

EPPING FOREST DISTRICT COUNCIL

USE OF RESOURCES SELF-ASSESSMENT – JULY 2008

1. FINANCIAL REPORTING - How good are the Council’s financial accounting and reporting arrangements?

<p><b>KLoE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers</b></p> <p><b>Evidence that:</b></p> <ul style="list-style-type: none"> <li>• the Council’s accounts are compiled in accordance with statutory and professional reporting standards;</li> <li>• the Council’s accounts are supported by comprehensive working papers; and</li> <li>• the accounts and supporting working papers are prepared and approved in accordance with relevant timetables.</li> </ul>	
Commentary	Evidence source
<p>The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers. The closure of the accounts for 2006/07 was achieved on time, despite the introduction of significant changes in the requirements for the closure process. In its Use of Resources Auditor Judgements for 2006/07 (UOR01), the Audit Commission concluded the following with regard to the production of the annual accounts:</p> <p><i>‘The Council produced materially correct accounts within the statutory deadline. The accounts complied with the relevant accounting standards and were supported by comprehensive working papers. An unqualified audit opinion was issued on 20 September 2007 in advance of the statutory deadline, and the accounts were scrutinised by members prior to approval.’</i></p> <p>The Director of Finance and ICT and the Assistant Director of Finance (Accountancy) have attended CIPFA/Audit Commission sessions in relation to new requirements for the closure of the Council’s accounts. A process checklist and timetable for the production of the accounts and relevant supporting papers has been developed and issued to relevant staff, and the timetable for the closure of the Council’s accounts for 2007/08 has been prepared and issued to the Council’s external auditors (PKF (UK) Limited). The draft accounts are considered and agreed by the full Council (UOR02) and the Audit and Governance Committee, together with a report of the Director of Finance and ICT to aid interpretation and highlight key issues.</p>	<p><a href="#">UOR01 Report to Finance and Performance Management Cabinet Committee (28.1.08)</a></p> <p><a href="#">UOR02 Report to Council (26.6.08)</a></p> <p><a href="#">UOR03 Report to Audit and Governance Committee (23.6.08)</a></p>

The Council has considered how working papers relating to the audit of the accounts could be improved further. A 'records required' list has been received from PKF and is currently being reviewed by the Director of Finance and ICT. Arrangements have been agreed with PKF for their auditors to provide the Director of Finance and ICT with a list of outstanding requests for additional information arising from the audit of the Council's accounts during July 2008, in order to ensure that additional requests are responded to promptly in accordance with any agreed deadlines.

The accounts to be submitted to the Council and the Audit and Governance Committee meetings are accompanied by an explanatory report prepared by the Director of Finance and ICT, providing interpretation of the accounts and highlighting key issues for the benefit of members, ensuring that the accounts are subject to robust member scrutiny prior to approval.

The Director of Finance and ICT ensures regular liaison with Her Majesty's Revenue and Customs regarding complex tax issues in situations where advice is required, and specialist advice has been taken on a parking issue in relation to the 'Isle of Wight' case. Arrangements have been introduced to ensure that the Finance/ICT and Corporate Support Services Directorates liaise closely on the sale of assets, to ensure that legal processes and accounting treatments are in line with each other, and the recent implementation of new corporate asset register arrangements have ensured that better inter-directorate liaison is now in place.

**KLoE 1.2 The Council promotes external accountability**

**Evidence that:**

- **the Council publishes its accounts in accordance with statutory requirements; and**
- **the Council publishes summary accounts/annual report in a way that is accessible to the public.**

Commentary	Evidence Source
<p>The Council publishes its accounts in accordance with statutory requirements, both on its website and as an appendix to its E-Annual Report (UOR04), in PDF format in accordance with accessibility requirements. The E-Annual report is also available in hard copy format (on request) in order to increase accessibility.</p> <p>Feedback on the content and format of the E-Annual Report was previously sought in 2007 through a specific approach to the Council's statutory and voluntary partner organisations, and through a general response form included on the authority's website. Although the establishment of forums and focus groups etc to provide feedback on the E-Annual Report is considered to be resource intensive and therefore inappropriate, the Council intends to develop and publish an 'Executive Summary' to the next E-Annual Report. The availability of the E-Annual Report and Executive Summary is to be publicised</p>	<p><a href="#">UOR04 E-Annual Report 2006/07</a></p> <p><a href="#">UOR05 Best Value Performance Plan 2008/09</a></p> <p><a href="#">UOR06 Best Value Performance Plan (Summary Version) 2008/09</a></p> <p><a href="#">UOR07 Report to Audit and Governance Committee (31.3.08)</a></p>

through appropriate media opportunities.

The Council's final statutory Best Value Performance Plan (BVPP) was published in June 2008 (UOR05), and for 2009/10 and future years it is intended that much of the detail previously contained within the BVPP will be transferred to the E-Annual Report.

The Council has considered new ways to encourage feedback on the E-Annual Report, and will be consulting the Epping Forest Local Council's Liaison Committee on the format and content of the E-Annual Report as part of the 'quality councils' initiative. In addition, the Epping Forest Youth Council will be consulted on the E-Annual report as a way of gaining feedback from a traditionally 'seldom heard' group, and the views of Federation of Small Businesses and the Local Strategic Partnership will also be sought. Feedback received from these various exercises will inform the Council's future approach to the development and publication of the E-Annual Report.

Financial information is also contained in a range of formats and publications, including the BVPP, the Summary BVPP (UOR06) (which is issued to every household with the annual Council Tax bills) and the Council's website. In addition, the development and publication of the proposed 'Executive Summary' to the E-Annual Report would also contain relevant summary financial information. These publications have a variety of audiences and levels of financial detail. Whilst committee reports often contain detailed information, this is summarised in officer/portfolio holder presentations and is available for viewing through the Council's webcast systems.

The Council's Annual Audit and Inspection Letter (UOR07) is published on the Council's website in PDF format, and all committee reports are published on the Council's website in accordance with the statutory provisions, again in PDF format.

## 2. FINANCIAL MANAGEMENT - How well does the Council plan and manage its finances?

**KLoE 2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities**

**Evidence that:**

- **the Council's corporate business plan (that sets out its aims and objectives) is linked to its financial planning and management; and**
- **the Council's budgets and capital programme are based on robust medium-term financial projections and risk assessments.**

**Commentary**

**Evidence source**

The Council's external auditors have advised that the Council Plan for 2006-10 (UOR08) can be regarded as the corporate business plan for the purposes of this KLoE. The Council Plan is the authority's key strategic planning document, setting out service delivery priorities over a four year period, and its strategic themes match those set out in the Community Strategy for the district. Although the Council Plan provides the overall context for resource allocation, the Council recognises that strategic and customer led priorities may change or be enhanced during the life of the Plan. An example of this is the authority's 'Safer, Cleaner and Greener' initiative (UOR09), where resources have been re-prioritised and additional resources targetted towards tackling the full range of environmental 'street scene' issues in a more integrated way.

The Council Plan was subject to widespread stakeholder consultation, and amendments to the Plan were made at final draft stage to reflect external views and priorities more fully. The Council Plan was also constructed to take account of external drivers such as the Government's proposals for increasing housing provision in the East of England region, and funding variations and capital investment plans were also incorporated. Although the duration of the Council Plan is from 2006 to 2010 and it is therefore halfway through its lifecycle, a full review of the Council Plan in the short term is considered to be resource intensive, and is dependent upon the concurrent development of the Sustainable Community Strategy, Local Development Framework and Core Strategy for the Epping Forest District.

The Council's Medium-Term Financial Strategy (MTFS) (UOR10) provides the overall framework within which other plans are made. For example, the Human Resources Strategy sits within the context of the overall level of budget allocation to the human resources function and directorate level staffing resources, so that strategic actions are identified and delivered within this budgetary framework.

The key messages from the Medium-Term Financial Strategy are communicated to stakeholders and staff as appropriate. The MTFS and key financial messages are communicated to stakeholders through bodies such as the Local Strategic Partnership, the Local Council's Liaison Committee and the various local Town Centre Partnerships through the E-Annual Report. The MTFS has also been communicated to the Council's staff through the internal Team Briefing process (UOR11), and will take account of the Council's Local Area Agreement (LAA) priorities, now that Essex County Council and its statutory and voluntary partner organisations have adopted the second Essex LAA.

The Council makes use of operational activity indicators to direct the allocation of resources, particularly in areas such as planning and environmental/street scene services. The 'Safer, Cleaner, Greener' initiative will use a range of new and existing indicators to assess performance, and a specific Overview and Scrutiny Panel has been established to review the provision of value for money in terms of the additional resources previously directed to planning services.

[UOR08 Council Plan 2006-2010](#)

[UOR09 Report to Cabinet \(4.2.08\)](#)

[UOR10 Report to Finance and Performance Management Cabinet Committee \(24.9.07\)](#)

[UOR11 Team Briefing \(October 2007\)](#)

[UOR12 Report to Council \(19.2.08\)](#)

[UOR19 Report to Cabinet \(12.11.07\)](#)

[UOR25 Report to Council \(18.12.07\)](#)

<p>The Council regularly reviews financial management arrangements to ensure that they remain ‘fit for purpose’, and keeps the financial services function under review to consider capacity, resource and training needs. The financial services function was reviewed as part of the corporate restructuring in 2007/08, when no changes were required other than a rationalisation of administrative support.</p> <p>Where there is no commercial risk in doing so, the Council reports on all the financial risks it is taking into account when setting its reserve strategy. The annual budget report prepared by the Director of Finance and ICT in February 2008 (UOR12) includes (Annex 10) an analysis of financial risks and the adequacy of reserves.</p> <p>The Council’s business planning processes require that business planning is integrated with financial planning, and budget growth/reduction bids are required to be linked to Council Plan priorities. Business Plans are prepared for new policy and capital developments where necessary, and particularly where it is necessary to secure external funding. Resource requirements for new policy and capital developments are considered as part of the relevant reports to the Cabinet, and project appraisals have been developed for current capital schemes, examples of which include the Springfields improvement scheme at Waltham Abbey and the Loughton Broadway town centre enhancement scheme. Annual Business Plans are required to be produced for all directorates by 31 March each year, and the Audit and Governance Committee monitor performance against this requirement.</p> <p>The Capital Strategy is reviewed and updated by the Cabinet and the full Council each year (UOR19), (UOR25), and annual consideration includes a review of the key capital priorities and their priority ranking, which can change from year to year, in line with changes in the Council’s priorities.</p>	
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<p><b>KLoE 2.2 The Council manages performance against budgets</b></p>	
<p><b>Evidence that:</b></p> <ul style="list-style-type: none"> <li>• <b>the Council has arrangements in place for monitoring performance against budgets, taking corrective action where appropriate, and reporting the results to senior officers and members; and</b></li> <li>• <b>the Council’s financial information systems meet users’ needs.</b></li> </ul>	
<p style="text-align: center;"><b>Commentary</b></p>	<p style="text-align: center;"><b>Evidence source</b></p>
<p>Quarterly financial reporting and monitoring is well established, and is undertaken by the Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel. The Council does not produce accrued financial monitoring revenue and balance sheet reports during the year, as it is considered that the only meaningful balance sheet items that can be monitored mid-year are those in relation to on-going capital projects. The monitoring reports considered by the Finance and Performance Management Cabinet Committee (UOR 13) and the Finance and Performance</p>	<p><a href="#">UOR13 Report to Finance and Performance Management Cabinet Committee (17.3.08)</a></p> <p><a href="#">UOR14 Report to Finance and Performance Management</a></p>

Management Scrutiny Panel (UOR14) have been expanded to include these.

The Council consults users of its financial systems when developing systems and delivering training, and takes identified need into account in the development of training programmes. Financial training provided is subject to feedback and post course evaluation and, in light of this feedback, courses may be amended to ensure learning objectives are met. The establishment of user group for the Essex Marketplace procurement system is to be undertaken following the recent appointment to the Procurement Officer position, and user groups for other financial systems such as AIMS are already in place as appropriate.

The Council's main efficiency targets used in setting the budget for 2008/09 related to establishment savings arising from the recent management and service restructure. This exercise aimed to re-align services to improve service delivery to customers, and achieve savings, the majority of which have been re-invested in front line priority areas such as the environment and street scene, through the Council's new 'Safer, Cleaner and Greener' initiative for 2008/09. The initial phase of the restructuring focused on the chief officer level and generated ongoing savings of £200,000 per annum. Below this level, further savings of £300,000 per annum were made.

The Council identifies, considers and acts upon key financial variances, as part of its established financial reporting and monitoring arrangements. In addition, service directors are required to report to the Corporate Executive Forum within thirty days of the month-end, in respect of significant budget variances. The Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel monitor all significant budgets on a quarterly basis, when Portfolio Holders are held to account for budgetary issues, significant under/overspends are identified and any necessary corrective actions are also monitored as part of these arrangements. Relevant non-financial and financial information, in addition to the budget, is also reported to members on a regular basis, and acted upon.

The Council monitors a range of operational activity indicators through its performance and financial monitoring arrangements, and each year adopts a number of statutory and local Performance Indicators as 'Key' performance indicators (UOR15), particularly in areas such as planning and environmental/street scene services.

The Council's financial information system (Cedar eFinancials) has flexible reporting tools to enable specialist reports to be designed, and provides for a range of specialist reports to be published by individual Spending Control Officers. Financial monitoring reports are issued to all budget holders and Spending Control Officers within ten days of the end of each month, on a profiled basis.

[Scrutiny Panel \(11.2.08\)](#)

[UOR15a Key Performance Indicators 2007/08](#)

[UOR15b Key Performance Indicators 2008/09](#)

[UOR16 Report to Corporate Executive Forum \(11.6.08\)](#)

The Council provides a regular programme of training on financial issues for members and relevant non-finance staff. All officers with specific finance responsibilities have attended this financial issues training, and the session is repeated each year. Compulsory financial issues training is also provided for members of the Audit and Governance Committee, although this training is also available to other members.

Arrangements have been established to report progress in achieving planned savings and efficiency gains to senior management. The Corporate Executive Forum receives regular monitoring information in relation to directorate level salary expenditure (UOR16), and action plans are developed to address capacity issues as required. Performance and efficiencies accrued as part of the Council's waste and leisure management arrangements are monitored by the relevant Contract Boards, and are reviewed by the Corporate Executive Forum on a quarterly basis.

### **KLoE 2.3 The Council manages its asset base**

**Evidence that:**

- **the Council has a capital strategy and fixed asset management plan; and**
- **the Council reports to members on asset management.**

<b>Commentary</b>	<b>Evidence source</b>
<p>The Council has an up-to-date Asset Management Plan (AMP) (UOR17), adopted in 2007 and covering the period from 2007 to 2012, that details existing asset management arrangements and outcomes, and planned action to improve corporate asset use. The AMP has recently been reviewed and the links between its key themes and those of the Council Plan have now been stated explicitly, to ensure that the AMP priorities clearly link to those strategic priorities set out in the Council Plan.</p> <p>The management of the Council's housing assets are set out in the detailed Repairs and Maintenance (RM) Business Plan (UOR18), which forms an important annex to the Housing Revenue Account (HRA) Business Plan, both of which are updated annually prior to 31 March each year. The RM Business Plan details the Council's approach to the management of housing assets in a variety of ways, and sets out overall objectives and targets through an action plan, which is monitored throughout the year, and a six month progress report is provided to members. The RM Business Plan also sets out expenditure requirements and the available funding over a five-year period, as well as indicative expenditure requirements over thirty years, and detailed progress on the reduction in the number of non-decent homes up to 2010.</p> <p>The Council's corporate property function is the responsibility of the Director of Corporate Support Services, and the Director of Housing in terms of Housing Revenue Account property. These arrangements have been strengthened in the recent management restructure. At the member level, the</p>	<p><a href="#">UOR17 Asset Management Plan 2007-2012</a></p> <p><a href="#">UOR18 Housing Repairs and Maintenance Business Plan 2008/09</a></p> <p><a href="#">UOR19 Report to Cabinet (12.11.07)</a></p>

corporate property function is the responsibility of the Leader of the Council and the Corporate Support Services and ICT Portfolio Holder, and the Housing Portfolio Holder (for Housing Revenue Account property matters).

The AMP contains a range of performance indicators to evaluate asset use in relation to corporate objectives. Performance against the five national indicators contained in the AMP is reported to the Finance and Performance Management Scrutiny Panel. Three Local Performance Indicators are also contained in the AMP for which performance is similarly reported on a regular basis, and regular reports in relation to the Council's land and buildings portfolio are made to the Cabinet and the relevant Portfolio Holders.

The Council is investigating options for the replacement of the current asset register with a more robust and flexible system, to ensure it meets the authority's future needs. Inter-directorate meetings have been convened to consider the possibility of amalgamating or combining the various existing asset registers currently in use across the Council, and a new asset register system has been purchased for joint implementation.

The Council's Capital Strategy is fully funded, with substantial capital reserves remaining available, and is updated annually (UOR19). The Capital Strategy prioritises objectives and identifies relevant links with the AMP.

An annual planned maintenance programme is in place. The planned maintenance of Housing Revenue Account property is based on a rolling programme of property surveys. The maintenance backlog is assessed within the planned maintenance programme for non Housing Revenue Account property, which is considered by members.

Reports and proposals in respect of investment and disposal decisions include an examination of the whole life costs of asset disposal. Examples include the investigation on two previous occasions of small-scale housing stock transfer.

Over the last year a number of key strategic aims in the AMP have been achieved. Through the annual review of the Plan further forward looking and strategic aims will be devised in line with Council Plan priorities and the Capital Strategy. The new Planned Maintenance Programme was agreed by the Cabinet on 12 November 2007, and provides for the maintenance and modernisation of property assets to ensure they are fit for purpose. The section 'Review and Challenge' in the Asset Management Plan provides for the rationalisation of property assets in accordance with corporate/strategic priorities. These priorities were reviewed and reprioritised by the Cabinet on 12 December 2007 (Minute 101).



The Council has a process of continual review of its property assets, and measures overall asset performance through a range of LPs. This has resulted in major development land sales undertaken during the past 2 years including:

- The former Parade Ground (residential development site) at North Weald sold in May 2006 for £8,772,000;
- T11 industrial development site , Langston Road, Loughton sold in August 2007 for £6,050,000;
- Medical Centre Site, Merlin Way, North Weald - sale in progress; and
- Industrial Land at Merlin Way, North Weald - marketing produced 6 offers to purchase but Cabinet decided against proceeding with sale.

The Council has a charter with its Town and Parish Councils and Essex County Council whereby community assets (e.g. public halls) are offered to these bodies if the authority declares them surplus to requirements, and this is reciprocated by the local councils. Examples of reciprocal land and property sales include:

- Roding Youth Centre, Buckhurst Hill - October 2006, the Council declined Essex County Council's offer to purchase these surplus premises, and instead supported Buckhurst Hill Parish Council's application to purchase; and
- Buckhurst Hill Ambulance Station - February 2008, the Council declined London Ambulance Service NHS Trust's invitation to purchase as priority purchasers before it was placed on the open market for sale.

All properties in excess of £25,000 are reviewed on a rolling five-year basis. This activity is the initial stage of this project and will now be further developed. The recent restructuring of the Council's management has recognised the need for a dedicated Facilities Management Unit, which will be tasked with this project.

During 2008/09 a full review will be undertaken of the Council's depot facilities within the district, with a view to rationalising existing provision, disposing of site(s) surplus to requirements, and the re-provision of suitable depot facilities for the Waste Management and Grounds Maintenance Services.

### **3. FINANCIAL STANDING - How well does the Council safeguard its financial standing?**

**KLoE 3.1 The Council manages its spending within the available resources**

**Evidence that:**

- **the Council is financially sound;**
- **the Council manages its levels of reserves and balances; and**
- **current spending plans match available resources.**

<b>Commentary</b>	<b>Evidence source</b>
<p>The Council is financially sound. Its General Fund and HRA finances are very healthy, due to prudent financial and asset management over the years, and the financial stability of the authority is demonstrated by the actual amount of current balances now and projected at the end of 4/5 year forecasts for both the General Fund and the HRA. The Council is in a position to comfortably set targets for low Council Tax increases over the next 4/5 years, and the HRA Business Plan shows that the HRA should be in surplus for at least twenty years.</p> <p>As part of the budget setting process for 2008/09 members carefully considered reserve levels. In view of the existing challenges and on-going instability in financial markets it was considered prudent to retain the existing policy. Over the medium term, reserves will reduce. Underspends during the year are generally correctly anticipated. A robust monitoring arrangement is in place, involving both the Executive and Scrutiny functions. The Council's policy for reserves and balances is addressed through member consideration of reports in relation to the budget and the Medium-Term Financial Strategy.</p> <p>The Council sets stretching targets for income collection and recovery of arrears, and performance against these is monitored and appropriate corrective action is taken where necessary. Targets are in place for Council Tax, National Non-Domestic Rates, Rent Arrears and Sundry Debts, all of which are stretching. Performance against a number of key targets is monitored by the Finance and Performance Management Scrutiny Panel.</p> <p>The Finance and Performance Management Cabinet Committee has agreed an appropriate Debt Recovery Policy (UOR20), and has considered debt recovery cost monitoring information.</p>	<p><a href="#"><u>UOR20 Report to Finance and Performance Management Cabinet Committee (17.3.08)</u></a></p>

**4. INTERNAL CONTROL - How well does the Council's internal control environment enable it to manage its significant business risks?**

**KLoE 4.1 The Council manages its significant business risks**

**Evidence that:**

- **the Council has a risk management process in place; and**
- **the risk management system covers partnership working.**

Commentary	Evidence source
<p>Risk management is thoroughly embedded throughout the authority. The Council’s corporate Business Planning Guidance (UOR21) is reviewed annually and requires the demonstration of appropriate risk management arrangements. The Corporate Executive Forum requires each directorate to have a standing item on Risk Management on agenda for directorate management team meetings.</p> <p>The Finance and Performance Management Portfolio Holder is the member champion for risk management. Opportunities for risk management training are made available for relevant managers as part of the Corporate Training Programme, where a need is identified through the staff Performance and Development Review appraisal process. All appropriate staff are given relevant training and guidance to enable them to take responsibility for managing risk within their own working environment, although the officer level Risk Management Group is to consider whether risk management training should be made available to managers without defined risk management responsibilities, and included within the Corporate Training Programme in future years. As part of this process, risk management arrangements will be communicated to all other staff through the Team Briefing process.</p> <p>All members receive risk management awareness training appropriate to their needs and responsibilities. Risk management awareness training has been provided for all members of the Audit and Governance Committee, and is available for all other members.</p> <p>Members with responsibility for corporate risk management receive reports on a regular basis and take appropriate action to ensure that corporate business risks are identified and effectively managed. The Finance and Performance Management Cabinet Committee receives updates on the Corporate Risk Register on a quarterly basis.</p> <p>The Risk Management Policy is updated annually by the Finance and Performance Management Cabinet Committee (UOR22), and the effectiveness of the Council’s current arrangements for risk management are assessed by the Audit and Governance Committee on an annual basis (UOR23). The Council’s risk management process does not specifically consider risks in relation to significant (as previously defined by the Audit Commission) partnerships, as the authority has no significant partnership arrangements in place.</p>	<p><a href="#">UOR21 Business Planning Guidance 2008/09</a></p> <p><a href="#">UOR22 Report to Finance and Performance Management Cabinet Committee (19.11.07)</a></p> <p><a href="#">UOR23 Report to Audit and Governance Committee (30.1.08)</a></p>

**KLoE 4.2 The Council has arrangements in place to maintain a sound system of internal control**

**Evidence that:**

- **the Council reviews and reports on its system of internal control; and**
- **the Council has an audit committee or equivalent and an internal audit function.**

Commentary	Evidence source
<p>The core functions of an audit committee, as identified by CIPFA, are being undertaken by the Audit and Governance Committee, and the Council continues to support the Committee to ensure that it is an effective element of its control arrangements. The Committee has established its role and provides independent assurance of the adequacy of the Council's risk management and internal control arrangements.</p> <p>The Audit and Governance Committee has responsibility for the review and approval of the annual Governance Statement (UOR03) (formerly the Statement on Internal Control), including the review of sources of assurance, and considers this separately from the accounts. Monitoring reports in respect of weaknesses identified in the Governance Statement, are made to the Committee and appropriate action plans have been developed for 2008/09 onwards.</p> <p>Relevant procedures are in place for all of the Council's key financial systems, and are reviewed and updated as appropriate. The Council has arrangements in place to ensure that it has sound systems of internal financial control, including the carrying out of regular bank reconciliations and reconciliations of major feeder systems.</p> <p>The Council has an internal audit function that operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government, and the effectiveness of the internal audit function is regularly reviewed by the officer level Corporate Governance Group and the Audit and Governance Committee, and monitored through specific internal audit related LPs.</p> <p>The Council has a Business Continuity Plan (UOR24) in place which is tested on a periodic basis, and which has recently been reviewed, following testing in relation to a simulated flu pandemic. Adjustments to the Business Continuity Plan are to be made in light of a major power failure that affected the Civic Offices complex during March 2008.</p> <p>The Council's Standing Orders, Financial Regulations and scheme of delegation are fully reviewed on an annual basis, and compliance is monitored through systems audits and relevant internal assurance standards. The Council has arrangements in place to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful. The Council has no 'significant' partnerships, but an audit of partnership arrangements is to be undertaken during 2008 and</p>	<p><a href="#">UOR03 Report to Audit and Governance Committee (23.6.08)</a></p> <p><a href="#">UOR24 Emergency Response Plan</a></p>

<p>the authority's partnership policy is to be reviewed.</p> <p>The Council has introduced a business assurance framework that maps its strategic objectives to risks, controls and assurances, and provides members with information to support the governance statement. An annual review of the effectiveness of the framework, including the system of internal control, is to be undertaken by the Audit and Governance Committee in November 2008.</p> <p>The Corporate Governance Group and the Audit and Governance Committee received a number of reports during 2007/08 on the new Governance Framework for Local Authorities, which culminated in the adoption of a revised Code of Governance for the Council in February 2008. The Corporate Executive Forum and the Management Board have also been briefed on the new governance framework, and all service directors have produced assurance statements for 2007/08 covering the requirements of the local code.</p> <p>The Council's overview and scrutiny function was fully reviewed during 2007 to ensure that it remains effective, encourages constructive challenge and enhances performance.</p>	
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<p><b>KLoE 4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business</b></p>	
<p><b>Evidence that:</b></p> <ul style="list-style-type: none"> <li>• <b>the Council has adopted codes of conduct and monitors compliance; and</b></li> <li>• <b>the Council's arrangements to prevent and detect fraud and corruption are effective.</b></li> </ul>	
<p style="text-align: center;"><b>Commentary</b></p> <p>The Council seeks to ensure a high level of probity and propriety and to demonstrate that this has been achieved with all members and staff. Training in relation to anti-fraud policies and practices forms part of the authority's corporate staff induction programme. Cases of proven fraud are publicised internally and externally. The Council's policy on the receipt of gifts and hospitality has been reviewed during 2007/08, and a follow-up audit is to be undertaken during 2008/09. Cases of proven misconduct are reported to the Cabinet on an annual basis (UOR26), and the minutes of meetings of the Standards Committee are published on the Council's website, together with an annual report of the Standards Committee (as part of the E-Annual Report) .</p> <p>The Council undertook an assessment of its anti-fraud and corruption arrangements against CIPFA guidance during 2007/08. The results of this review were considered by the Audit and Governance Committee, and indicated that suitable arrangements were in place and monitored appropriately.</p>	<p style="text-align: center;"><b>Evidence source</b></p> <p><a href="#">UOR26 Report to Cabinet (11.6.07)</a></p> <p><a href="#">UOR27 Anti-Fraud and Corruption Policy (Summary)</a></p>

The Council has a strong counter fraud culture across all directorates. The authority's Anti-Fraud and Corruption Policy (UOR27) is regularly provided to all staff to remind them of their responsibilities, and are brought to the attention of new staff as part of the staff induction programme. The policy was reviewed and submitted to all staff as part of a formal process in early 2008/09, and is published on the intranet.

A summary of the Council's internal whistleblowing arrangements have been issued to appropriate organisations with which the Council holds contracts, seeking confirmation that staff are aware of their responsibilities in regard to the prevention and detection of fraud when working for the Council. The Director of Corporate Support Services is to consider whether a standard contract clause should be adopted to meet the requirements of this KLoE in future. There is a specific reference within the Anti-Fraud and Corruption Policy to support provided to staff who make referrals.

The Council undertakes proactive counter fraud and corruption work. Counter fraud and corruption work in relation to Housing Benefit is assessed and prioritised according to greatest need, and performance is measured by an LPI. Identity checks are carried out for relevant purposes across various directorates. Benchmarking analysis has indicated that the Council's resources for counter fraud and corruption work are set at an appropriate level. The Internal Audit business plan is flexible in relation to fraud and corruption, and includes an appropriate contingency for dealing with issues of non-Housing Benefit related fraud. Investigations into allegations of fraud and corruption are conducted in accordance with statutory requirements, and all of the Council's officers that have responsibility for investigating allegations of fraud and corruption are appropriately trained and possess the relevant qualifications.

The Council considers fraud as part of its risk management processes on an ongoing basis, and participates as fully as legally possible in the National Fraud Initiative (NFI).

The Council makes full and effective use of the NFI application functionality to identify data matches for review wherever required, and works with other bodies such as the Department for Work and Pensions (DWP) when following-up data matches from NFI. The Council will always work proactively with other bodies such as DWP when following-up data matches from NFI. Immediate action has been taken to strengthen internal control arrangements where weaknesses have been revealed by instances of proven fraud and corruption.