BURY COUNCIL

Annual Governance Statement 2008/09

1. SCOPE OF RESPONSIBILITY

Bury MBC is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of the above.

In discharging this overall responsibility, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Authority has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government.* A copy of the code is on our website at www.bury.gov.uk or can be obtained from;

>	Head of Strategic Finance
>	Town Hall
>	Knowsley Street
>	Bury MBC
>	BL9 0SP

This statement explains how Bury MBC has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit Regulations 2006 in relation to the publication of a statement on internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Bury MBC throughout the year ended 31 March 2009, and up to the date of approval of the statement of accounts.

3.   GOVERNANCE FRAMEWORK

The Authority has adopted a revised "Local Code of Corporate Governance" and recognises that effective governance is achieved through the following core principles:

(i)   Focussing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.

(ii)   Members and officers working together to achieve a common purpose with clearly defined functions and roles.

(iii)   Promoting the values of the authority and demonstrating the values of good governance through behaviour.

(iv)   Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

(v)   Developing the capacity and capability of Members to be effective and ensuring that officers – including the statutory officers – also have the capability and capacity to deliver effectively.

(vi)   Engaging with local people and other stakeholders to ensure robust local public accountability.

The table overleaf demonstrates how these core principles have been upheld during the year 2008/09.

Core Principle	Supporting Principles	Specific Actions
Focussing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area	Exercising leadership by clearly communicating the authority's purpose and vision and its intended outcome for citizens and service users Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.	The Council has made a clear statement of the Authority's purpose and vision and uses this as a basis for corporate and service planning and shaping the Community Strategy and Local Area Agreement The Council reviews on a regular basis the Authority's vision for the local area and its impact on the Authority's governance arrangements The Council (and Team Bury) publishes an annual report on a timely basis to communicate the Authority's activities and achievements, its financial position and performance The Council has decided how the quality of service for users is to be measured and makes sure that the information needed to review service quality effectively and regularly is available. The Authority ensures that this information is reflected in the Bury Plan, the Financial Strategy and other resourcing plans in order to ensure improvement The Council has determined how value for money is to be measured and makes sure that the information needed to review value for money and performance effectively is available. The Authority also ensures that the results are reflected in the Bury Plan, in service plans and in reviewing the work of the Authority There are effective arrangements to deal with failure in service delivery When working in partnership there is a common vision underpinning the work of the partnership that is understood and agreed by all partners. The vision is: • supported by clear and measurable objectives with targets and indicators • the driver for deciding what services will be provided by or commissioned by the partnership, the quality and the cost.
Members and officers working together to achieve a common purpose with clearly defined functions and roles	Ensuring effective leadership throughout the authority by being clear about executive and non executive functions and of the roles and responsibilities of the scrutiny function Ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of Members and officers are carried out to a high standard. Ensuring relationships between the authority and the public are clear so that each know what to expect of the other.	The Council has set out a clear statement of the respective roles and responsibilities of the Executive and of the Executive's members individually and the Authority's approach towards putting this into practice There is a clear statement of the respective roles and responsibilities of other Members, Members generally and of senior officers The Council has developed protocols to ensure effective communication between Members and officers in their respective roles Established protocols ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained There are clear terms and conditions for remuneration of Members and officers and an effective structure for managing the process including an effective remuneration panel The Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated When working in partnership the Council has adopted a Partnership Code of Practice ensuring:

Core Principle	Supporting Principles	Specific Actions
		- that there is clarity about the legal status of the partnership - that the roles and responsibilities of the partners are agreed so that there is effective leadership and accountability - that representatives or organisations make clear to all other partners the extent of their authority to bind their organisation to partner decisions Effective mechanisms exist to monitor service delivery, e.g. Star Chambers A scheme of delegated and reserved powers exists within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Authority taking account of relevant legislation; this is monitored and updated when required Effective management arrangements are in place at the top of the organisation The Chief Executive is responsible and accountable to the Authority for all aspects of operational management The Director of Finance and E Government (s151 officer) is responsible to the Authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control The Monitoring Officer / Director of Legal and Democratic Services is responsible to the Authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.
Promoting the values of the authority and demonstrating the values of good governance through behaviour	Ensuring council Members and officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance Ensuring that organisational values are put into practice and are effective.	The Council has developed, and maintains shared values including leadership values both for the organisation and its staff reflecting public expectations about the conduct and behaviour of individuals and groups within and associated with the Authority The Authority's shared values act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority Established Codes of Conduct define expected standards of personal behaviour An effective Standards Committee acts as the main means to raise awareness and takes the lead in ensuring high standards of conduct are firmly embedded within the local culture Arrangements are in place to ensure that Members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders; appropriate processes ensure that they continue to operate in practice Procedures and operations are designed in conformity with appropriate ethical standards, and continuing compliance is monitored. Staff and Member awareness of ethical standards has been raised during 2008/09 via an on-line e-learning package. When pursuing the vision of a partnership, values are agreed, against which decision making and actions

Core Principle	Supporting Principles	Specific Actions
		can be judged. Such values are 'alive' and demonstrated by partners' behaviour both individually and collectively.
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	Exercising leadership by being rigorous and transparent about how decisions are taken and listening to and acting upon the outcome of constructive scrutiny

Having good quality information, advice and support to ensure that services are

delivered effectively and are what the community wants/needs

Making sure that an effective risk management system is in place

Recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on local authorities by public law, but also accepting responsibility to use their legal powers to the full benefit of the citizens and communities in their area. | The Council has an effective scrutiny function which encourages constructive challenge and enhances the Authority's performance overall

There are effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based

Arrangements are in place so that conflicts of interest on behalf of Members and officers are avoided and processes ensure that they continue to operate in practice

Arrangements are in place for whistle blowing, to which all staff and all those contracting the Authority have access

Effective transparent and accessible arrangements are in place for dealing with complaints

An effective Audit Committee is in place, which is independent of the Executive and the scrutiny function

An effective Standards Committee lies at the heart of decision making and raises awareness on standards issues

A Governance Panel oversees the Council's ethical framework, and monitors compliance on a quarterly basis

Those making decisions are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications

Effective arrangements are in place for determining the remuneration of senior staff

Effective arrangements are in place to record declarations of interest and offers of gifts & hospitality

Professional advice on legal and financial matters is available and recorded well in advance of decision making and used appropriately when decisions have significant legal or financial implications

Risk management is integral to the core functional activities and culture of the Authority, with Members and managers at all levels recognising that risk management is part of their job

Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community

Specific legislative requirements are observed, as well as the requirements of general law, and in particular the key principles of administrative law – rationality, legality and natural justice form part of procedures and decision making

When working in partnership, protocols exist for working together which include a shared understanding of respective roles and responsibilities of each organisation

When working in partnership, there are robust procedures for scrutinising decisions and behaviour and |

Core Principle	Supporting Principles	Specific Actions
		decisions and behaviour are compliant with any Local Authority rules/codes or comply with any rules/codes developed for the purpose of the partnership When working in partnership, partnership papers are easily accessible and meetings are held in public unless there are good reasons for confidentiality. The partners ensure that: • the partnership receives good quality advice and support and information about the views of citizens and stakeholders, so that robust and well reasoned decisions are made • risk is managed at a corporate and operational level.
Developing the capacity and capability of Members to be effective and ensuring that officers – including the statutory officers – also have the capability and capacity to deliver effectively	Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group Encouraging new talent for membership of the authority so that best use can be made of resources in balancing continuity and renewal.	The Authority assesses the skills required by Members and officers and makes a commitment to develop these to enable roles to be carried out effectively The Authority ensures that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority Induction programmes are tailored to individual needs and opportunities for Members and officers to update their knowledge on a regular basis Skills are developed on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed Arrangements are in place for reviewing the performance of the Executive as a whole and of individual Members and agreeing an action plan which might for example aim to address any training or development needs Arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority Career structures for Members and officers encourage participation and development When working in partnership, partners individually and the partnership collectively share responsibility for appointing people to the partnership who have the required skills and are at an appropriate level. Partnerships; • identify the capacity and capability requirements of the partnership • conduct an audit of the availability of the capacity and capability of the partnership and partners • develop effective plans for addressing any gaps.
Engaging with local people and other stakeholders to ensure robust local public accountability	Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders including partnerships, and develops constructive	It is clear to all staff and the community, to whom they are accountable and for what Staff consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required

Core Principle	Supporting Principles	Specific Actions
	accountability relationships Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery Making best use of resources by taking an active and planned approach to meet responsibility to staff.	Clear channels of communication exist with all sections of the community and other stakeholders and monitoring arrangements are in place to ensure that they operate effectively Arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements recognise that different sections of the community have different priorities and there are explicit processes for dealing with these competing demands There is a clear policy on the types of issues for consultation and service users including a feedback mechanism for those consulted A performance plan is published annually giving information on the Authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period Effective systems are in place to protect the rights of staff. Policies for whistle blowing which are accessible to staff and those contracting with the authority, and arrangements for the support of whistle blowers, are in place There are clear policies on how staff and their representatives are consulted and involved in decision making An annual report is produced on scrutiny function activity The Authority as a whole is open and accessible to the community, service users and its staff and has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so When working in partnership, engagement and consultation undertaken by the partnership is planned with regard to methodology, target audience and required outcomes. Existing mechanisms and groups are used where appropriate. In the work cycle of the partnership it is clear what has happened to any feedback and what has changed as a result.

4. RISK MANAGEMENT

The Council has adopted a corporate risk management policy, and operates a fully integrated risk management system covering the core functionality of the organisation. A web-based risk management toolkit is available to all levels of staff, enabling the production of risk registers at various levels throughout the organisation which are reviewed continually, and reported on a quarterly basis.

Significant business risks that may impact upon the Council and its key partnership priorities (Team Bury) have been identified and mapped, and appropriate control measures are in place.

During 2008/09, the Council continued to build upon its approach to the management of risk within partnership working arrangements as follows;

- Further development of the Council's "Partnership Code of Practice"

- Identification of the Council's significant Partnerships

- Development of a Partnership risk register (Bury MBC view) in respect of significant Partnerships

- Population of a "Team Bury" risk register using the Council's Partnership Risk Assessment Model.

- Mapping of the Council's corporate risks to "Team Bury" ambitions

The Council has undertaken over 200 Business Impact Assessments covering all service areas to assess criticality of services and to establish a baseline for business continuity arrangements.

A revised Corporate Business Continuity Plan was adopted in December 2007, and passed as "fit for purpose" by inspectors in the Council's Corporate Assessment. This plan has now been updated, and the focus now is to further develop Business Continuity / Recovery Plans at individual service level. This work is being prioritised – dealing with "Priority 1" service areas first.

The Council's Corporate Risk Register is summarised below, tracking risk scores and levels at quarterly intervals;

CORPORATE RISK REGISTER 2008/09

RISK EVENT	Q1	Q2	Q3	Q4
Budget is unsustainable and inadequate to support the achievements of the Council's Priorities and Ambitions	3 Low	6 Medium	6 Medium	6 Medium
Absenteeism levels are unacceptably high (as measured by BVPI targets)	6 Medium	6 Medium	6 Medium	6 Medium
Continue to develop and implement preparations and improvement programme for Comprehensive Area Assessment	6 Medium	6 Medium	6 Medium	6 Medium
Failure to effectively revise working practices to realise the full potential of new ICT systems now in place	3 Low	4 Low	4 Low	4 Low
Failure to comply effectively with established partnership governance arrangements within the Council and Team Bury	3 Low	3 Low	3 Low	3 Low
Children' Services are unable to meet existing and/or future demands within existing parameters	3 Low	3 Low	3 Low	3 Low
Arrangements for workforce development do not support the provision of a "fit-for-purpose" workforce	3 Low	6 Medium	6 Medium	6 Medium
Demands for Adult Social Care out-strip the available resources and capacity	6 Medium	9 High	9 High	9 High
Disaster Management policies practices and manuals are ineffective	6 Medium	4 Low	4 Low	4 Low
Back-log against Maintenance Programme	6 Medium	6 Medium	6 Medium	6 Medium
Relocation of Travellers Site	4 Low	6 Medium	6 Medium	6 Medium
Transfer to DLO to 6 Town Housing	6 Medium	Risk Removed	Risk Removed	Risk Removed
To effectively implement Pay & Grading Review in line with NJC pay agreement 04/07	16 High	16 High	16 High	16 High
Risk of deteriorating economic climate impacting upon the Council's financial wellbeing, and also leading to increased levels of support / service demands from the public.	N/A	4 Low	4 Low	4 Low
Transportation Innovation Fund – Congestion Charging	8 High	Risk Removed	Risk Removed	Risk Removed
Loss of control through the development of joint working across partnerships	3 Low	Risk Removed	Risk Removed	Risk Removed

The most significant risk the facing the Council throughout 2008/09 has been the on-going Pay & Grading Review in response to the requirements of Single Status. The Council has now set its pay line, concluded consultation with the Trades Unions, and is set to implement the new pay structure with effect from September 2009. The risk remains high for monitoring purposes, until implementation is complete.

5. REVIEW OF EFFECTIVENESS

The Council is required to conduct a continuous review of the effectiveness its governance framework including the system of internal control.

This is achieved through the following;

- The Council is fully committed to operating the highest standards of ethical governance throughout the organisation. During 2008/09 an on-line e-learning package was developed to raise awareness at staff and member level. As at 31st March 2009, 86% of senior staff had successfully completed this training.

- Quarterly meeting of "Governance Panel" comprising; Director of Finance & eGovernment (s151 officer), Director of Legal & Democratic Services (Monitoring Officer), Head of Strategic Finance and Head of Internal Audit

- Continuous review of governance arrangements, and a quarterly update of the Governance Statement – reported to and approved by Audit Committee.

- The Council is keen to draw upon examples of good practice operating elsewhere, and to this end has signed up to the CIPFA "Better Governance Forum", and now also subscribes to the "Red Book" compiled by CIPFA's "Counter Fraud Advisory Panel".

- The Council has adopted a Planning and Performance Framework and carries out a programme of monitoring which runs throughout its annual cycle. This includes: monthly scrutiny of all budgets; bi-annual monitoring of Service Plans; quarterly monitoring of Best Value Performance Indicators/Local Area Agreement (BVPIs/LAA); and bi-annual monitoring of the Bury Plan. Internal Audit reviews the effectiveness of the data collection processes that underpin the internal and external reporting of BVPIs. Each summer the lead Members and officers hold a Strategic Forward Planning Event, in order to review performance and re-define corporate objectives, priorities and ambitions.

- The Executive carries out functions which are not the responsibility of any other part of the Authority. Several members of the Executive are assigned portfolio areas, and are assisted by non Executive Members as necessary. This allows the Executive to monitor the activities of the authority. Executive Members each have a specific Role Description setting out the responsibilities of their portfolio.

- There is a well established Overview and Scrutiny function which has been revised and updated in the light of experience. Scrutiny Commissions review the work of the Council throughout the year and also report annually to Council.
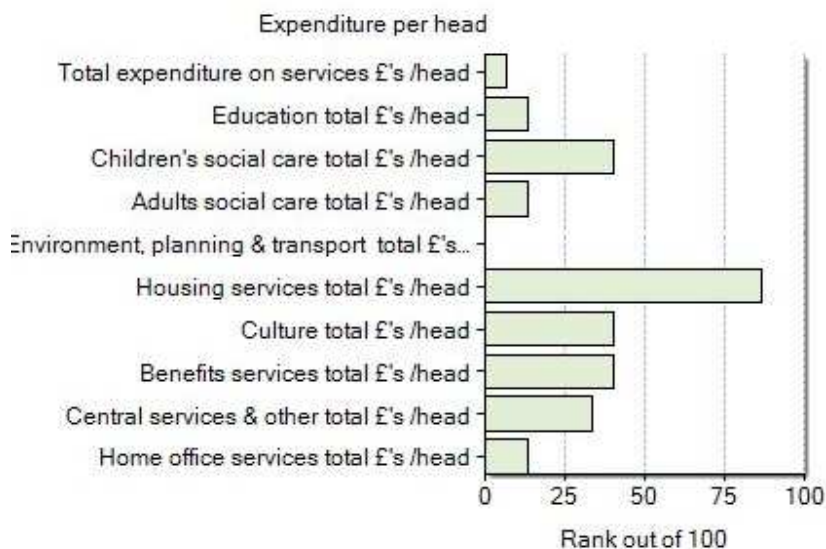
- The Council has introduced a corporate system to receive and reference incoming complaints, allowing the response to be tracked, and progress to be reported to senior management.

- The Executive Directors have each reviewed the operation of key controls throughout the Council, from the perspective of their own departments, using a detailed checklist. They have provided a signed assurance statement and identified any weaknesses or reservations for inclusion in an improvement programme.

- The Monitoring Officer carries out a continuous review of all legal and ethical matters, receiving copies of all agendas, minutes, reports and associated papers, commenting when necessary, or taking appropriate action, should it be required. The Monitoring Officer is also responsible for monitoring the Local Code of Corporate Governance.

- The Director of Finance and E Government (s151 officer) prepares quarterly Risk Management reports reviewing activities and progress, and has reviewed the Local Code of Corporate Governance.

- The Standards Committee is responsible for standards and probity, and receives regular reports from the Monitoring Officer.

- The Audit Committee carries out an overview of the activities of the Council's internal and external audit functions. Members are provided with copies of all reports produced by Internal Audit and by the Council's external auditors (KPMG). They approve the annual plans for each, and receive regular progress reports throughout the year. The Head of Internal Audit submits to them an Annual Report and Opinion, and the external auditor submits an Audit and Inspection Annual Letter.

- The Internal Audit service is a directly employed in-house service, providing a continuous review in accordance with the Council's obligations under the Local Government Act 1972, and the Accounts and Audit Regulations 2006. It operates under the APB (Auditing Practices Board) Guidelines and CIPFA Code of Practice for Internal Audit in Local Government, as approved by the Audit Committee.

- In 2008, the Internal Audit Section again subscribed to the CIPFA Internal Audit Benchmarking Club. An assessment of the service concluded that it achieved upper quartile compliance of 93% (previously 92%) with the "CIPFA Code of Practice for Internal Audit in Local Government (2006)". An action plan has been developed to further improve compliance in the future.

- The Council's external auditors (KPMG) review the activities of the Council and approve the annual accounts. Conclusions and significant issues arising are reported in their Report to those charged with governance.

The Audit Committee has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Authority, and an action plan to address weaknesses and ensure continuous improvement of the system is in place.

6. EFFICIENCY / VALUE FOR MONEY

The Council prides itself on delivering quality services at an affordable price, and is recognised as being efficient.

The Audit Commission has published VFM profiles for the Council; these confirm the Council is operating efficiently, with most major service costs in the lower two quartiles.

Expenditure per head

Service	
Total expenditure on services £'s /head	
Education total £'s /head	
Children's social care total £'s /head	
Adults social care total £'s /head	
Environment, planning & transport total £'s...	
Housing services total £'s /head	
Culture total £'s /head	
Benefits services total £'s /head	
Central services & other total £'s /head	
Home office services total £'s /head	

Rank out of 100

A programme of Best Value reviews is in place targeting those services with high cost / poor performance issues.

In the Council's Corporate Assessment, inspectors confirmed;

"The Council has a strong focus on Value for Money. There is a strategic approach to efficiency, supported by a programme of service reviews which has delivered financial savings and service improvements, and ensured that further resources are targeted at priorities."

Pressures remain in respect of Housing Management Costs and these continue to be examined through a programme of budget reviews – overseen by the Resource and Performance Scrutiny Commission.

Similarly, in agreeing the management fee payable to Six Town Housing, the Council has set a 3% target for efficiency savings.

7. USE OF RESOURCES AUDITOR JUDGEMENT

In December 2008, the Council received its "Use of Resources" Auditor Judgement.

The assessment evaluates how well local authorities manage and use their financial resources, and focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Authority's priorities and improve services.

The assessment concluded that Bury scored an overall 3 out of 4; *"consistently above minimum requirements – performing well".* It should also be noted that the assessment

criteria for each factor are continually revised and have become increasingly demanding year upon year.

Key Line of Enquiry	2005 Score	2006 Score	2007 Score	2008 Score
Financial Reporting	1	3	3	3
Financial Management	2	3	3	3
Financial Standing	2	2	3	3
Internal Control	2	2	3	3
Value for Money	3	3	3	3

Work is now underway to prepare for the 2009 assessment, which again is more challenging, and introduces a wider scope, e.g. use of natural resources and environmental considerations.

Feedback from the Audit Commission confirms the 2009 assessment will equate to a harder test; to the extent that they expect on average to see Authority scores reducing by a factor of one.

Overall, the Council achieved *4 Star "Excellent"* rating in its Comprehensive Performance Assessment.

8.   GROUP ACTIVITIES

The Council's only Group activities relate to the ALMO, Six Town Housing.

From an internal control perspective;

- Six Town Housing utilise the Council's corporate systems and are safeguarded by the controls therein.
- Six Town Housing finance staff are included in all council wide finance working groups / meetings
- There are regular monitoring meetings between the Chief Executive Six Town Housing and the Council's s151 officer
- Six Town Housing have their own appointed external auditor
- Equally, Six Town Housing are subject to examination by the Council's own Internal Audit team.
- Six Town Housing have adopted the Council's Risk Management toolkit.

An assurance statement has been received from the Acting Chief Executive of Six Town Housing confirming that effective Governance arrangements are in place.

9.   SIGNIFICANT GOVERNANCE ISSUES

The Effectiveness statement set out in section 5 above demonstrates that the Control Environment described in section 4 is operating effectively. Further evidence to support this conclusion comes from:

Work of Internal Audit

The Annual Report and Opinion by the Head of Internal Audit states;

 "*The effectiveness and security of local authority systems and controls are underpinned by the overall control framework. At Bury this is considered to be sound*".

The Internal Audit section reviews the core functional activities of the Council in accordance with professional standards and in line with a risk based plan. During 2008/09 70 Internal Audit reports were produced resulting in 455 recommendations. In addition, the Financial Management Standard in Schools (FMSIS) was successfully applied to 22 schools.

Internal Audit recommendations are ranked according to risk; the following were ranked as high risk during 2008/09;

Service Area	Findings	Action
Primary School	During the audit of a Primary School, it was found that school records were not being reconciled with the Council's official ledger.	Regular reconciliations are now taking place
Creditor Payments	Inadequate control procedures in Departments led to erroneous payments being made.	The majority of errors have been remedied; procedures are being tightened in Departments and continually monitored. The Council has implemented a new ordering / invoice system wef May 2009.
Highways Maintenance	Delays were identified in the system for raising invoices to third parties	Procedures have been reviewed to eliminate delays.

View of External Audit

The 2007/08 External Auditors' report to "those charged with Governance" concluded that;

"*We are satisfied that, in all significant respects [the Council] has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources* "

The Auditors' ISA 260 report highlighted the following improvement points for the Council, prioritised Red / Amber / Green;

Issue	Detail	Status
Group Accounts – Agreement of Balances	The audit identified that formal agreement of balances had not been undertaken, however gained assurance there was no material mis-statement. Best practice would be to formally agree balances.	Green
Sundry Bad Debt Provisions	During 2007/08 the Authority has undertaken a large amount of work in defining its bad debt policies; the key for	Amber

	2008/09 is to ensure that the agreed policies are applied to debtor balances in the accounts	

These points have been addressed in compiling the 2008/09 accounts.

10.   LOOKING AHEAD - 2009/10

Looking forward to 2009/10, the Council is proactively responding to a number of challenges;

- It is clear that funding will present a challenge to all public sector organisations as increasingly scarce resources are required to support increasing customer demands and expectations. Managing these expectations, and ensuring efficient and effective use of resources will be a significant challenge going forward.

- The potential for collaborative working with other Local Authorities / other agencies is increasing, and offers scope for significant efficiencies and service improvements. These arrangements present a test for the Council's governance arrangements, e.g. AGMA collaborative working, Manchester Multi-Area Agreement, and City Region activities. The challenge for 2009/10 is to ensure the governance framework can effectively accommodate these new arrangements.

- Increasingly, decisions made at "AGMA" level are resulting in financial implications for member Authorities; it is essential that Directors of Finance / s151 officers are involved at an early stage in such proposals to assess financial implications, opportunities and risks.

- Whilst the 2008/09 revenue outturn position reports a net overspending of £10,000 the Council maintains a strong position in terms of "financial standing" with balances in excess of £6m. This is above the Council's risk assessed minimum level of balances (£3.6m).

- The Council has taken positive steps to address the challenges in managing the Adult Care Services budget; £2m efficiency savings have been invested into the service for 2009/10. Pressure still remains as client numbers, longevity, demands and expectations increase; this situation will continue to be closely monitored throughout the forthcoming financial year.

- There are increasing concerns regarding the robustness of the RAISE system operating within Adult Care Services; this is now recorded in the 2009/10 risk registers and will be the subject of further examination in the year ahead.

- Considerable progress has been made in developing the Council's Business Continuity arrangements, however it is clear further work is required. This will be progressed through the Council's Operational Risk Management Group throughout 2009/10, overseen by Management Board.

- The Council has made significant progress in addressing the requirement for a Local Pay Agreement during 2008/09. The Council has now set its pay-line, Trades Union consultation has concluded, and implementation will take place September 2009. The exercise remains high on the Council's risk register until implementation is complete.

This statement, and progress on the actions set out above is reviewed and monitored by the Management Board and the Audit Committee on a regular basis.

Signed:

Chief Executive
8th June 2009

Council Leader
8th June 2009