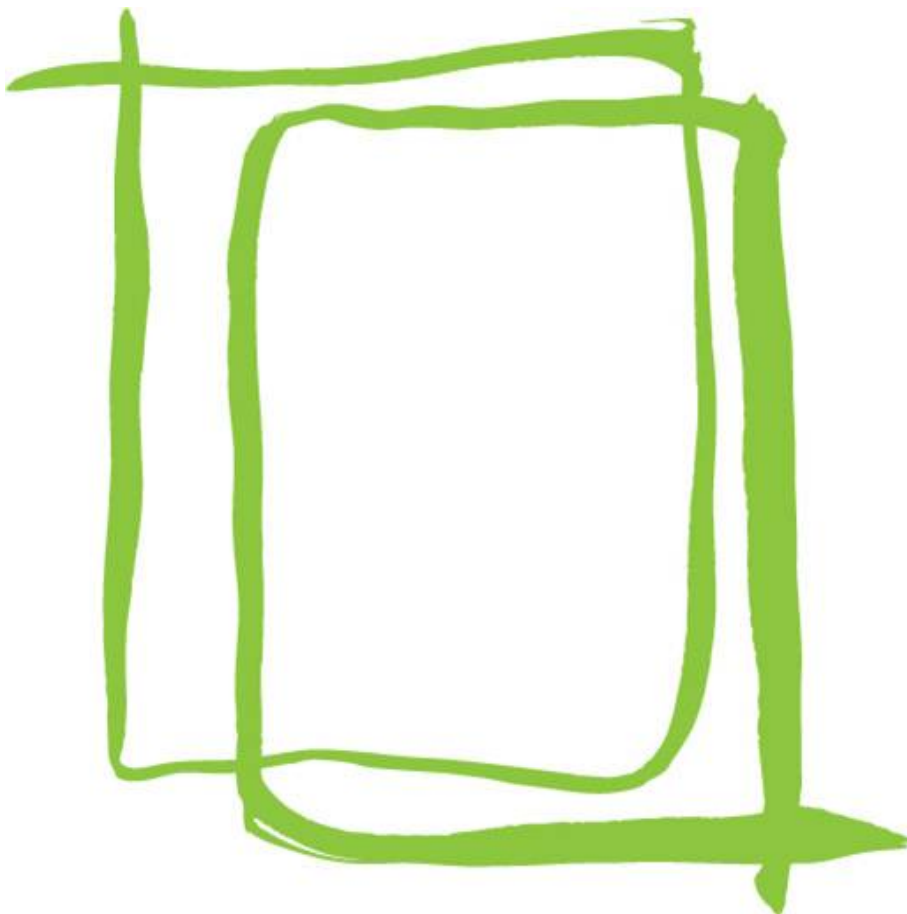


# Use of Resources

Essex County Council

Audit 2008/09

November 2009



---

# Contents

<b>Summary</b>	<b>3</b>
<b>Introduction</b>	<b>4</b>
<b>Use of resources judgements</b>	<b>5</b>
<b>Use of resources 2009/10</b>	<b>10</b>
<b>Appendix 1 – Use of resources key findings and conclusions</b>	<b>13</b>
<b>Appendix 2 – Action Plan</b>	<b>27</b>

---

## 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 Essex County Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people.**

- 1** Essex County Council's arrangements for Use of Resources are good overall and adequate value for money arrangements are in place.
- 2** The Council has demonstrated effective arrangements in Managing Resources and some aspects of Managing Finances and Governing the Business although there are areas within Governing the Business, and the Financial Reporting element of Managing Finances, that have scope for improvement.
- 3** The Council has demonstrated that it manages natural resources and physical assets pro-actively.
- 4** The Council has sound systems in place for many aspects of financial reporting but the Council was already aware that its arrangement for fixed asset accounting was high risk and a new system is currently being implemented. The 2008/09 accounts were materially misstated due to errors on fixed assets. However overall financial reporting arrangements were considered adequate for 2008/09.
- 5** The Council has good governance arrangements in place for leadership, priority setting, internal audit including counter fraud and some aspects of procurement, but there are other areas within governing the business that need to improve including member training, risk management and data security.

# Introduction

- 6** This report sets out my conclusions on how well Essex County 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.
- 7** In forming my scored theme judgements, I 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

- 8** 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.
- 9** 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.
- 10** The Commission specifies in its [annual work programme and fees document](#), which KLOE are assessed over the coming year.
- 11** Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, with 4 being the highest, please see Table 1. Level 1 represents a failure to meet the minimum requirements at level 2.

**Table 1      Levels of performance**

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

Source: [use of resources framework: overall approach and KLOE document](#)

# Use of resources judgements

## Scored judgements

**12** Essex County Council's use of resources theme scores are shown in Table 2.

**Table 2** Use of resources theme scores

Use of resources theme	Scored judgement
<b>Managing finances</b> How effectively does the organisation manage its finances to deliver value for money?	3
<b>Governing the business</b> How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?	2
<b>Managing resources</b> 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

## Managing finances

- 13** Finance is closely linked with planning and operational delivery of services by the Council and is a key consideration in all areas. The Council budget process is linked with other strategies and identifies resource requirements and gaps over the medium term. The Council is pro-active at taking appropriate action in response to financial issues.
- 14** The Council has made good progress on understanding its costs and using that information to inform planning and decision making. The Council has an ambitious cost saving programme which is closely monitored and has made significant savings to reduce back office costs and re-invest a proportion in front line services.
- 15** The Council monitors its financial position regularly but reports are not always on a full accruals basis. Budget holders and Members understand the financial information they receive. Finance and performance reports are not fully integrated but considered together and effective, performance is improving. Internal Audit has identified that financial monitoring of partnerships needs to improve in some areas.

- 16 The Council is still in the very early stages of preparing for the implementation of International Financial Reporting Standards.
- 17 Although financial reporting during the year is sound and effectively supports decision making, the 2008/09 accounts presented for audit were materially misstated and some working papers were not provided within the agreed timescale.
- 18 The Council does not have a strategic approach to charging for services, although charging policies exist in some services such as Adult Social Care. We have not identified any examples where the lack of a policy has had a significant impact on service delivery or access to services.
- 19 Financial and performance reporting is not fully integrated but the Council considers both aspects together and has demonstrated sustained improvement in many services during 2008/09.

Recommendations	
R1	The Council should gain a detailed level of understanding of the causes of the material errors in the 2008/09 accounts and implement closedown arrangements for the 2009/10 accounts that ensure that there are no material misstatements.
R2	The Council should monitor the progress towards the implementation of IFRS carefully and manage the risks pro actively to reduce the risk of a material misstatement in 2010/11 caused by non compliance with the new framework.
R3	The Council should implement an agreed corporate charging policy.
R4	The Council should consider implementing fully integrated finance and performance monitoring reports for senior management and Members.

---

## Governing the business

- 20 The Council has clear priorities based on extensive consultation and needs analysis which are cascaded down through the Council.
- 21 The Council is working with partners to improve the effectiveness of procurement and service to users. Joint funding has led to new posts in response to an identified need. Service design generally supports value for money.
- 22 Users are influencing procurement decisions. The Council is addressing the need to improve its IT arrangements. The Council manages risks of suppliers failing in the current economic conditions. Procurement processes have become more streamlined but improvements are required on the understanding and achievement of savings targets and the establishment of a complete contracts register.

## Use of resources judgements

- 23** The framework for data quality in the Council is generally sound. Information is analysed to identify need and areas for improvement. The Council manages performance effectively against priorities, demonstrating improvement. Systems cannot transfer data automatically and data quality for partnerships needs to improve. Data security has improved significantly but from a low base and Business Continuity arrangements have improved.
- 24** The Council has a governance framework in place but member training and accountability are developing. Member scrutiny and leadership are leading to improved service performance.
- 25** The Council flexes its priorities appropriately which has led to initiatives such as 'Banking on Essex'. However the usual governance processes are considered too slow by senior Council officers to support these initiatives so alternative arrangements are made which are not always transparent.
- 26** The Council's legal department is not at the heart of decision making and not always aware of issues it should be advising on or whether or not its advice has been followed. The Council seeks legal advice from outside sources but this is not always committed to formal legal advice in writing until a new initiative is very well developed and expectations of delivery have been raised. Papers for Member meetings are not always available with the agenda or in advance of the meeting. Confidential issues are discussed in part 2 of Council and Committee meetings. Decisions made in part 2 meetings are recorded with those made in part 1 but there is no record held by the Council to record the discussions in part 2 meetings.
- 27** Risk Management arrangements are in place but member involvement needs to improve. Internal Audit and Counter Fraud arrangements are strong but there are significant system control weaknesses.

Recommendations	
<b>R5</b>	The Council needs to improve some aspects of procurement arrangements. Savings targets should be understood more clearly and managed carefully and the contracts register should be completed.
<b>R6</b>	Data quality arrangements for partnerships should be improved in line with previous Internal Audit recommendations.
<b>R7</b>	The Council should continue to monitor the adequacy of data security arrangements very carefully to ensure progress continues in all areas.
<b>R8</b>	The Council should ensure that member training addresses identified development needs and is attended by all members regardless of seniority or length of service.
<b>R9</b>	The Council should ensure that new initiatives which need to be implemented quickly are subject to sufficient and transparent scrutiny in the same way as longer term projects are.
<b>R10</b>	The Council should ensure that legality issues are considered early on in the development of new initiatives and that this is based on written legal advice where appropriate.

Recommendations	
<b>R11</b>	The Council should ensure that agendas and papers for Council, Cabinet and Committee meetings are published five working days in advance in all but exceptional circumstances.
<b>R12</b>	The Council should ensure that reporting of risks to members is effective and facilitates effective management of those risks.
<b>R13</b>	The Council should ensure that the key controls in the material financial systems are operating effectively.

### Managing resources

- 28** The Council has made significant achievements in its approach to managing natural resources effectively. It is seen as performing well by other Councils and shares its approach with them. The Council can demonstrate a clear understanding of its carbon emissions and how it plans to reduce them; however some plans and targets are still to be developed, especially at a local level such as within individual buildings.
- 29** The Council has gone further than looking just at carbon and has demonstrated work towards a strategy for water conservation which it sees as a key resource and one that needs to be managed more carefully in the future.
- 30** Environmental considerations are taken into account comprehensively in construction projects. Partnership working is effective to address environmental issues including waste management and tree planting. The Council has achieved a low rate of travel to school by car.
- 31** Asset management plans reflect the overall plans of the Council and are effectively performance managed. Assets are managed pro actively to achieve value for money and efficiency savings, in financial and environmental terms.
- 32** The Council is working effectively with partners to use buildings jointly which provides greater value for money and a better service to the public. The Council has joined with other County Councils to jointly procure major capital projects that has improved the project management arrangements in place.

Recommendations	
<b>R14</b>	Maintain the focus at a political as well as at an officer level to ensure that activities undertaken by the Council fully consider, and aim to reduce, the impact on the environment.
<b>R15</b>	Continue to develop robust targets for managing the impact on natural resources by Council activities. This includes developing targets for individual premises and ensuring that monitoring is regularly undertaken to demonstrate progress against targets set.



### Detailed findings

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

# Use of resources 2009/10

- 34** 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 16 June 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
The Council has recently advertised for a private sector contractor to provide 'some or all' of its services. An 'in principle' decision is scheduled to be taken by Cabinet in June 2009. There is a risk that the Council's procurement and contract management processes do not address all the risks involved and do not achieve maximum value for money.	We will review the Council's contract management processes for these new, high value contract(s). This will be funded from the 2008/09 plan replacing other work that has not been completed in agreement with the Council.	Early 2010
The Council has recently issued an early contract termination notice to its private sector partner for the provision of IT services. There is a risk to current IT services and a planning blight to future IT developments.	We will review the Council's management arrangements in the run up to contract termination, focussing on business continuity, and the plans for the management of IT post contract termination.	October 2009 to February 2010
The Council is increasingly reliant on effective partnerships to meet its key priorities. There is a risk that governance, accountability and performance management of partnerships is not as effective as those arrangements within the Council.	We will review the Council's arrangements for partnerships and how effective they are in helping to deliver the Council's objectives. We will discuss and agree the precise scope of the review with the Council where the maximum benefit can be achieved.	January to March 2010

Risk	Planned work	Timing of work
The Council is involved with a Building Schools for the Future PFI scheme. There are significant risks involved with any such scheme including financial planning, future projections and value for money.	We will review the Council's approach to this scheme and how the risks are being managed.	September 2009 to March 2010
The Council is taking a number of innovative initiatives in response to the current economic climate. There is a risk that such schemes go beyond the Council's legal powers or do not represent value for money.	We will review each scheme individually. This work is already ongoing and will also be considered as part of Use of Resources.	Ongoing.
A number of significant controls within the Council's material financial systems are not operating effectively, including the controls over authorised signatories in payroll and the ability to add new suppliers to the accounts payable system. Although the Council has good counter fraud arrangements in place, the absence of these controls increases the risk of fraud.	We will use the Audit Commission Tool 'Changing Organisational Cultures' to assess the risk using a web based tool to survey members of staff in many areas across the Council. These results will be compared with other similar Councils and can be followed up with workshops in relevant areas. This review was originally contained in the agreed 2008/09 Audit and Inspection Plan but deferred at the request of the Council.	Autumn 2009
There is a risk that the County may not implement the agreed recommendations from the health inequalities cross cutting review in 2008.	We will review progress against the agreed action plan and the effectiveness of partnership working in addressing this key priority for the Council and many other public sector bodies in Essex.	Early 2010

- 35** KLOE 3.1 - Natural resources will not be assessed for single tier and county councils in 2009/10. I have also considered any additional risks arising from my 2008/09 value for money conclusion.
- 36** I have identified the following additional risks in relation to my value for money conclusion.

---

**Table 4      Additional risks**

<b>Risk</b>	<b>Planned work</b>	<b>Timing of work</b>
The performance in Children's Services needs to improve, particularly in the areas of safeguarding of children.	Following further reporting in the organisational assessment and area assessment, we will discuss what further work will be planned in close liaison with Ofsted and other bodies.	To be confirmed following publication of the organisational assessment and area assessment on 10 December 2009.

---

# Appendix 1 – Use of resources key findings and conclusions

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

**Table 5**      **Theme 1 - managing finances**

<b>Theme 1 score</b>	<b>3</b>
Key findings and conclusions	
The Council has good arrangements for managing finances.	
KLOE 1.1 (financial planning) score	3
Key findings and conclusions	
<b>Integrated and medium to longer term financial planning:</b> The Medium Term Resource Strategy (MTRS) sets out resource requirements over a medium to long term (30 years) basis. This includes human, natural resources and asset management. The MTRS models a range of scenarios and action is taken to address cost pressures, for example, demand increases on social services from demographic changes and increasingly demanding waste recycling targets. Annual budgets are comprehensive, balanced, realistic and timely. Budget setting is intended to be an upward process ensuring that spending matches service priorities. Internal Audit has identified some scope for improvement in consultation with budget holders for some areas and a need for more detailed guidance has been identified although there is no evidence these have had a significant adverse impact. Challenge meetings are held between senior budget holders and the Leader and the Chief Executive.	

### Key findings and conclusions

The Council has a sound policy on reserves. The financial environment has been stable for some years as evidenced in the financial standing scores of 3 for the previous two years.

The Council is responding to future risks by taking a pro active and strategic approach to the need to make £200 million savings from back office to front line services in line with priorities and has appointed a private partner to help secure these savings. Efficiency savings are performance managed effectively.

The Council is working with local service partners to deliver services more efficiently. The Chief Executive also holds the post of Chief Executive at Brentwood District Council and Internal Audit provides a service to Brentwood District Council.

Service dossiers included benchmarking information were used as a basis for challenge in setting the 2009/10 budget.

The Capital Programme is linked to priorities, based on funds available and the impact on prudential borrowing indicators, the programme is well managed with no significant slippage or overspends.

The Council's Treasury Management Controls are strong and the risk management consideration of investments embedded, which protected the Council from the recent turbulence in the banking sector.

The Council does not have a strategic approach to charging for services, although charging policies exist in some services such as Adult Social Care. We have not identified any examples where the lack of a policy has had a significant impact on service delivery or access to services.

### **Engages with stakeholders:**

A public engagement strategy is in place to ensure engagement is inclusive, understandable and empowering. The Council demonstrates a good knowledge of its local communities.

Both the budget and MTRS are linked to corporate priorities which were set following a comprehensive consultation with residents.

Local Area Agreement (LAA) partners are consulted on financial plans and budgets reflect LAA targets, for example, additional funding was allocated to district councils for implementation of the waste strategy.

### **Manages spending:**

The Council's financial standing is sound and it has a track record of performing within budgets. The Council recognises the need for efficiencies in view of predicted resource shortfalls and aims to achieve £200 million cashable efficiencies over a three year period. Efficiency targets are reported and monitored frequently and the Council are on target to deliver planned efficiencies. Although there is no direct link between financial and performance reporting the Council has demonstrated sustained improvement in many services during 2008/09.

## Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions	
<p><b>Financial Governance and leadership:</b></p> <p>There is clear accountability by members and services for the stewardship and Use of Resources and there is a good understanding of the Council's financial position at member and officer level.</p> <p>Financial training has been ad hoc but a more managed programme is now in place.</p> <p>The Corporate Leadership Team (CLT) has effectively tackled weaker areas of financial management such as Highways in the past and pro actively spreads good practice.</p> <p>Financial Reports are subject to scrutiny by the CLT and members.</p>	
KLOE 1.2 (understanding costs and achieving efficiencies) score	3
Key findings and conclusions	
<p><b>Understanding costs:</b></p> <p>The budget setting process ensures services have an understanding of costs. The process for the past two years requires all services to identify a range of efficiency measures For 2009/10 services were required to set three year budgets identify savings and outline cost pressures to maintain performance levels. Service dossiers were compiled to provide a corporate view of VfM, finance and performance. These contained info such as the 2008/09 service plan and inspection reports, performance information, VfM profiles and benchmarking data. Proposed budgets are subjected to challenge involving key members. The impact pf these measures is that a low increase in council tax (1.9 per cent) has been delivered while service improvement has continued.</p> <p>Services are required to analyse costs through the planning process. This provides 'unit cost' and 'cost driver' info and supports the understanding of demands on budgets. It also provides the basis for the budget challenge processes used by the Council for improving value for money. Services also undertake exercises during the year to understand unit costs - for example the waste teams have outturn forecasting models in place driven by unit cost and activity data. An understanding of unit costs, such as those relating to costs of running buildings, has been supported through work delivered by consultants that are benchmarked against other public sector bodies. Other external support has enabled the delivery of a new benchmarking tool to measure value for money in Adult Social Care which has informed commissioning. However these processes are relatively new and clear outcomes have yet to be demonstrated from the processes that are being put in place both corporately, through the new budget setting process, and by services based initiatives.</p>	

Key findings and conclusions	
<p><b>Decision making:</b></p> <p>Cost analysis forms part of the decision making process. The Council undertook an analysis to quantify the ‘community benefit’ of Essex Post Office branches. It included an examination whether the Council's decision to invest £1.5 million over three years to support six post offices is reasonable on the grounds of community value. It also took into account the environmental impact of the proposal, for example the closure of post offices would be expected to result in increased travel for those requiring post office services and hence have a CO2 impact. The analysis found that for every £1 invested in maintaining these post offices, Essex could realistically expect to deliver around £1.95 in benefits to the community. However should the investment be for fewer than six post offices then community benefit would be less. It is therefore clear the political option to re-open post offices was supported with a sound analysis, albeit with significant assumptions, of cost and expected benefit.</p> <p>Project costs are closely controlled through the corporate project management and governance toolkit. This requires any new project to set out the full financial impact and cost implications. There is also a requirement to demonstrate, through quality of life appraisals, the impact on customers and equality and diversity. The Council is therefore applying a clear approach to understanding costs in the decision making process.</p> <p><b>Making efficiencies:</b></p> <p>Budget setting processes for the last two years have required services to identify a range of efficiency measures. Those identified are registered on a tracking database which is monitored monthly. The process provides a forecast model which indicates that savings requirements are to be exceeded by £3 million. Efficiency targets are being stretched further, whilst maintaining and improving services, to deliver £200 million of efficiency savings by 2011/12 to be reinvested in front line services. This is being achieved through an extensive transformation programme working with a private sector partner.</p>	
KLOE 1.3 (financial reporting) score	2
Key findings and conclusions	
<p><b>Produces relevant, timely and reliable financial monitoring and forecasting information:</b></p> <p>The Council produces relevant, timely and mainly reliable financial monitoring information. Budget holders receive monthly reports from the general ledger including an estimated outturn based on known commitments and assumptions. However, there are some services where commitments are not fully recorded on the financial system, which reduces the usefulness of this information. Budget holders are able to view performance against the budget in real time on the general ledger system. The Council's report writing system enables the production of tailored reports from the general ledger at any point in time.</p> <p><b>Uses financial and related performance information to monitor performance during the year:</b></p> <p>Senior Managers receive a monthly ‘Essex Financials’ report with comprehensive coverage of the financial performance of the Council. This report includes consideration of risk and sensitivity analysis.</p> <p>Members receive quarterly finance reports which are clear, concise and include all relevant information with detailed narratives to provide further explanation. There is evidence that the Council takes action to manage overspends. In 2008/09 the emerging issues on Children’s Services led to the contingency reserve being used for this service after due consideration.</p>	



## Appendix 1 – Use of resources key findings and conclusions

### Key findings and conclusions

#### **Produces financial reports that are clear, relevant and concise to support strategic decision making:**

The links between performance and financial reporting at the Council could be improved, although detailed and fit-for-purpose reports are produced for both purposes separately.

There is evidence that financial reporting informs the Council's strategy, for example the need to identify £20 million of future savings.

Financial Reporting on partnerships is considered by the Essex Partnership Boards but Internal Audit has identified this as an area needing to improve.

#### **Prepares accounts that meet statutory requirements, financial reporting standards and present fairly, or give a true and fair view of, the financial performance and position:**

The 2008/09 annual accounts were approved by the deadline. There was limited time for member scrutiny although this was supported by a presentation from the Chief Financial Officer. A number of material and non trivial errors were identified by the audit, the largest being a material error on fixed asset impairment.

Working papers were not completed in accordance with the agreed schedule although most were received by the start of the final accounts audit 1 July 2009. The notes and working papers to support fixed assets were not available at the start of the audit.

The Council has not accounted for pooled budgets on the grounds of materiality but has not considered the materiality of the other organisations.

A working group has been set up to deal with the transition to International Financial Reporting Standards (IFRS). However, the work is at an early stage and the working group did not report to members in 2008/09. There are a number of high risk areas that need to be addressed including the fixed asset system which the Council is currently replacing.

#### **Publishes reports that provide an objective, balanced and understandable assessment of the organisation's performance in the year:**

The Council meets minimum requirements for financial reporting to the public but there is scope for improvement. The annual accounts, annual report, annual audit letter and budget are all available on the website. The Annual Report, published for the first time in 2007/08 was considered to be clear to the public. *Essex Works* magazine is a key mechanism for engaging with the public and has run articles on financial subjects.

The Council has tabled a number of key reports at Council and Committee meetings rather than publishing them in advance to allow proper scrutiny by the public and other interested parties. Reports are available on demand in Braille, audio format or translated. The website includes accessibility features such as translations or audio features. There has been limited consultation on the format of external reports.

**Table 6**      **Theme 2 - governing the business**

<b>Theme 2 score</b>	<b>2</b>
Key findings and conclusions	
The Council has adequate arrangements in place for governing the business.	
<b>KLOE 2.1 (commissioning and procurement) score</b>	<b>3</b>
Key findings and conclusions	
<p><b>Has a clear vision of intended outcomes for local people which shapes its commissioning and procurement, and is based on an ongoing analysis and understanding of needs:</b></p> <p>The clear vision of intended outcomes for people in Essex is demonstrated by the Joint Strategic Needs Assessment (JSNA). Developed through public consultation, the JSNA has shaped the development of the Essex Strategy and Local Area Agreement (LAA) targets which sets out what the Partnership aims to achieve.</p> <p>The vision extends to procurement including ensuring VfM through partnership working. The Council led on the development of the Procurement Agency for Essex, a self-funding, regional procurement organisation exploiting the benefits of joint purchasing power. Previously a winner of the LGC award in the Procurement Category, the aim is to involve more agencies including the NHS, the prison service and higher education. Signed collaborative working protocols designed to remove barriers to joint working are now in place.</p>	
<p><b>Involves local people, partners, staff and suppliers in commissioning services:</b></p> <p>Commissioning actively engages with users. Local commissioning has supported the Children and Young People Strategic Partnership. Users have been involved in the development of directorate strategies, for example results of surveys involving children have informed the JSNA and a questionnaire on priorities was included as part of the Essex Youth Assembly elections.</p> <p>Community opinions were sought in the development of the 'Essex Later Life strategy'. A number of user groups contribute to the development and monitoring of commissioning strategies. Events have engaged with BME and young people inviting residents to seek funding to meet their needs. The community information points provide access and support vulnerable people, promoting economic growth and providing services locally.</p>	

## Appendix 1 – Use of resources key findings and conclusions

### Key findings and conclusions

#### **Seeks to improve the customer experience, quality and value for money of services through service redesign, making effective use of IT:**

Service design generally supports value for money. Essex has the highest average number of children in residential care but its expenditure per child is comparatively low. Waste disposal costs are not significantly higher despite Essex having a high waste generation. However, in other areas VfM is less evident; spending by Adult Social Services on Learning Disabilities is relatively high.

The Council is realigning its IT strategy and is seeking to replace the previous provider in 2009 so that IT makes a more effective contribution to service delivery. Presently IT is a significant risk to supporting the delivery of effective services and ensuring VfM.

Procurement has been streamlined and simplified, and a supplier portal developed to make opportunities more accessible to suppliers. The Council has recently won a national Business Award in recognition of its streamlined purchase to pay process. An agreement is in place to improve engagement with the voluntary sector and SMEs to reduce barriers to suppliers.

#### **Understands the supply market and seeks to influence and develop that market:**

The Council understands the volatility of the supply market and has put in place a risk management process. This includes a monthly credit scoring and going concern approach.

#### **Evaluates different options (internal, external and jointly with partners) for procuring services and supplies and reviews the competitiveness of services and achieves value for money, while meeting social, economic and environmental objectives:**

Progress has been made in some important areas such as the approach to programme management of significant projects and the successful implementation of a sustainable procurement strategy. However some service areas have savings targets which are not understood or being met. Although some progress has been made since the limited assurance given by IA, risks remain including issues such as the production of a contracts register.

Joint commissioning arrangements are supporting vulnerable groups, for example the appointment of a Stroke Coordinator and Dementia Care Advisors jointly with PCTs.

KLOE 2.2 (data quality and use of information) score	2
Key findings and conclusions	
<p><b>Produces relevant and reliable data and works with partners to ensure the quality of partnership data:</b></p> <p>The Council demonstrates a clear corporate commitment to data quality through its data quality strategy. The Council recognises the important role staff play in data quality and ensures that key messages are communicated through the performance appraisal system and network of data quality champions. Policies and procedures are set out but there are examples of these not being documented or followed in some areas.</p> <p>There are examples of data sharing protocols in place but Internal Audit has identified that this is not always the case. Data sharing on crime statistics has led to effective action. Performance management of some partnership arrangements is hampered by a lack of good data quality. The Council has worked with key partners to reduce the number of road deaths and serious injuries significantly in 2008/09.</p> <p>The Council has a reasonable track record of data quality in most areas. An issue was identified with a procurement savings Local Performance Indicator in the 2008/09 data quality spot check which feeds into National Indicator 179 but there was no significant impact.</p> <p><b>Understands the needs of its decision makers and provides them with information that is fit-for-purpose and is used to support decision making:</b></p> <p>The Council has a clear and co-ordinated system of reporting in place. Reports are reviewed to ensure they remain fit for purpose. The Council has started to present information on a geographical basis to identify localities that require additional focus to achieve performance improvements. The ability to transfer information between systems automatically has been hampered by performance issues on the outsourced IT function.</p> <p>Member involvement is used to drive improvement, if a performance target is assessed as high risk for longer than three months it is referred to a scrutiny committee.</p> <p><b>Ensures data security and compliance with relevant statutory requirements:</b></p> <p>The Council has made significant improvement in this area but from a low base. Internal Audit issued a 'no assurance' rating on laptop security and encryption in March 2008. Since then the Council has invested significant resource to address the issues raised. By the end of March most of the IT hardware used by Council officers and members met data security industry standard. Business Continuity arrangements are in place but are currently being reviewed because of the termination of the outsourced IT management arrangements. In addition Internal Audit highlighted some weaknesses in business continuity arrangement in Adult Social Care during 2008 which have still not been fully addressed.</p> <p>Business Continuity is a key risk for the Council at present as it has terminated its contract with BT for IT services early and has brought it back in house before the likely transfer out to another provider. The Council has taken steps to manage this risk.</p> <p><b>Monitors performance against its priorities and targets, and addresses underperformance:</b></p> <p>The Council sets clear priorities and has effective systems in place to monitor performance against the priorities which are integrated with the management of resources. The Council manages most major projects through its Project Management Board but some major political initiatives are managed outside this process such as the 'Banking on Essex' and the Post Office initiatives. The Council uses financial and non financial information to measure and improve performance and inform strategic planning. The Council has a good track record of performance improvement and meeting financial savings targets. The Council demonstrates a clear commitment to improve following external reviews although there are some examples of a lack of self awareness prior to those reviews. The Council has the appropriate capacity to analyse performance information.</p>	

## Appendix 1 – Use of resources key findings and conclusions

KLOE 2.3 (good governance) score	2
Key findings and conclusions	
<p><b>Has adopted, promotes and demonstrates, the principles of good governance:</b></p> <p>There is a Council Constitution in place which defines roles, responsibilities and delegated powers of members, officers and committees which is available on the Internet.</p> <p>There is some evidence of members and officers working well together. Training for Members is not being appropriately recorded and monitored.</p> <p>Member scrutiny is leading to improved performance such as increased uptake of the MMR vaccine in North Essex.</p> <p><b>Maintains focus on its purpose and vision:</b></p> <p>The Council has a clear purpose and vision which is supported by a ten year strategy, the Local Strategic Partnership (LSP) and the LAA. Public consultation was undertaken in forming these vision and strategy documents; 25,000 residents were consulted including vulnerable and disadvantaged groups. Additionally, the county wide JSNA was used to map health inequalities over Essex and influence the strategy.</p> <p>EssexWorks Corporate Plan priorities are cascaded down through the organisation and ultimately into the objectives of staff.</p> <p>Council priorities are flexed to reflect changing needs and there are initiatives, such as 'Banking on Essex', in response to those. The Council is demonstrating agility in its response to the needs of Essex residents by undertaking these types of schemes. However, they do expose the Council to increased risk specifically financial risk concerning the 'Banking on Essex initiative'. The Council's standard governance arrangements are not considered fast enough to cope with these initiatives and separate governance arrangements are used which are not wholly transparent although the risks do appear to be sufficiently managed.</p> <p><b>Demonstrates a strong ethical framework and culture:</b></p> <p>There is evidence that legal issues are not always considered sufficiently or at the appropriate time as part of significant decision making. The Council has its own legal team, but there are concerns some decisions are being made without full and proper legal advice being sought from the legal department or external sources at the appropriate time. This includes the 'Banking on Essex' initiative where there was no written legal advice after the scheme had already spent months in development and a clear commitment to the scheme had already been made. Another example is where money was awarded to children for private tuition to avoid attending a failing school without any evidence of legal advice being sought. When legal advice is sought from the legal department the legal advisors are not consistently aware of whether or not the advice is followed.</p> <p>Committee papers are sometimes not available in advance of Council, Cabinet and Committee meetings.</p> <p><b>Applies the principles and values of good governance to its partnership working:</b></p> <p>The key strategic partnership for the Council is the LSP, 'The Essex Partnership'. There is an agreed LAA governance framework 'Governance, Delivery and Performance Management' which sets out the roles and responsibilities of all the partners. The partners are also developing a partnership portal.</p> <p>Although there is a clear approach to managing partnership arrangements it needs to improve for some key partnerships. Internal Audit has identified weaknesses in partnership risk management, performance management and data quality.</p>	

KLOE 2.4 (risk management and internal control) score	2
Key findings and conclusions	
<p><b>Effective risk management which covers partnership working:</b></p> <p>A risk management strategy is in place and was refreshed in 2008. The Council has a risk register and officers have been trained in its use. Although risk management is assigned to a specific Member, there was no formal reporting to members on the top risks and limited awareness of the top risks at member level. Member risk management training has been limited.</p> <p>Internal Audit has identified concerns with risk management at the Council, including the engagement of officers with the corporate risk management framework, and that risk management arrangements are not in place for all significant partnerships.</p> <p><b>Has a clear strategy and effective arrangements, including allocation of appropriate resources, to manage the risk of fraud and corruption:</b></p> <p>Counter fraud arrangements are well developed. Fraud is managed as a corporate risk. The Council has an up to date anti-fraud and corruption strategy, fraud response plan and whistle blowing policy in place. These have been approved by Members and communicated to staff.</p> <p>The strong Counter fraud team is driven by a pro-active Counter Fraud Manager (CFM). The CFM reports to the Head of Internal Audit and Risk Management and the team adhere to the principles of guidance included in CIPFA's Red Book II. The CFM holds the CIPFA certificate in Investigative Practice and more officers are taking this qualification.</p> <p>Internal Audit has reviewed partnership arrangements in 2008/09. Southend Borough Council has adopted the analytical review of school balances used by Internal Audit which is an effective tool to identify fraud risks. Bi-monthly meetings are being held with London Borough of Havering to share good practice and there is a service is being provided to Brentwood Borough Council.</p> <p>The Council participates in the National Fraud Initiative as well as working with Essex Police on investigations. The Counter Fraud Team has recently agreed a joint working protocol with the Department of Work and Pensions (DWP), which will assist in future investigations of financial abuse of vulnerable people in care homes. After extensive negotiations the Council has three terminals through which to access DWP.</p> <p>The Council has a thorough programme of counter fraud and corruption work. Regular fraud awareness sessions are undertaken to promote the Council's policies which include schools, district councillors, finance, HR and other local authorities. The presentations focus on ways to minimise fraud risk and also the opportunities are used to publicise actual cases of proven fraud prosecutions. In 2008/09 fraud referrals were up 40 per cent on the previous two years.</p>	

## Appendix 1 – Use of resources key findings and conclusions

### Key findings and conclusions

#### **Has a sound system of internal control including internal audit:**

Internal Audit operates in accordance with CIPFA standards, Institute of Internal Auditors and International Auditing Standards. Internal audit work is planned and approved by the Audit Committee via a risk based audit plan. Internal Audit is supported by PwC in a co-sourcing arrangement. The reports produced are user friendly and appear to be having more impact than previous formats. Internal Audit is now providing a service to a number of partner organisations.

The Audit Committee, which was established in 2008, considers external audit reports and outstanding internal audit critical recommendations. The impact of the Audit Committee is still developing and training is ongoing.

There are Standing Orders and a Scheme of delegation in place.

A number of material financial systems do not have effective controls in place which increases the risk of a material misstatement in the Financial Statements not being prevented or corrected.

The Council has business continuity plans in place which were updated and tested in 2008. During 2008 a number of incidents were managed using the plans. However Internal Audit has identified that business continuity arrangements for SWIFT, the Adult Social Care System, need to improve. Business Continuity is a high risk area at the moment for the Council due to the termination of its IT contract with BT although the risks appear to be managed. Potential partners with the Council are required to submit their business continuity plans as part of the tender evaluation process for review by the Corporate Risk Manager and Business Continuity Manager.

**Table 7      Theme 3 - managing resources**

<b>Theme score</b>	<b>3</b>
Key findings and conclusions	
The Council has good arrangements in place for managing resources.	
KLOE 3.1 (use of natural resources)	3
<p><b>Understands and can quantify its use of natural resources and can identify the main influencing factors:</b></p> <p>The Council is developing a good understanding of the impact it has on the environment. Detailed baseline data is being collected and targets to reduce Council carbon emissions by 10 per cent (MTFS) by using buildings more efficiently, implementing energy efficiency measures, and lowering the number of business miles travelled is in place and monitored. Reduced business mileage has led to savings equating to 700 tonnes of CO2. Building logbooks are also being introduced into all buildings further improving data quality and understanding around energy and water consumption and reduction opportunities. The environmental impact of operations is also being reduced through the shared use of buildings with district councils. Longer term environmental challenges are considered and measures to quantify and mitigate impact are in place, for example monitoring and reducing water consumption.</p> <p><b>Manages performance to reduce its impact on the environment:</b></p> <p>The Council has developed comprehensive systems to monitor and manage the environmental impact of its activities, including the use of business area scorecards and a CO2 environmental management system (ECCO). ECCO forms part of a comprehensive Essex Energy Management System which aims to reduce environmental impact of Council activity. The corporate focus is cascaded to all services through directorate and unit plans, supported through local environment champions. There is quarterly performance monitoring of CO2 production through energy and transport related sources. A strategic focus is delivering, through robust monitoring and management, positive outcomes for mitigating environmental impact.</p> <p>Environmental impact is reduced through more considered construction methods. For example the Essex Sustainable Schools Programme and the A120 which is the first road in the UK to use green swales connected to a system of interceptors and balancing ponds as a road drainage solution.</p> <p>The project management process requires that all projects undertake an assessment using a Quality of Life Model. This requires the environmental impact to be assessed including the built and natural environment, carbon emissions and waste and opportunities for reducing, reusing and recycling.</p> <p>The Council's focus on management of natural resources has reduced recently and there is scope for clearer political leadership on the issue.</p>	



## Appendix 1 – Use of resources key findings and conclusions

Key findings and conclusions	
<p><b>Manages the environmental risks it faces, working effectively with partners:</b></p> <p>The Council works well with partners to manage environmental risks. There is a successful approach to working with partners (district councils and residents) to tackle waste production and increase recycling rates. The Essex Waste Partnership, which has adopted the Essex Waste Strategy has exceeded its targets in 2008/09 and has a target to recycle 45 per cent by 2010. A strategic approach has been adopted to tackle waste issues. Green waste is now not collected; instead focus is on increasing the rate of home composting which is environmentally favourable. A 28 year Inter Authority Agreement with 11 district councils underpins the delivery of high recycling targets whilst achieving value for money in the procurement of recycling and waste treatment facilities. Partnership working has also resulted in the planting of over 417,000 trees in Essex.</p> <p>The impact of school transport is being reduced as 80 per cent of schools have a travel plan resulting in 102 'walking buses'. Only 29 per cent of pupils travel to and from school by car.</p> <p>The Council has worked with the Environment Agency and land owners for shore line management and £350k has been identified to support coastal management projects.</p> <p>The Council is actively looking for a solution to its management of waste in the medium term. A revised business case has been submitted to ensure long term compliance with the local and national recycling/recovery and diversion targets.</p>	
KLOE 3.2 (strategic asset management)	3
Key findings and conclusions	
<p><b>Has a strategic approach to asset management based on an analysis of need to deliver strategic priorities, service needs and intended outcomes:</b></p> <p>The Council has dedicated Asset Management and Facilities Management teams in place. There is a property strategy in place which is supported by a 'Corporate Asset Management Plan' (CAMP) which is an aggregation of 'Service Asset Management Plans' (SAMP). There are also geographical area reviews in place which give a view of the property position across the whole County.</p> <p>By developing SAMPs, the Council has developed an organisation-wide approach to managing assets, as the SAMPs form the basis of the CAMP, which links with the Medium Term Resource Strategy and the funding implications of asset development. This then leads to the production of the capital plan which is included in the budget book which ultimately leads to service capital programmes.</p> <p>The Council's strategic plan includes a number of performance indicators in relation to asset management, which feed into the overall strategic objectives of the Council. The intended outcomes are more efficient use of properties, capital receipts for re-investment in services and effective and fit-for-purpose service delivery. Performance is monitored monthly as part of the Performance Scorecard process, and reported to both Corporate Leadership Team, and Cabinet. Achievements include reduction in office space as a result of mobile and flexible working, generation of capital receipts of £24 million and some co-location and partnership sharing of office space.</p>	

Key findings and conclusions	
<p><b>Manages its asset base to ensure that assets are fit for purpose and provide value for money:</b></p> <p>The Council uses some outside benchmarking services although has found comparability a difficult issue to overcome. Examples of recent improvements in value of money of assets include the following.</p> <ul style="list-style-type: none"> <li>• Management of non-school buildings transferred to Corporate Facilities Management which is bringing benefits such as cost savings, reduced duplication, better space utilisation and better management information.</li> <li>• Facilities Management has delivered efficiencies through replacing printers, photocopiers and scanners with multifunctional devices which cost less to run.</li> </ul> <p>The SAMPs consider whether a service's property meets their needs. There is an opportunities database which logs all properties identified by individual services that are no longer required or are unsuitable. An appraisal process is carried out to determine the best approach with the asset, for example sale, refurbish, re-allocate.</p> <p>Capital investment identified in the budget book which aims to meet the County Council's strategic objectives is assessed through the gateway appraisal process which includes evaluation using option appraisal.</p> <p>The asset base is maintained through a rolling programme of statutory, legislative, planned and reactive maintenance. This programme is informed by a five yearly conditions survey, supplemented by an interim survey. Maintenance work is schedule based on priority and funding availability.</p> <p>All risks in relation to not maintaining the asset base are record in JCAD, the risk management system, to ensure the council is aware of health and safety, security and business continuity risks related to assets.</p> <p><b>Works with partners and community groups to maximise the use of assets for the benefit of the local community:</b></p> <p>The Council is working in partnership with other organisations on asset management. Office sharing is occurring, specifically with Castle Point Borough Council and Braintree District Council. These have provided 'one stop shops' offering a range of public services to Essex residents.</p> <p>The Council has formed a partnership with Hertfordshire and Suffolk County Councils to secure value for money in construction and project management, SMART EAST. This has changed the way building construction companies are selected. The expected outcomes of this partnership are improved programme predictability and reduced project costs of approximately 10 per cent. The first of the SMART EAST frameworks for construction services went live in March 2008. The Council is already seeing improved project management through using this system with fewer adverse variances from plan.</p>	
KLOE 3.3 (workforce planning)	not assessed

## Appendix 2 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	R1 The Council should gain a detailed level of understanding of the causes of the material errors in the 2008/09 accounts and implement closedown arrangements for the 2009/10 accounts that ensure no material misstatements.	3	Christine Golding, Corporate Finance	Agreed	<p>A closure 'lessons learnt' workshop has been held with finance staff and discussions have been held with the External Auditor to consider the areas where improvements are required for 2009/10.</p> <p>A Closure Action Plan has been compiled and a project team has been put together to take these actions forward. In addition, the Council has recruited a project manager to oversee the closure improvement programme.</p>	March 2010
6	R2 The Council should monitor the progress towards the implementation of IFRS carefully and manage the risks pro actively to reduce the risk of a material misstatement in 2010/11 caused by non compliance with the new framework.	3	Christine Golding, Corporate Finance	Agreed	<p>A project plan has been compiled, and shared with the External Auditors, which details the work to be undertaken in order to make the transition to IFRS based accounting. This action plan will be monitored regularly, as part of the project governance for closure of the accounts (referred to against R1 above).</p> <p>In addition, progress will be discussed regularly with the External Auditors and will be monitored by the Council's Audit Committee.</p>	Ongoing through to June 2011

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	R3 The Council should implement an agreed corporate charging policy.	2	Simon Russell, Corporate Finance	Partially Agreed	<p>A charging policy is in place for Adults, Health and Community Wellbeing (previously supplied to auditors), which is the most significant area of income for an upper tier authority.</p> <p>We do however believe that charging should be considered when delivering our financial and strategic priorities and that income streams are reflected through the business planning process. Consideration will be given as to how a corporate charging policy will support this approach.</p>	Initial Proposals by 31 March 2010
6	R4 The Council should consider implementing fully integrated finance and performance monitoring reports for senior management and Members.	2	<p>Tim Madden, Corporate Finance</p> <p>Paul Abraham, Performance Team</p>	Agreed	<p>We have already undertaken an in-depth analysis of the activities, capabilities, human resources and other key drivers that deliver outcomes for Essex residents in each of its service delivery areas (Adults Health and Community Wellbeing, Schools Children and Families, Environment Sustainability and Highways and Policy Community Planning and Regeneration) and an outcome based budget model developed for 2010/11. This will enable the cost of resources committed to achieving specific outcomes for Essex residents to be analysed in direct relation to progress on relevant key performance indicators, from April 2010.</p> <p>The Performance Team have already created an analysis and reporting tool which has been shared with the corporate leadership team and Cabinet Members. This work has already significantly improved the validity, quality and robustness of data underpinning value for money judgements. This insight has contributed to budget setting and strategic planning for 2010/11.</p>	April 2010

## Appendix 2 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R5 The Council needs to improve some aspects of procurement arrangements. Savings targets should be understood more clearly and managed carefully and the contracts register should be completed.	2	Richard Hawtin, Procurement	Agreed	<p>A robust process for identifying, capturing, tracking and realising procurement savings/efficiencies has been agreed by CLT, Business cases for savings are developed that identify owners of issues and dependencies, set out clear timescales for delivery and identify and log supporting evidence</p> <p>Procurement savings are reported on a monthly basis to the relevant portfolio holder.</p> <p>The eSourcing Portal (Bravo) has been developed and is being used as the Corporate Contracts register. The data is being improved and updated by recently appointed 'Secretariats' who support the Contract Review Boards which were formally implemented in October 2009. An eSourcing development manager is being recruited who will take ownership for developing the work with the Secretariats and the register further. The advent of the new Directorate and Contract Review Boards is helping to scrutinise the quality of data reported.</p>	Ongoing

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R6 Data quality arrangements for partnerships should be improved in line with previous Internal Audit recommendations.	2	Paul Abraham, Performance Team Dan Gascoyne, Partnership Delivery and Quality of Life	Not Agreed	<p>The recommendation as framed is misleading. The ECC partnership team commissioned internal audit to review the governance arrangements for our partnerships based on their importance and level of risk involved. The audits were done at a time (2008/09) when very little data was available from the new National Indicator Set and the recommendations and management responses reflect this. Since this time more data has become available nationally, and thematic partnerships have developed proxy measures for indicators where there are time delays and established programme management approaches which mitigate the risk (which was assessed as moderate in all cases).</p> <p>We will consider how we can further strengthen arrangements for timely data at the spatial level required to support partnership working through the refresh of the ECC Data Quality Strategy and Framework (updated versions to be in place by March 2010).</p>	
7	R7 The Council should continue to monitor the adequacy of data security arrangements very carefully to ensure progress continues in all areas.	3	Mark Briggs, IS	Agreed	IS will ensure adequacy from two perspectives; staff have been appointed to monitor progress both from an information security perspective and from a technical security perspective. We would also welcome that progress will also be assessed as part of the normal audit review processes.	In place

## Appendix 2 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R8 The Council should ensure that member training addresses identified development needs and is attended by all members regardless of seniority or length of service.	3	David Moses, Member Support and Governance	Agreed	Following a successful induction session for new members a Member Development Steering Group has been established to look at the issue of continuous development for members. It has agreed to hold two development events a year and members will be involved to make sure these events are relevant to their needs. The induction sessions have been evaluated and members asked to identify what development needs would be of benefit to them. Member champions have been identified to encourage attendance at events when they are arranged. At the end of the day it has to be remembered that there is no statutory obligation on any member to undertake any development.	In place

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R9 The Council should ensure that new initiatives which need to be implemented quickly are subject to sufficient and transparent scrutiny in the same way as longer term projects are.	3	Ian Hollingsworth, Head of Commercials and Benefits Realisation	Agreed	<p>It is crucial that all new initiatives follow the Council's governance processes to ensure they are not at risk from legal challenge. Training has been undertaken and more is planned to explain the arrangements for decision-making to officers. Procedures have been reviewed to ensure proper consultation with statutory officers. Procedures will also be reviewed to ensure that the governance arrangements are not getting in the way of the need to make speedy decisions.</p> <p>We have continued to build and evolve our project management and governance structure to ensure that all our projects undergo an appropriate level of scrutiny balance with pace. Most recently we have updated our approach to enable it to be more agile and responsive to the needs of the organisation. This has been achieved by:</p> <ul style="list-style-type: none"> <li>• reducing the numbers of gates required to gain approval supplemented;</li> <li>• having a greater focus on delivery and realisation of benefits;</li> <li>• centralising our PM resources to enable us to focus on the development and delivery of projects;</li> <li>• suitable checkpoints to ensure that our projects have all the relevant information to enable delivery; and</li> <li>• one centrally held and managed list which identifies all the projects that the ECC needs to undertake. This list was approved by the Directions Board.</li> </ul>	Revised process in place



## Appendix 2 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R10 The Council should ensure that legality issues are considered early on in the development of new initiatives and that this is based on written legal advice where appropriate.	2	Philip Thomson, Essex Legal Services	Agreed	Matter has been raised at Corporate Governance Group and they will seek to address this.	January 2010
8	R11 The Council should ensure that agendas and papers for Council, Cabinet and Committee meetings are published five working days in advance in all but exceptional circumstances.	3	David Moses, Member Support and Governance	Agreed	Arrangements have been reviewed to ensure that officers understand the processes for getting reports to Cabinet and the need to undertake consultations in good time to meet deadlines. Reports will not be allowed to go late without prior agreement from the Chief Executive. Arrangements for producing the Council Agenda have been reviewed and tightened. Late reports need to be the exception rather than the rule.	In place
8	R12 The Council should ensure that reporting of risks to members is effective and facilitates effective management of those risks.	3	Cajetan Chukwulozie, Internal Audit and Risk Management	Agreed	Reflecting the council's desire to continually improve risk management practices under the umbrella of an integrated service, we have brought several risk disciplines together under the leadership of a Strategic Risk Manager. As part of improved governance arrangements to reflect the increased rigour in measuring our performance in the management of risk we have introduced a quarterly Cabinet Risk Panel, a member group consisting of key members of the Cabinet. This ensures a clear line of sight to members over the risk profile of the organisation and they can be assured that the council's risk exposure is being managed effectively, both through discussion at these meetings and also through our regular reporting mechanisms.	In place

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R13 The Council should ensure that the key controls in the material financial systems are operating effectively.	3	Mark Hobson, Essex Shared Services,  Simon Bragg, Adults, Health and Community Wellbeing  Nicole Wood, Environment, Sustainability and Highways	Agreed	A number of specific recommendations relating to material financial systems such as A4W, CONFIRM, Payroll and Accounts Receivable have already been received through the Annual Governance Report, Interim Audit Report and Final Accounts Memorandum. Progress in addressing these recommendations will be monitored via the action plans for the appropriate reports.  Additionally, work has been undertaken throughout the year to improve the controls around key financial systems through the introduction of the Scheme of Delegation for Financial Management and authorised signatory process, and reconciliation of control accounts for systems under the responsibility of Essex Shared Services.	Ongoing
8	R14 Maintain the focus at a political as well as at an officer level to ensure that activities undertaken by the Council fully consider, and aim to reduce, the impact on the environment.	2	Kevin Jones, Environmental Strategy	Agreed	Comment relates to both R14 and R15  Environmental Strategy and Commercial Services to jointly prepare an options paper for consideration by the Environment, Sustainability and Highways Directorate Leadership Team (ESH DLT) setting out how these recommendations may be progressed.  Subject to ESH DLT steer it is likely that the option paper will require escalation to Corporate Leadership Team, given the cross directorate nature and increase member focus advocated in these recommendations.	

## Appendix 2 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R15 Continue to develop robust targets for managing the impact on natural resources by Council activities. This includes developing targets for individual premises and ensuring that monitoring is regularly undertaken to demonstrate progress against targets set.	2	Kevin Jones, Environmental Strategy	Agreed	see R14 comments	

---

# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

---

## Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2009

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212, Fax: 0844 798 2945, Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

---