

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

13 October 2009

Report of the Chief Executive and the Director of Finance

Part 1- Public

Delegated

1 USE OF RESOURCES AUDIT 2008/09

A report advising Members of the Use of Resources scores for 2008/09

1.1 Introduction

1.1.1 The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. They work to ensure that public services are good value for money and that public money is properly spent.

1.1.2 **'Use of Resources'** is an Audit Commission assessment of how well organisations are managing and using their resources to deliver value for money and better and sustainable outcomes for local people.

1.1.3 The assessment forms part of the comprehensive area assessment (CAA) framework as well as other relevant performance assessment frameworks. It is carried out yearly by appointed auditors as part of the external audit at local authorities; fire and rescue authorities; police authorities and forces; and primary care trusts. Members will recall that in the past two years, the Council has achieved an overall score of 4 (the highest level) which is described as *"Well above minimum requirements – performing strongly"*.

1.2 2008/09 Assessment

1.2.1 From 2008/09, the assessment has changed quite significantly. The new assessment defines 'use of resources' in a broader way than previously, embracing the use of natural, physical and human resources. It also places new emphasis on commissioning services for local people and achieving value for money. Auditors now produce a judgement for each of the following three themes:

- Managing finances - focusing on sound and strategic financial management.

- Governing the business - focusing on strategic commissioning and good governance.
- Managing resources - focusing on the effective management of natural resources, assets and people.

Auditors reach judgements on these themes by considering specified key lines of enquiry (KLOE).

1.2.2 Leading up to the introduction of the new assessment, the District Auditor has been very keen to point out that the 'new' assessment is much tougher than the previous iteration, and that to achieve the highest scores (Level 4), councils would be operating at a "world class" level. Therefore, there was a warning that many councils that previously achieved the level 4 standard would be unlikely to hit that level under the new scoring regime.

1.2.3 The levels are:

- Level 2 – meets minimum requirements; performs adequately
- Level 3 – exceeds minimum requirements; performs well
- Level 4 – significantly exceeds minimum requirements; performs excellently.

1.3 **TMBC Assessment for 2008/09**

1.3.1 Attached at **Annex 1** is the assessment for Tonbridge & Malling Borough Council for 2008/09. Members will note that we have achieved level 3 performance in each of the three themes, and therefore also achieved an **overall level 3** i.e. we '*exceed minimum requirements; perform well*'.

1.3.2 The only 'sub-level' score which dipped below the level 3 was Risk Management and Internal Control. Reports elsewhere on this agenda refer to some of the planned improvements we propose to make to our regimes which we hope will improve this score next time.

1.3.3 The District Auditor, Andy Mack, will be at the meeting and will take Members through the scores. He has also indicated that he intends to provide detailed commentary on the scores in the Annual Audit Letter which will be produced later this year.

1.3.4 At the time of writing this report, the scores have not formally been published by the Audit Commission (due mid October) so we are unable to compare our scores with other Councils.

1.4 **Legal Implications**

1.4.1 None

1.5 Financial and Value for Money Considerations

1.5.1 The costs of assessment are included in our overall Audit Fees.

1.6 Risk Assessment

1.6.1 The work of the Audit Commission gives an independent and informed opinion of how well the Council manages and uses its resources and is an important component of the Council's accountability to its residents and council taxpayers. .

1.6.2 External inspection can, however, represent a significant drain on Council resources.

1.7 Recommendation

1.7.1 It is **RECOMMENDED** that the satisfactory outcome of an overall 'level 3' assessment from the Use of Resources Assessment 200809 is noted.

Background papers:

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Nil

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