p> <p>- Regular software audits should be undertaken by the school to ensure that unauthorised software has not been installed on machines and that the number of software licences retained agrees to the software loaded onto machines.</p> <p>- Back ups should be tested periodically and records of testing maintained.</p> <p>- All payee details are included in cheque book stubs.</p> <p>- Two signatures are obtained when the annual audit is performed as per the Constitution.</p> <p>- The Governing Body should undertake a review of the schools control environment and prepare/sign a Statement on Internal Control which reflects the guidance issued by DCSF. Any material weakness in the control environment of the school should be reflected in the wording of the SIC.</p> <p>- All Governors are subject to CRB disclosure and reviewed every three years.</p> <p>- Documentation relating to the awarding of works will be reviewed as part of the follow up audit.</p> <p>- The Governing Body should formally adopt a scale of charges which should be reviewed on an annual basis. When</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
--	--	--	--

		<p>adopting a scale of charges the school should consider the current viability of the service provided.</p> <ul style="list-style-type: none"> - All staff with access to IT systems should complete a data protection form of undertaking. - A stock check should be undertaken on an annual basis. The person undertaking the stock take should be independent of the day to day maintenance of the inventory and should sign and date the inventory. - The Whistleblowing Policy, which has been adopted by the Governing Body, is communicated to staff and evidenced when this has been completed. - As well as identifying individual training needs, Members of the Governing Body (and in particular Finance) should evaluate their strengths in order that the school may utilise these competencies. - A self evaluation of staff financial management competencies should be carried out by the Headteacher and School Secretary. For staff with financial management responsibilities ensure that their performance management targets include relevant financial management targets. Such staff should be given the opportunity to attend financial management training courses particularly to address any gaps in their competencies. - The school improvement plan should be based upon 3-4 years instead of annual in order to comply with DfES guidance. Arrangements for monitoring the achievement of school priorities will be reviewed as part of the follow up audit. - A medium term budget which reflects the School Improvement Plan should be in place. The school may consider using Children's Services HCSS software. - The school should carry out a benchmarking exercise for this financial year using the DFES Teachernet benchmarking website to evaluate performance against similar schools. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Clavering Primary	Ensure school financial and governance arrangements are in line with best practice.	<ul style="list-style-type: none"> - The Governing Body should undertake a review of the schools control environment and prepare / sign a Statement on Internal Control which reflects the guidance issued by DCSF. Any material weakness in the control environment of the school should be 	Y

		reflected in the wording of the SIC.	
		- The Governing Body should ratify the LEA's Financial Regulations which should be reviewed on a regular basis (at least two yearly)	Y
		- Debts exceeding £25 should be referred to the LEA in order that recovery action can be taken.	Y
		- All items of equipment costing in excess of £500 or of a portable and attractive nature should be recorded in the inventory record.	Y
		- The school should develop detailed local procedures for the finance function and ensure that they are approved by the Governing Body.	Y
		- Risk management should be embedded into the schools processes. This can be achieved by:	Y
		<ul style="list-style-type: none"> • Establishing a risk management group to co-ordinate the school's risk management activities; • Providing appropriate training in risk management to the group; • Undertaking risk assessments of all school activities to identify, evaluate and treat risks to the achievement of school priorities. 	
		The school may utilise the risk management software provided by internal audit in order to carry out annual reviews of the school's risk position and inform the preparation of the school's annual Statement of Internal Control. Training in the use of the software can be provided by Internal Audit.	
		- All staff with access to personal data should complete a data protection form of undertaking.	Y
		- Records should be maintained by the school of all software loaded onto desktop machines / laptops etc. Regular software audits should be undertaken by the school to ensure that unauthorised software has not been installed on machines and that the number of software licences retained agrees to the software loaded onto machines.	Y
		- School should keep a schedule of when CD's have been tested to provide assurance that data / systems can be restored in the event of failure.	Y
		- School should update HCSS software inline with school current deficit position.	Y
		- Expenditure should not be incurred from the schools bank account for goods / services purchased on behalf	Y

		<p>of the school fund unless the school has credited the bank account for the expenditure incurred in the first instance.</p> <ul style="list-style-type: none"> - The Governing Body's Instrument of Government should be obtained and retained in a secure manner. - CRB clearances should be reviewed every three years for all staff. - The Governing Body should formally adopt a scale of charges which should be reviewed on an annual basis. - School should request a copy of the bank mandate for audit to examine in the follow up. - Orders should be used for all goods and services with a few limited exceptions. These orders should then be committed on the school's financial system to prevent overspending. Or school should consider a purchase card. - Governing Body minutes should be made available to the auditor for examination. - Appropriate checks (e.g. references) should be undertaken on all Governors. CRB clearances should be reviewed every three years. - The school improvement plan should be based upon 3 to 4 years instead of annual in order to comply with DfES guidance. - Audited accounts must be presented to the next available Governing Body meeting for approval. - As well as identifying individual training needs, Members of the Governing Body (and in particular Finance) should evaluate their strengths in order that the school may utilise these competencies. Where training needs are identified that appropriate training is provided to ensure that the school has the full range of competencies available. Records of training provided should be maintained by the school. - A self evaluation of staff financial management competencies should be carried out by the Headteacher and School Secretary. For staff with financial management responsibilities to ensure that the financial competencies required by the school are in place, performance management targets include relevant financial management targets. Such staff should be given the opportunity to attend financial management training 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
--	--	---	--

		<p>courses particularly to address any gaps in their competences. All training records should be maintained on file.</p> <ul style="list-style-type: none"> - The school should carry out a benchmarking exercise for this financial year using the DFES Teachernet benchmarking website to evaluate performance against similar schools. - A register of business interests (including 'nil' returns) should be maintained for all governors and those staff who can influence purchasing decisions. The register should be updated at least annually. - For security reasons blank cheques should never be pre-signed. The school may consider setting up a float system for wraparound care for staff to use when purchasing goods for wraparound care. 	<p>Y</p> <p>Y</p> <p>Y</p>
Council Tax	<p>All taxable properties are identified, assessed and recorded and these records are accurately maintained; All persons liable for council tax and all discounts, exemptions, benefits and other allowances have been identified and correctly recorded; Amounts due in respect of each taxable property have been correctly calculated and promptly demanded from the person liable; Secure and efficient arrangements exist for all collections, which are promptly posted to the correct taxpayers' accounts. All refunds are authorised and valid; All arrears are promptly identified and effectively pursued, and all write offs are valid and authorised; The billing authority complies with all statutory and other requirements for tax setting and the keeping of accounts.</p>	<ul style="list-style-type: none"> - That regular checks are carried out to ensure that Review Dates are being followed up and explanations provided if not. - That, as an absolute minimum, sample checks are carried out on exemptions/discounts awarded, levels of discounts/exemptions are monitored and staff receive regular training in the awarding of discounts/exemptions. - That the Revenues Manager is aware of the risks involved when requiring staff to carry out dual roles. - That regular reviews of cases where recovery action has been suspended are carried out to ensure that these are acceptable. - That approval to write off Council Tax debt is obtained on a regular basis and the debt promptly written off on the system. This will help to ensure that all cases are dealt with promptly and accounts show the most up to date information. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Contact Centre	<p>To ensure all services provided are done so in a controlled way ensuring compliance with good practice and legislation.</p>	<ul style="list-style-type: none"> - When inputting a service request needing payment at the cash office staff must ensure a receipt number is entered into CRM from the receipt given from cash office to customer. - There should be Service Integration Delivery Agreements in place for all services provided from the Contact Centre. They should clearly state the responsibilities from both parties. 	<p>Y</p> <p>Y</p>
Town Hall Theatre	<p>Income is collected, recorded, held securely and promptly banked. Bar stocks are regularly replenished and stock checks</p>	<ul style="list-style-type: none"> - Management should review levels of admission for carers etc to ensure free places are monitored. Any peaks are looked into and a reason given for a 	<p>Y</p>

	carried out. Effective budget monitoring is in place for Town Hall Theatre. Adequate procedures are in place for the ordering, receipt and payment of goods and services, in line with the Local Authority Financial Procedure Rules. Town Hall Theatre are covered with appropriate licenses.	<p>jump/falls in trend.</p> <ul style="list-style-type: none"> - Full records are kept for all stock including bar wastage, regular full stock checks are carried out. - Till rolls should be used and kept with reconciliation that supports monies taken and banked. - Discrepancies are monitored by management and investigations undertaken as necessary. - For effective accounting arrangement all wastage should be recorded and monitored by management. This should then be used during stock checks. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Connexions	Council is complying with any statutory regulations. Adequate procedures are in place for the ordering, receipt and payment of goods and services, in line with the Local Authority Financial Procedure Rules. Income is collected, recorded, held securely and promptly banked; Recruitment is in accordance with HBC procedures, and to ensure that employees are appointed in accordance with set procedures on the correct terms and conditions. Adequate procedures are in place for monitoring SLA's. Income is collected, recorded, held securely and promptly banked; Performance in section is being monitored.	<ul style="list-style-type: none"> - Staffing structure should be regularly reviewed and updated to reflect any staffing changes. - An up date Inventory is maintained and annual stock checks are carried out by two members of staff. - Connexions should compile and approve petty cash procedures and ensure all staff involved in obtaining petty cash have read and understand their responsibilities. - Connexions should approve a scale of charges and advertise use of rooms to Hartlepool Borough Council Staff. - Official purchase orders should be used for all goods and services with a few limited exceptions. These orders should then be committed on Integra (financial system) to commit expenditure and prevent overspending. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
St Peter's Elwick Primary	Ensure school financial and governance arrangements are in line with best practice.	<ul style="list-style-type: none"> - The Governing Body should undertake a review of the schools control environment and prepare / sign a Statement on Internal Control which reflects the guidance issued by DCSF. Any material weakness in the control environment of the school should be reflected in the wording of the SIC. - Orders should be used when purchasing all goods and services with a few limited exceptions. These orders should then be committed on the school's financial system to prevent overspending. Raising orders at the time of payment does not provide sufficient control. - Where the school employs contractors to carry out construction type work, it should ensure that the contractor has a valid CIS certificate. - In order to demonstrate Best Value in the provision of its services the School should identify areas to review the economic, efficient and effective use of 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>

		<p>resources, document these areas in a best value statement and submit this statement to the LEA on an annual basis.</p> <p>- Inventory records will be reviewed as part of the follow up review.</p> <p>- The school should develop detailed local procedures for the finance function and ensure that they are approved by the Governing Body.</p> <p>- Risk management should be embedded into the schools processes. This can be achieved by:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Establishing a risk management group should to co-ordinate the school's risk management activities; <input type="checkbox"/> providing appropriate training in risk management to the group; <input type="checkbox"/> Undertaking risk assessments of all school activities to identify, evaluate and treat risks to the achievement of the schools priorities. The school may utilise the risk management software provided by internal audit in order to carry out annual reviews of the school's risk position and inform the preparation of the school's Statement of Internal Control. Training in the use of the software can be provided by Internal Audit. <p>- The school should develop a medium term ICT strategy which provides direction in the use of ICT resources in the areas of learning, teaching and administration. The strategy should be presented to the Governing Body for approval.</p> <p>- Testing to ensure that salary costs charged to the school are valid and accurate was not performed and will be reviewed at the follow up audit.</p> <p>- The school improvement plan should be based upon 3 to 4 years instead of annual in order to comply with DCSF guidance and should include costings where appropriate. A medium term budget which reflects the School Improvement Plan should also be in place. Evidence of monitoring of the achievement of outcomes should be documented.</p> <p>- Checks should be undertaken to ensure that salary costs recorded on the contracts Information on SIMS agree with actual salaries.</p> <p>- As well as identifying individual training needs, Members of the Governing Body (and in particular Finance) should evaluate their strengths in order that the school may</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
--	--	--	--

		<p>utilise these competencies. Any training needs identified should be addressed with records of training provided maintained.</p> <ul style="list-style-type: none"> - CRB disclosure should be obtained for all members of the Governing Body. CRB clearances should be reviewed every three years - The staffing structure of the school should be reviewed periodically with any changes to the structure approved by the Governing Body - Any recruitment exercises undertaken will be reviewed as part of the follow up audit - A self evaluation of staff financial management competencies should be carried out by the Headteacher and School Secretary, using DCSF competency grids. Such staff should be given the opportunity to attend financial management training courses particularly to address any gaps in their competences and records maintained of any training provided. - The School profile containing all relevant information about the school should be in place. - The school should carry out a benchmarking exercise for this financial year using the DFES Teachernet benchmarking website to evaluate performance against similar schools. - The Governing Body should ratify the LEA's Financial Regulations which should be reviewed on a regular basis (at least two yearly). - The school should obtain the bank mandate and retain it in a secure manner. - The school should consider relocating the safe so that it is secure. - Back ups should be stored in a secure location within the school away from the main computer/server, ideally in a fireproof safe. For Data Protection reasons back ups should not be taken off the premises. - Annual accounts should be presented to the Governing Body. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Fens Primary	Ensure school financial and governance arrangements are in line with best practice.	<ul style="list-style-type: none"> - The staffing structure of the school should be reviewed periodically with any changes to the structure approved by the Governing Body. Incorporating such a review with a review of benchmarking results can ensure that staffing costs are reasonable. - Annual accounts that have been certified by an independent examiner 	<p>Y</p> <p>Y</p>

		<p>should be presented to the Governing Body.</p> <p>- The school should develop a system for verifying income with bankings.</p> <p>The school should also consider closing one account and merging the two funds into one to reduce administrative costs. The constitution should be amended to reflect the revised purpose of the fund.</p> <p>- The Governing Body should undertake an annual review of the schools control environment and prepare / sign a Statement on Internal Control which reflects the guidance issued by DCSF. Any material weakness in the control environment of the school should be reflected in the wording of the SIC.</p> <p>- In order to ease the administrative burden of maintaining inventory records, only assets that value in excess of £500 or those of a portable attractive nature should be recorded. Inventory records should be adjusted to included details of any disposals and records of proceeds received from such disposals.</p> <p>- A self evaluation of staff financial management competencies should be carried out by the Headteacher and School Secretary. For staff with financial management responsibilities ensure that their performance management targets include relevant financial management targets. Such staff should be given the opportunity to attend financial management training courses particularly to address any gaps in their competencies.</p> <p>- The School Development Plan should be based upon 3 to 4 years instead of annual in order to comply with DCSF guidance.</p> <p>- The school should carry out a benchmarking exercise for this financial year using the DFES Teachernet benchmarking website to evaluate performance against similar schools.</p> <p>- The Governing Body should ratify the LEA's Financial Regulations which should be reviewed on a regular basis (at least two yearly).</p> <p>- Risk management should be embedded into the schools processes. This can be achieved by:</p> <p><input type="checkbox"/> Establishing a risk management group should to co-ordinate the school's risk management activities;</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
--	--	--	---

		<input type="checkbox"/> Providing appropriate training in risk management to the group; <input type="checkbox"/> Undertaking risk assessments of all school activities to identify, evaluate and treat risks to the achievement of the schools priorities. The school may utilise the risk management software provided by internal audit in order to carry out annual reviews of the school's risk position and inform the preparation of the school's Statement of Internal Control. - Back ups should be tested to ensure that data can be restored in the event of failure with records maintained of all testing undertaken.	Y
School Improvement	The system, policy and procedures are documented and readily accessible. Roles and responsibilities have been formally allocated, recorded and communicated, and training provided. Procedures ensure roles and skills requirements are identified and met. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs. Procedures ensure that supporting information, data, reports, etc are produced and retained. Procedures ensure staff responsible for PIs have the current and correct definitions. Independent checks are undertaken to ensure PIs are produced and reported accurately. Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely and are readily accessible by authorised persons. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.	No recommendations.	
Social Care Management Arrangements	To ensure all services provided are done so in a controlled way ensuring compliance with good practice and legislation.	- As the Putting People First Project Plan determines and demonstrates the way forward for adult social care in Hartlepool, it would be helpful if the report is issued as soon as is reasonable practicable to ensure a wider audience can be informed of and can obtain an understanding of the direction of travel. - Consideration be given to using missing data reports from CareFirst as	Y

		<p>a mechanism for ensuring the level of missing data is remaining low and is not becoming a cause for concern. When considering the use of the reports the amount of staff resources needed to complete the task versus the added value of producing the report will need deliberation.</p> <p>- Staff should be reminded of the processes in place to ensure that documentation is retained and/or CareFirst is updated for each part of the process as required.</p> <p>- The development of the review process which is already underway should be made a priority and be completed as soon as possible. Once complete the review process should be documented, rolled out to staff and training provided. The two reviews which are currently outstanding should be completed as soon as is possible or notes made as to why the reviews are not required/appropriate at this time.</p>	<p>Y</p> <p>Y</p>
Health and Safety	<p>That there are arrangements in place to ensure that Health and Safety legislation and Good Practice Guidance is adopted by HBC. That the roles and responsibilities are clearly defined. That staff responsible for health and safety have the required skills. That sufficient resources are provided to ensure that health and safety legislation is complied with. Inspections/assessments are carried out to ensure that Health and Safety legislation / guidance is being complied with. To ensure that corrective measures are put in place where incidents occur. That recommendations made are actioned to ensure that H&S legislation/guidance is complied with. The achievement of the H&S aims and objectives. That documentation is securely retained to evidence actions taken.</p>	<p>- That the Health and Safety Policy is reviewed, approved and issued to all staff with training being provided where necessary.</p> <p>- That escalation processes are put in place to ensure that H&S recommendations are actioned and that where actions can not be taken to implement recommendations made the risks are adequately recorded.</p> <p>- Managers are requested to formally accept the H&S report and recommendations.</p> <p>- That written procedure notes are put in place which identify the types of documents to be retained, how long they are to be held for and where they are to be stored.</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Energy Management	<p>Arrangements are in place to ensure that the procurement of energy represents best value and achieves target percentage of energy from sustainable and renewable sources. All payments for utilities are accurate and appropriately authorised. There is</p>	<p>- Savings made as a result of the NEPO contract should be identified and reported to Members annually.</p> <p>- There is evidence of a number of initiatives designed to improve energy performance being undertaken recently. Documentation which provides evidence of benefits achieved</p>	<p>Y</p> <p>Y</p>

	<p>effective monitoring and reporting of energy consumption and the energy performance of the Council as a whole and for individual sources. Measures designed to improve the energy performance of buildings, comply with legislation and reduce the potential costs of the Carbon Reduction Commitment are established. Energy efficiency investments designed to reduce energy consumption and the effects of climate change are established, with effective monitoring and reporting arrangements in place to demonstrate both compliance with and the effectiveness of such initiatives. There are effective arrangements in place to ensure that users are aware of their responsibilities to manage the consumption of energy in the most efficient and economic manner.</p>	<p>was not reviewed and will be reviewed as part of the audit follow up.</p> <ul style="list-style-type: none"> - Campaigns designed to raise awareness and define staff responsibility to use energy efficiently should be undertaken. - The contract for the procurement of electricity should include a requirement that a percentage of electricity procured is obtained from sustainable / renewable sources. - Attempts to overcome technical difficulties and install smart meters should be attempted. Where such difficulties cannot be overcome, meters should be read on a monthly basis in line with best practice. - Regular detailed reports of consumption should be provided to building management groups / responsible officers to enable effective analysis and decision making. Such reports should include: <ul style="list-style-type: none"> <input type="checkbox"/> Comparative figures; <input type="checkbox"/> Seasonal variations; <input type="checkbox"/> Weekend variations; <input type="checkbox"/> Detailed analysis of different premises across the organisation; <input type="checkbox"/> Out of hours consumption; <input type="checkbox"/> Early indication of abnormal consumption; <input type="checkbox"/> A gauge of the effectiveness of energy saving measures / reduction targets etc. - Reports from the Energy Management System used to provide reports to Members should be retained in order to maintain an audit trail and provide evidence to support the accuracy of reported figures. Consumption figures should be provided. - Consideration should be given to obtain accreditation to further staff in order to meet the requirements of the European Regulations. - All boilers / water heaters and air conditioners over 250kw should be inspected annually by an accredited assessor as required by regulations 21 and 22 of the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007. - The Carbon Reduction Strategy should be developed to provide direction in the Council's efforts to reduce its carbon footprint and establish targets for reducing energy consumption. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
--	---	---	---

Childrens Centre	The objectives of the review were to identify and evaluate the effectiveness of controls operating within the systems at the Children's Centres to provide assurance that risk is being managed at an acceptable level.	<ul style="list-style-type: none"> - Purchase orders are raised prior to invoices being received. Where a cost is not available, this charge should be processed as a non-purchase order transaction - A current inventory list is taken, signed and dated for Hindpool Close. - A record of signed Internet and Email policies which are submitted to Human Resources and the Internet Manager is maintained for reference purposes within the centre. - Written procedures are compiled to enable all staff to be aware of processes that need to be carried out and where information can be located. - Two members of staff perform the income reconciliation for childcare income. Dates of the reconciliation along with signatures should also be included on the paperwork. - Parent signature is obtained on the payment receipt prior to removal from the receipts book as per the centre's procedure. - Two members of staff are present during the cashing up process and signatures obtained on paperwork. That discrepancies found are investigated further. Initials are obtained when any amendments to paperwork occur. - Any discrepancies or amendments to charges incurred should be noted on the spreadsheet for reference purposes. - No transactions are processed without the appropriate supporting receipt. - Following the resiting of staff an inventory is to be taken, signed and dated. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Concessionary Travel	All applications are supported with the relevant proof of identity. Replacement permits are charged accordingly and income is promptly banked. Payments to bus companies are fair and reasonable.	No recommendations	
Youth Services	To ensure that the Authority is complying with any statutory regulations, appropriate services continue to be available at a universal level to all young people, consultation processes are in place and evaluated to ensure they meet the needs of young people in the town, Recruitment is in accordance with HBC procedures including	<ul style="list-style-type: none"> - Declaration of interests for Grant Givers are recorded in the meeting minutes for future reference purposes. - Alternative processes are put in place for individual grant awards as there are VAT implications for the authority when goods are purchased on behalf of individuals. - Signed SLAs must be in place. - The implementation of a document for applicants which should include 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>

	<p>Safer Recruitment and to ensure that employees are appointed in accordance with set procedures on the correct terms and conditions, appropriate levels of training are maintained and evident by all relevant staff, adequate procedures are in place for monitoring SLA's and partnership working arrangements, all levels of grants/donations are correctly allocated and reported to the relevant organisations/government departments, grant applications are processed in the correct manner and are correctly awarded.</p>	<p>details such as:</p> <ul style="list-style-type: none"> • Applicant details • Date received • Suitable/unsuitable candidate (i.e. accepted or dedined) • Date CRB requested/returned • Placement • Start Date of voluntary placement • End Date of voluntary placement 	
Car Parking – Blue Badge Scheme	<p>Where revenue is being generated through the Blue Badge Scheme, that adequate procedures, policies and security measures have been implemented to protect the Authority from any potential misappropriation or fraudulent activity.</p> <p>Adequate and regular review of income is carried out to monitor budget and reveal possible errors or fraudulent activity.</p> <p>To ensure that income is effectively controlled and promptly and accurately recorded.</p> <p>To ensure that adequate procedures, policies and security measures have been implemented regarding the issuing of Blue Badges to protect the Authority from any potential misappropriation or fraudulent activity.</p>	<p>- Monthly reconciliations are performed to ensure that income received agrees to blue badges issued and discrepancies are investigated.</p> <p>- Monthly monitoring of the Blue Badge scheme budget is performed and miscodings corrected.</p> <p>- Arrangements are implemented to ensure index cards are held securely and are not accessible to unauthorised staff.</p>	<p>Y</p> <p>Y</p> <p>Y</p>
Carers Leave	<p>Updates in legislation are reflected in the council schemes. Carers policies/schemes clearly detail roles and responsibilities of individuals, cover all aspects of the scheme, are approved.</p> <p>Staff and managers are aware of the schemes and have received training where appropriate.</p> <p>Carers leave is correctly awarded. Payroll is informed when pay changes under the schemes are required.</p> <p>The authority monitors the use of this scheme.</p>	<p>- That the policy/scheme review is completed and details of the types of records and length of time they are to be retained for are included.</p> <p>- That arrangements are made for all employees to be made aware of the Policy/Scheme with Managers being informed of their role in administering/managing the process.</p> <p>- Human Resources need to clarify the arrangements in place under which managers may authorise special leave. The administrative arrangements need to be made clear e.g. what documentation needs to be retained and how should leave be recorded. The form for applying for Carers leave</p>	<p>Y</p> <p>Y</p> <p>Y</p>

		<p>needs to be distributed to all staff.</p> <ul style="list-style-type: none"> - That when the form is designed it includes detail as to whether the leave is awarded with pay or not and who needs to be informed if pay is to be deducted. - That procedures are put in place which ensures that employees are paid in accordance with the Schemes. - That use of themes is monitored to identify what the 'take up' is across the authority and on a departmental basis and also to identify the cost of implementing the schemes. 	<p>Y</p> <p>Y</p> <p>Y</p>
Recycling / Landfill	An effective Service Plan is in place and actions are monitored regularly. A robust contract is in place between HBC and recycling companies this is regularly monitored. All information on tickets can be verified to corresponding information. Payments to/from companies are correct and paid on time. The Council is not over using their LATS allowance. Officers had assurance from the lead authority that the contribution made is calculated on a fair and reasonable basis.	- The contract should be amended and signed by all parties involved to ensure there is legal agreement regarding J & B recycling all materials. Once the contract has been put in place the client should provide the auditor with the contract stating the amount payable per tonne for all recycling materials.	Y
Millhouse and Headland Sports Centres	Adequate procedures are in place within the cashiers system to ensure that all income received is processed promptly, recorded in a satisfactory manner and reconciled to system output; income is banked promptly into the Authority's bank account; adequate records are maintained for other miscellaneous income collected and not processed directly through the cashiers system which allow for reconciliation; stocks are securely held and complete, accurate and reliable records are maintained; procedures for ordering, receipt and payment for goods and services ensure that only goods and services that are required, approved, ordered and delivered in a satisfactory condition are paid for; adequate division of duties exists; VAT is correctly accounted for; Data held is secure from loss/harm and complies with the Data Protection Act 1998.	<ul style="list-style-type: none"> - The inventory is maintained regularly to include any additional items that are purchased. - Orders, where possible, are input into the FMS prior to receipt of the invoice. To reduce the risk of theft and/or fraudulent behaviour, income should be held in secure sealable packaging that cannot be reopened. - Managers need to ensure that receipts match both banking and income analysis sheet and initial accordingly. - Data Protection Forms of Undertaking are completed by staff and submitted to Human Resources. - Clarification of the SLA in place from the contract to gather an understanding of the income arrangements the Centre should be receiving, payback rates and how long the contract is to run. - The security parameters on the Torex system are adjusted to require all users to change their password every 60-90 days as a minimum. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Dial a Ride	Community Transport services are only accessible to eligible service users who are registered	<ul style="list-style-type: none"> - All CRB checks must be renewed every 3 years. - Staff should verify the cash holding 	<p>Y</p> <p>Y</p>

	<p>with the Dial A Ride scheme. All journeys are legitimate. All income in relation to membership fees and fares is collected and recorded. Income is banked on a regular basis and in full so as not to exceed safe cash holding limits. All driver floats are accounted for. Drivers and other staff are aware of personal safety issues with regard to carrying cash. Charges have been approved and are consistently applied. Safety of service users and drivers is ensured.</p>	<p>limit for insurance purposes with the insurance section.</p> <ul style="list-style-type: none"> - Regular inspections should be carried out of the numbers of passengers on board buses. This should be carried out by an independent person and drivers not informed. Records should be kept of all inspections carried out. - If the charges have been approved, Internal Audit should be provided with a copy of the portfolio minutes. If the charges have not yet been approved, this should be done as soon as is practicable. Fees and charges should be approved each year by the relevant portfolio and the relevant staff notified to ensure the correct charges are made to service users. 	<p>Y</p> <p>Y</p>
Scheme of Delegation	<p>The authority has an up to date scheme of Delegation in place which complies with the Local Government Act 2000 Ch22 Part II and other relevant legislation. The scheme delegates only those functions which are eligible to be delegated and only to individuals to whom delegated powers are entitled to be given.</p>	<ul style="list-style-type: none"> - As the Directors for the two new Departments took up post from the 1st September 2009 it is important that the updates to the Scheme of Delegation take place as soon as is practicable to ensure clear lines of responsibility for all functions under the Scheme are documented. There should also be measures taken to ensure that all relevant members & officers are aware of their responsibilities under the updated Scheme. 	<p>Y</p>
Asset Management	<p>Roles and responsibilities are clearly defined on a framework for delivering the effective management of assets across the organisation as a whole. Parties involved in asset management have the skills and competencies required to successfully deliver the objectives of the asset management plan.</p> <p>Accurate, complete and up to date information is maintained of the council's portfolio of assets to enable effective monitoring of the performance of assets in delivering efficient & effective services and aid decision making. The management of assets complies with the capital strategy and asset management plan ensuring that investments in capital schemes provide or configure assets that better suit the public and staff and identify / dispose of surplus and under-performing assets. Buildings and land are used efficiently and effectively to improve value for money and intensify the use of assets through rationalisation,</p>	<ul style="list-style-type: none"> - The Corporate Asset Management Group should meet on a regular basis to enable it to perform its operational role and support the strategic role of the Strategic Capital Resource and Asset Programme Team. - Action should be taken to follow up on areas of the organisation where asset management planning is not undertaken at a service unit level. Training should be provided to all relevant officers. - Property data should be reported to responsible officers on a regular basis and follow up action undertaken on any areas of concern. - Up to date information on all properties should be obtained. Supporting documentation should be retained for all property data. - Information requested by internal audit should be provided. - All elements of COPPROP Performance Management Initiative should be included in the monitoring / reporting of property performance indicators. - Benchmarking exercises should be undertaken to compare property performance with similar organisations. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>

	<p>partnership sharing or transferring to third sector organisations. Access to buildings is controlled. Performance measures and benchmarking exercises are used to evaluate how the council's assets contribute to the achievement of corporate and service objectives, including improvement priorities, sustainability objectives and setting challenging targets for improvement.</p>	<p>- Standard arrangements for the security of all Council properties should be established and documented. Such arrangements should then be disseminated to all responsible officers to ensure compliance.</p>	Y
Electoral Registration and Elections	<p>Systems and procedures in place within the section comply with statute. Effective arrangements are in place for recruiting staff which ensure that appropriate persons are appointed in a manner which ensures activities are carried out in the most efficient and effective manner. Effective arrangements are in place to ensure that the Electoral Register is accurate and up to date. The Register of Electors is available for inspection. Effective arrangements are in place for setting and monitoring budgets. The Electoral Registration Officer fulfils his / her duties to promote registration and electoral participation. Effective planning ensures that elections are undertaken in an efficient and effective manner, maximising the potential turnout of voters and maintaining the integrity of votes cast.</p>	<p>- The section should consult with Human Resources as to whether it is appropriate to obtain CRB disclosure for canvass staff.</p> <p>- Checks on the validity of a sample of returned canvass forms should be undertaken with such checks documented. Such checks should provide assurance that:</p> <ul style="list-style-type: none"> <input type="checkbox"/> canvass forms are completed fully; <input type="checkbox"/> details are agreed to external sources such as Council Tax records. <p>- For a sample of non-returned canvass forms, checks on alternative sources such as Council Tax records etc should be undertaken and documented with a view to maintaining an up to date register.</p> <p>- Documentation supporting the RPF 29 form will be reviewed as part of the follow up.</p> <p>- Checks on the accuracy of ballot paper count statements should be undertaken to ensure that the correct number of ballot papers used have been recorded and all documentation is signed by Presiding Officers.</p> <p>- Candidates should be required to comply with the election timetable.</p>	<p>Y</p> <p>N</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Democratic Services – Constitutional Arrangements	<p>An up to date constitution is in place which clearly defines governance arrangements is in place as required by statute. Governance arrangements reflect the Council's Constitution. Effective arrangements are in place to ensure that:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Meetings take place according to the agreed schedule; <input type="checkbox"/> The conduct and order of business of meetings complies with the Constitution; <input type="checkbox"/> Public access to meetings and associated documentation is clearly defined; <input type="checkbox"/> Exempt / confidential information are correctly 	<p>- Subject to statutory requirements a Code of Conduct for Officers should be developed and incorporated into the Constitution.</p>	Y

	classified. Systems and procedures in place ensure effective decision making. Decisions are subject to necessary scrutiny.		
--	---	--	--

Appendix B

Audit	Objectives
Information/Data Management	Information risk is considered, managed and monitored by appropriate levels of senior management, information assets are held securely, customers are aware of the organisations information handling policies and have access to avenues to address concerns they may have over information handling, the organisation promotes a culture where information is properly used, protected and valued by ensuring that; new starters are made aware of information policy, there is the opportunity for staff to undertake training in information security to keep up to date with requirements for their posts, there is regular testing of policies and procedures to ensure awareness and understanding of policies amongst staff, buildings and premises owned/used by the organisation to collect and process information are secure, compliance with policies and procedures ensures that information no longer required to be held is securely disposed of, access to information and systems from locations other than the secure sites owned/used by the organisation is granted with at least the same level of security (or higher) than can be found at the secure sites, information systems are secure, bulk transfers of information are made via secure methods. Bulk transfers are not permitted generally and specifically not by email, contractors/suppliers/partners of the organisation are required by contract or other similar method to agree to treat information with the same level of security as the organisation does.
Individual School Budgets	That there are arrangements in place which ensure that changes to legislation are received and promptly actioned. That the processes in place allow for the indicative budget allocations to be determined and notified to the Governing Bodies prior to 31 st March. That there are processes in place for adjustments to school budgets to be made where required. Pupil Numbers are recorded accurately using the correct date. The arrangements in place for calculating the actual amounts for the ISBs provide assurance that the calculations are accurate. Procedures ensure that appropriate and effective consultations are carried out as determined by legislation i.e. use of the Schools Forum. Following year indicative calculations are calculated and notified to the Governing Body. Central expenditure is accurately calculated in line with the formula set with any changes that require School Forum authorisation being clearly documented. Actual funding received should equal in total that which has been allocated. Balances brought forward/ School reserves should also be accounted for and also any drawbacks.
Fraud Awareness	To evaluate the awareness of fraud across the Authority considering the following areas: Newline, Management Matters, Payslips, Article in Hartbeat, Council Tax Leaflet and Trading Standards. Identify any gaps. Complete the 'Managing the Risk of Fraud' checklists covering: Adopting the Right Strategy, Accurately Identifying the Risks, Creating and Maintaining a Strong Structure, Taking Action to Tackle the Problem, Defining Success. Examine Corporate Risk Register re: Risk of Fraud.
Street Cleansing	Effective arrangements are in place to ensure that the service is aware of and responds appropriately to changes in legislation. The street cleansing service is delivered in the most efficient and effective manner. Maximum use is made of resources. Staff within the services have the necessary skills. The service actively seeks to maximise its income generating potential. Service delivery is developed in consultation with the public and other relevant stakeholders. Objectives are clearly defined and communicated. Performance is effectively monitored and managed.
Dog Warden Service	The Enforcement Team are aware of and abide by current legislation. There are comprehensive procedure notes in place, available to all staff. All staff are aware of their roles and responsibilities as laid out in the procedure notes. Enforcement Officers are qualified and regularly trained and this is evidenced. All stray dog jobs and the actions taken are recorded correctly. Input is verified as correct so assurance can be given to management of the quality of the data in the database. There are set charges which have been approved by the relevant portfolio holder and these are clearly advertised for customers. Market comparisons are made on a regular basis to ensure our charges are competitive. To ensure that a robust contract is in place between HBC and the kennels and this is regularly monitored. Overall arrangements for ordering, receiving and paying for goods and services are adequate.

Car Parking Income	Ensure all monies from machines are collected on a regular basis and in accordance with a collection schedule. Ensure that the collection of funds from machines is carried out by at least two security staff and actual cash is reconciled to receipted funds. Ensure that actual cash is reconciled to receipted cash for each machine and investigation has occurred for any large difference. Ensure funds received are being adequately posted to the Authority's bank and ledger accounts.
Complaints Procedure	The council have comprehensive procedures in place for the complaints service. Council have effective arrangements in place for complaints. Procedures ensure there is adequate monitoring and evaluations are regularly undertaken to ensure compliance with the Complaints Procedures and policies. Effective arrangements in place to appeal against a response to a official complaint. Arrangements are in place to ensure relevant reports are given to appropriate committees. PI Information is collected, stored and submitted promptly.
Grounds Maintenance	Effective arrangements are in place to ensure that all expected income is received. Adequate insurance payments are made. Effective arrangements are in place to ensure income potential is maximised. Contracts in place are authorised and terms and conditions are adhered to. The service provided is in line with government guidelines. All income received is reconciled and banked regularly. Training is provided for all staff. Agency work is as per the authority's Approved Contract List. Tasks undertaken are of an acceptable standard and as per any work schedules agreed. Work plans are scheduled to make the best use of resources available. The grounds maintenance service is delivered in the most efficient and effective manner. Maximum use is made of all service resources. Additional works undertaken are costed correctly. Correct procuring procedures are followed. Performance is effectively monitored and managed.
Risk Management	Ensure risk management procedures are in line with expected best practice.
Middleton Grange Shopping Centre	The roles and responsibilities of the two parties are clearly defined and communicated to each other. The budget is effectively managed. All income due to the Council is received promptly and accurately in accordance with the terms and conditions of the contract. Data is securely held.
Housing Market Renewal	Strategies and policies in relation to Housing Market Renewal are consistent with HBC Corporate Aims and Objectives and these are reviewed at regular intervals to ensure that they remain consistent. An assessment of financing required to achieve aims and objectives is carried out. Budgets are monitored on a regular basis to ensure that the funding is being spent within the time limits set and on the areas allowed by the funding agreement. Specific outcomes are developed which are consistent with the strategy and are used to measure achievement of key objectives. Terms and conditions of funding received are evaluated and systems put in place to ensure that they are actioned. Procedure/guidance notes are in place which would enable someone not involved in the process to establish what the key stages are. Risks, outcomes, PIs and post project review are in place for each individual project. Staff are protected from allegations of fraudulent activity by ensuring that robust procedures are in place which ensure compliance with Contract Procedures Rules and Financial Procedure Rules when procuring goods / services, appointing developers and determining areas for development. Payments are correctly made. The development meets the needs of the strategy.
Community Safety	A Local Community Safety Partnership comprising all statutory bodies has been established to promote a strategic and coordinated approach to reduce crime and disorder. Robust reporting channels are in place to provide sufficient and relevant information in a timely manner to enable the partnerships activities to be monitored effectively. Annual strategic assessments are undertaken to inform the partnerships Crime, Disorder and Misuse Strategy. There is effective consultation with the public to ensure that the views of the community are used to inform strategic objectives. Effective arrangements are in place to communicate partnership work to the community. Effective arrangements are in place to manage performance to ensure partnership objectives are achieved. Operational activities are driven by partnership priorities. Service delivery is undertaken in the most efficient and effective manner.
High Tunstall Secondary	Ensure school financial and governance arrangements are in line with best practice.

Employee Protection Register	An approved Policy is in place which sets out the Council's position towards violence and aggression towards employees and determines the arrangements for maintaining and utilising a Corporate Employee Protection register. A Corporate Employee Protection Register is in place to provide a single source of reference for those employees who need information to reduce the risk of violence and aggression towards them. Effective arrangements are in place to maintain the register to ensure that all data held is valid, and held in accordance with Data Protection legislation. Effective arrangements are in place to ensure that all staff at risk of violence and aggression are aware of information held. Data held is maintained in a manner to minimise risks to employees. A formal information sharing protocol is in place to ensure that the Council meets its H&S responsibilities for partner agencies and their staff.
Manor College	Ensure school financial and governance arrangements are in line with best practice.
Fuel Management	Fuel ordered should be authorised by an appropriate member of staff. Checks are made to the order/delivery and payment quantity to ensure correct. The systems in place for issuing fuel are adequate and secure. Fuel consumption is monitored. Storage of fuel keys and fuel is secure. Procedures are in place to ensure the correct charges are made for fuel usage.
St Hilda's Secondary	Ensure school financial and governance arrangements are in line with best practice.
Landlines/Mobiles	Robust contract is in place between HBC and Northgate and that this is regularly monitored. Telephones are used in accordance with policies in place. Purchases are in line with contracts/ financial procedure rules.
Dyke House Secondary	Ensure school financial and governance arrangements are in line with best practice.
Officers Expenses	Comprehensive and up to date procedures exist for the processing and approval of claims. All procedures are accessible and understood by all staff who have input or authorisation duties. Documentation is retained as required for tax and vat purposes. All amounts due for reimbursement have been formally approved by Members. Financial limits on expense types are built into the system. All claims and allowances are paid where there is a clear entitlement. Claims are paid promptly and correctly. Access to system parameters is secure and available only to those staff who are required to amend standing data. Departmentally there is adequate separation of duties between those who input forms and those who authorise claims.
Capital Programme	Ensure that there is a strategic approach to allocating capital resources which links to the Authority's overall aims and objectives. Determine and evaluate the methods in place for prioritising schemes/projects. Examine the arrangements in place for obtaining financing for the capital programme to ensure that all agreements entered into are appropriately authorised. Evaluate the processes in place for allocating and monitoring funding made available for specific projects/schemes. Ensure that there are robust processes in place for monitoring spend against the capital programme and reporting on any issues arising.
Capital Accounting	Examine and evaluate the adequacy of controls in place to ensure the accuracy, validity and completeness of the asset register and accounting records.
SIMS School System	There are effective procedures in place for the SIM's system. Children's Services, Accountancy and Schools are all fully aware of their responsibilities surrounding the SIM's System. There are comprehensive arrangements in place for effective budget setting in SIM's & INTEGRA. Effective arrangements in place surrounding import files and coding within SIM's. Regular reconciliations are carried out between SIM's and Integra. Effective arrangements in place for posting of Income. Effective personnel arrangement in place at schools. Effective security arrangements are in place.
Pupil Support/Admissions	The council is complying with statutory regulations. The council have a competent 'Admissions Forum' set in the guidelines of the DCFS's 'Code of Admissions'. Adequate procedures and policies are in place for the School Admission Service in line with DCSF Guidance. Appeals are dealt with according to the DCSF 'Appeals Code'. Ensure relevant information, data, documentation and IT facilities are held securely. Procedures ensure staff responsible for PIs are aware of the timescale and deadlines for producing, reporting and publishing PIs.

Cash / Bank	Secure arrangements exist for collection and recording of cash. Cash collection and direct bank credits are correctly brought to account. All collections are promptly banked. All collections are promptly and accurately posted to debtors' or income accounts. A management trail exists.
Benefits	Administration of the service ensures that arrangements in place are performed in accordance with legislation in the most efficient and effective manner. Effective separation of duties ensures that all information received to support benefit claims are promptly verified, processed and held in a secure manner. Claims are promptly and accurately processed in line with legislation and internal procedures. Disputes are managed effectively. Overpayments of benefit are identified promptly and correctly recorded. Effective arrangements are in place to recover overpayments. Write offs are valid and appropriately authorised. Arrangements for administering Discretionary Housing Payments are transparent and fair. Effective monitoring of cash limit ensures that assistance is available to all persons who need it. Payments are accurate, timely and secure. All potential frauds are promptly identified and investigated independently of the assessment section. Procedures in place ensure that fraud investigations are in accordance with legislation and HBC Anti Fraud and Corruption Policy. The Subsidy Claim is subject to external validation and submitted within prescribed deadlines. The performance of the service is effectively managed and reported.
Direct Payments	To ensure all payments made are done so in a controlled way ensuring compliance with good practice and legislation.
Budgetary Control	The roles and responsibilities for key officers and budget holders are clearly defined and those staff have received adequate budget training. Budgets are set in accordance with pre-determined approved policy objectives. The budget setting process is supported by a risk management framework. Documentary evidence supports the make up of the budget. Budgets are prepared promptly in line with the annual budget process and timetable. All relevant records are correctly up dated with the budget set and approved. Working papers adequately support the budget loaded into the ledger. Budgets set are reported annually to the managing body prior to implementation. Budget amendments of a significant nature are reported to and approved by the managing body. Budgets are properly controlled through effective monitoring arrangements in accordance with Financial Procedure Rules. There is an established financial risk management process to determine the level of reserves.
National Non Domestic Rates	Adequate controls have been established to protect information and data from unauthorised access. Procedures ensure that information and data are protected from loss or damage. The valuations process is actioned in accordance with legislation and regulations. Notifications to and schedules from the Valuation Office are actioned promptly and correctly. Property records indicate the rateable value (RV) of the property. The liability process is actioned in accordance with legislation and regulations. Liabilities are correctly calculated and the correct liable party is informed of the amount due. All reliefs are correctly calculated and awarded with adequate supporting documentation retained. Adequate and appropriate reviews take place to ensure that the correct liability has been awarded. Billing is completed as per legislation and regulations. Billing parameters are maintained correctly and securely. Billing suspensions are controlled. Reconciliations of billing are performed and discrepancies investigated. Procedures ensure that transactions are carried out in accordance with legislation and financial regulations. Controls ensure that all payment and refund transactions are recorded in the accounts. Regular reconciliations are undertaken. Systems have been established to monitor performance. Items posted to suspense are regularly reviewed and cleared promptly. Procedures ensure there is adequate separation of duties. A recovery strategy has been established, is adhered to and this is monitored. Controls ensure all actions comply with legislation and write-offs are bona fide.
English Martyrs Secondary	Ensure school financial and governance arrangements are in line with best practice.
Procurement	The procurement strategy/policy/procedures are communicated and training has been provided. Procedures ensure there is adequate monitoring and evaluations are regularly undertaken to ensure compliance with the procurement procedures and policies. Arrangements are in place to produce and update an approved list of suppliers. PI Information is collected, stored and submitted promptly.

VAT	<p>VAT policies and procedures comply with legislation. Adequate written procedures exist for the administration of VAT. Roles and responsibilities have been identified and allocated to the appropriate persons and training has been provided. VAT for non business activities has been correctly accounted for in accordance with HMCE guidance and requirements. Adequate procedures are in place for calculating de minimis for the Authority's exempt or partially exempt activities. All input/output VAT is identified. Control accounts are operated to ensure the completeness and accuracy of records. VAT returns are prepared and submitted promptly. Are reconciled to the VAT control on a regular basis and signed by an appropriate officer. Errors regarding the collection of income amounting to £2,000 or more are notified to HM Revenues & Customs are correct. Annual reconciliations are undertaken between Control Accounts and the ledger to ensure that VAT is correctly recorded in the final accounts. A valid VAT certificate is in place. Documents are retained for the required period of time.</p>
-----	--