



ROCHDALE
METROPOLITAN BOROUGH
COUNCIL

Statement on Internal Control
For the year ending 31 March 2007
Rochdale MBC

Statement on Internal Control For the year ending 31 March 2007

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1. Introduction & Scope of responsibility

Regulation 4 of the Accounts and Audit Regulations (2003) required audited bodies to conduct a review at least once a year of the effectiveness of its system of internal control and publish a statement on internal control (SIC) each year with the authority's financial statements.

The Accounts and Audit (Amendment) (England) Regulations 2006 came into force on 1st April 2006. Two of the amended regulations in particular have an impact on the process for preparing the SIC:

Regulation 4 requires the findings of the review of the system of internal control to be considered by a committee of the relevant body, or by members of the body meeting as a whole.

Regulation 6 requires bodies to review the effectiveness of their system of internal audit once a year and for the findings of the review to be considered by a committee of the body, or by the body as a whole, as part of the consideration of the system of internal control referred to in regulation 4.

In line with the Regulations this SIC is produced on behalf of the Executive Director (Resources) in respect of the statement of accounts of the Rochdale Metropolitan Borough Council for the year ending 31st March 2007.

Rochdale MBC is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. Rochdale MBC 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 economy, efficiency and effectiveness.

In discharging this overall responsibility, Rochdale MBC is also responsible for ensuring that there is a sound system of internal control, which facilitates the effective exercise of the Authority's functions including arrangements for the management of risk.

2. The Purpose of the System of Internal Control

The SIC is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve the Authority's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based upon an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives. Followed by evaluation of the likelihood of those risks being realised, their impact should they be realised and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Rochdale MBC for the year ended 31 March 2007 and up to date of approval of the annual report and accounts.

3. Regulation 4

The findings of the review of the system of internal control will be reported to the Regulatory Committee on the 28th June 2007 along with the Statement of Accounts and by the Performance and Audit Scrutiny Committee, in its capacity as an Audit Committee, on the 30th July 2007.

4. Regulation 6

The effectiveness of the system of Internal Audit has been reviewed and found to be satisfactory. Some suggestions to further enhance the effectiveness are contained in the action plan attached to the review. Internal Audit has also been reviewed by External Audit during 2006/07 and was very complimentary about the quality and effectiveness of the service. The action plan attached contains the recommendations made in the external audit review and the compliance with the CIPFA Code of Conduct assessment, which resulted in a score of 95% full compliance and 4% partial.

The review of effectiveness will also be reported to the Performance and Audit Scrutiny Committee on the 30 July 2007

5. The Internal Control Environment

The framework for the system of internal control forms the overall control environment. Its key elements are as follows: -

- ❑ Establishing and monitoring the achievement of Rochdale MBC's objectives.
- ❑ Facilitating policy and decision-making.
- ❑ Ensuring compliance with established policies, procedures, laws and regulations including how risk management is embedded in the activity of Rochdale MBC, how leadership is given to the risk management process and how staff are trained to manage risk in a way appropriate to their authority and duties.
- ❑ Ensuring the economic, effective and efficient use of resources (VFM), and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty.
- ❑ The financial management of Rochdale MBC and the reporting of financial management.
- ❑ The performance management of Rochdale MBC and the reporting of performance management.

The description of the system of internal control at Rochdale MBC is covered in detail in the 'Notes to Support the system on Internal Control', which are accessible on the Authority's Website, www.rochdale.gov.uk. Detailed here are the essential aspects of the system.

A Establishing & Monitoring the Achievement of Rochdale MBC's Objectives

The Local Strategic Partnership, led by the Authority has developed a hierarchy of plans setting out its work for up to the next 5 years. The top-level plan is "**Pride of Place**" (Community Plan) which sets out the overall aims of the borough. Pride of Place has produced a vision for Rochdale for the year 2021. 'Pride of Place' brings together key issues which local residents and organisations have identified over the past two years. It describes the main points and proposed key actions for making progress, guided by the overarching principles of equality, community cohesion and sustainability.

The plan is now being refreshed and will be published by March 2008.

Pride of Place is now being reviewed and a further version will be available by Autumn 2007

To ensure that Rochdale Council focuses on the priorities that are important and have been identified in Pride of Place it has developed its own medium term internal strategic plan "Aiming High". Aiming High sets out what the Council will do to help achieve the priorities and other promises set out in Pride of Place.

Aiming High has been reviewed. Considerable consultation and focus group work has taken place with the local community, Elected Members, RMBC officers and partners, to identify and restate the corporate priorities and expected outcomes. It will be published by October 2007

The Executive Leadership Team (ELT) also produces their own improvement plan, known as the ELT Action Plan. The purpose of this Plan is to set out ELT's work priorities for a

particular year. These work priorities are detailed under five headings that take account of the Council's corporate priorities detailed above and the specific issues identified by the inspectors in the Corporate Performance Assessment. They describe the tasks ELT members will be responsible for progressing, with the support of managers and staff throughout the Council.

The Service Heads produce 3 yearly Service Plans identifying how their services will contribute to meeting the Council's priorities during the forthcoming years. Heads of Service also produce an annual service plan update, which details previous years performance, changing priorities, future legislation etc. that may affect the three year targets and action plans. Service Plans feature key tasks from other plans and strategies such as the Education Development Plan or the Housing Strategy, ensuring that all staff and partners focus their efforts on delivering the overall vision for the Borough. They are in a corporate prescribed format that includes performance information and risk management issues. The service portfolio holders validate the service plans and the opposition spokespersons are given the opportunity to provide feedback to the Heads of Services.

At team level, individual groups or teams in each Service Group specify their own key result areas in a Team Plan. These Plans focus clearly on specific tasks and performance indicators so that all staff know what they have to achieve, and show how the team will contribute towards the targets detailed in the Service Plan and the overall aims of the Council.

B The Facilitation of Policy and Decision-Making

The facilitation of policy and decision-making, at officer, individual Councillor and Committee level, is set out within Rochdale MBC's Constitution and the associated Schemes of Delegation, as required by the Local Government Act 1972, the Local Government and Housing Act 1989 and the Local Government Act 2000. Control of the policy and decision-making process, and ensuring compliance with established policies, procedures, laws and regulations is facilitated at two levels, namely pre decision and post decision. Once a decision is made, systems are in place to ensure that the appropriate checks are made at officer level with regard to the accuracy of the minutes.

C Risk Management and Internal Audit

Rochdale MBC's aims in relation to risk management and internal control are to establish and maintain a systematic strategy, framework and processes for managing risk.

The scope of the Internal Audit Team includes examining and evaluating the whole system of internal controls established by management, which is not confined to the financial control system. It involves an evaluation of the controls against an assessment of the risks facing the Authority to determine their adequacy, reliability and effectiveness and how well the responsibilities assigned to managers are being carried out in practice.

Risk Management has gained increasing focus and profile within the public sector over the last few years. There are many definitions but the one adopted by Rochdale MBC is: -

"The identification, analysis and economic control of those risks which can impact on the Authority's ability to deliver its priorities and objectives".

D Code of Corporate Governance

Rochdale MBC is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging this accountability, members and senior officers are responsible for putting in place proper arrangements for the governance of the Authority's affairs and the stewardship of the resources at its disposal. To this end, the Authority has approved and adopted a code of corporate governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework *Corporate Governance in Local Government: A Keystone for Community Governance*. The Code is reviewed annually by the Monitoring Officer (Borough solicitor) and the Section 151 Officer (Executive Director – Resources) and

reported to Corporate Overview & Scrutiny Committee (in future this will be reported to the Performance and Audit Scrutiny Committee, followed by Cabinet). Cabinet approved the most recent update on the 19th March 2007.

E The Financial Management of Rochdale MBC and the Reporting of Financial Management

The Council's medium term financial strategy sets out the framework through which financial resources are effectively managed and directed. In doing so it supports the corporate and service objectives and policies that the Council sets out to achieve. The existing budget strategy was approved by members in early 2007, and provides for an integrated approach to the preparation of soundly based capital and revenue plans. The strategy has five main aims and seven high level objectives. These are detailed in the 'notes to support documents' The strategy sets out the activities that will be undertaken to achieve these aims and objectives in addition to targets against which performance will be measured.

In February/March each year, the budget fixing Council makes the decision to formally set the budget, on recommendation from the Cabinet. That budget is set on the basis of robust, three-year financial forecasts, with a fully detailed budget for the year ahead. Consultation on the budget proposals is undertaken through Township Committees, the LSP, Trade Unions, the Voluntary Sector and other key stakeholders. They are based on the outcome of the consultation process and government announcements on the financial settlement.

Financial procedure rules set the framework within which budget management can take place. Expenditure is required to be maintained within an approved budget. Delegations to Head of Service and portfolio holders are only within clear financial limits.

Budget monitoring seeks to continuously identify and explain actual income and expenditure variations against established budgets. All budgets are subject to monthly budget monitoring and reporting. A risk-based approach is applied to ensure areas most at risk of variation receive the highest level of scrutiny.

The Final Accounts (or Statement of Accounts) present the Council's financial position at the 31st March and the income, expenditure and cash flows in relation to its activities for the financial year running from 1st April to 31st March. This allows the Council to assess financial performance and the adequacy of balances, provisions and reserves.

The statement of accounts are required to be produced in line with proper accounting practices, as stated in the Local Government and Housing Act 1989 and the Accounts and Audit Regulations 2006.

The Council's performance management framework requires each Head of Service to report on financial and service performance to the Performance and Audit Scrutiny Committee. In addition all services are required to report financial and operational performance to the Council's performance Board (Executive Director level). This ensures that the service is achieving the objectives and targets established within the service plan and is doing so within the allocated budget resources.

A systematic approach to value for money was agreed by the Cabinet in March 2006 and a Business Development Unit within Finance Services established to develop and implement the framework. Ownership of the framework is vested in a Value for Money Board comprising the Head of Finance, the Head of Performance and Development and representation from front line Heads of Service. The board is responsible for:

- Corporate Framework
- Overview of Studies and Reports
- Direction and Intervention
- VFM within Procurement and Partnership
- Management Information and Performance Management
- Awareness and Knowledge

F Performance Monitoring and Management and the Best Value Duty

The Council has well established performance management monitoring systems. Heads of Service are responsible for reporting performance management information to the Performance and Audit Scrutiny Committee, the service's portfolio holder and to the Performance Board.

Performance is monitored through quarterly monitoring reports submitted by Heads of Service to the Performance & Audit Scrutiny Committee. (Following a fundamental review of the Committee Services function the Council has taken the opportunity to further enhance its scrutiny role by introducing the new Performance and Audit Scrutiny Committee. Part of this Committee's remit will be to scrutinise the performance of all services within the Council.) These reports detail progress, performance, action plans and corrective actions along with six monthly progress against service plans' objectives, fundamental service reviews and budgets.

The Council has an established "Performance Board" which is responsible for high level monitoring of performance and ensuring that the Council maintains its focus on key performance measures affecting CPA and the Council's priorities. Service heads provide regular updates on progress to date against service plan targets and objectives.

Best value reviews are seen as just one tool for improvement. Authorities are encouraged to build their review programme around the areas that present the most serious challenges and biggest opportunities for service improvement. The best value review programme should reflect our own strengths and weaknesses as identified through the CPA improvement process.

G Anti-Fraud and Corruption Strategy

Corporate Overview & Scrutiny Committee has adopted the Anti Fraud and Corruption Strategy. This combines the Confidential Reporting (Whistle blowing) Policy, the Prosecution Policy and the Benefits Prosecution Policy into one cohesive strategy. It has been adopted and communicated corporately. The policy has been further reviewed and updated during 2006/07 and is currently under consultation.

H Staff Development and Conduct

The main objective is to ensure that experienced and appropriately qualified people deliver services. Job descriptions are designed in a standard format. Where adherence with legislation is part of the role of the post this is included in the job description and person specification. Essential qualification requirements are included where appropriate against posts to ensure that properly experienced and qualified people are placed in the correct roles. Pilots in some areas have used competency based person specifications

Recruitment panels can only be made up of staff that have attended the corporate Fair Recruitment and Selection training. Qualification requirements are included where appropriate against posts to ensure that properly experienced and qualified people are placed in the correct roles. The Authority also has a Code of Conduct relating to officers and a framework for Performance Development Reviews, which sets out minimum standards and a plan to improve practice across the Council.

I External Review

a) External Audit

All public bodies are subject to external scrutiny. The role of these review agencies has expanded from certifying the accounts to include performance reviews and quality audits.

The Audit Commission is responsible for appointing all external auditors to authorities. The Commission also undertakes Comprehensive Performance Assessment (CPA) reviews for all Authorities, judging them in the following areas: -

- Sustainable communities and transport
- Healthier communities
- Children and young people

- ❑ Safer and stronger communities
- ❑ Older people.

In the service blocks above, the 'harder test' places much greater emphasis on performance indicators and achieving minimum standards across all services. An overall CPA rating is awarded at the conclusion of the process based on star ratings (0 – 4 range, 4 being high). See section below for RMBC's CPA 2005 outcome.

The Audit Commission in its Audit Letter dated March 2007 provided an overall summary of the Audit Commission's assessment of the Council. It draws on the findings and conclusions from the audit of the Council, and from a wider analysis of the Council's performance and its improvement over the last year, as measured through the Comprehensive Performance Assessment (CPA) framework.

The headline messages for the Council included in this report are as follows, detail for each point can be found in the accompanying notes.

- ❑ Rochdale Council is improving well and is now rated as a three-star council under the CPA methodology, an improved overall rating since last year.
- ❑ The Council has achieved good improvement in services to local people in its priority areas.
- ❑ Physical regeneration is contributing effectively to improvements to the local economy, revitalising deprived areas and making the area a more attractive place to live.
- ❑ There is strengthened internal capacity, which places the Council in a good position to deliver its ambitious plans.
- ❑ Effective multi-agency working is helping to reduce violent crime and burglaries.
- ❑ Concerted effort is taking place to improve value for money through new ways of working including the Impact Partnership.

An overall summary on the Direction of Travel stated that "Rochdale Council is improving well and is now rated as a three-star council under the CPA methodology, an improved overall rating since last year.

b) Waste Management

The Audit Commission inspected the Council's Waste Management Service, including enforcement, environmental education and recycling, refuse collection and street cleansing services. The Council's Environmental Management Service is responsible for delivering these services. Its mission statement is 'we will contribute to providing a sustainable local environment in which we can all take pride by providing a range of quality public services responsive to the needs of the community.'

The cost of these services was £17.7M in 2006/07. The capital budget was £1 million to replace vehicles, machinery and wheeled bins.

Scoring the service: The Service was as providing a fair, one-star service that has promising prospects for improvement. Judgments are based on the evidence obtained during the inspection and are outlined in the report which is accessible on the Audit Commission website.

c) Annual Performance Assessment (APA)

CSCI's and OFSTED's 2006 Annual Performance Assessment (APA) of Rochdale's services for children and young people found that the service consistently delivers above minimum requirements for users in respect of two out of three areas of assessment, therefore scoring grade 3 out of 4. A detailed report is available on the OFSTED website.

J Other sources of reliance for the internal control framework

In addition to the above the internal control framework is also based upon: -

- Rochdale MBC's Constitution, Financial Procedure Rules, Financial Regulations, Contract Procedures Rules and Scheme of Delegation. These are kept under constant review to take account of any legislative or policy changes.
- The requirements of Section 151 of Local Government Act 1972 and of the Accounts and Audit (Amendment) (England) Regulations 2006.
- Systems and procedures in service areas including administrative systems.
- The role of the Monitoring Officer (Borough Solicitor) in promoting and maintaining high standards of conduct and ensuring that decisions are made and services provided in accordance with legislation and within the powers of the Authority.
- The responsibilities of Heads of Service to manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- The Risk Register and associated Action Plans

6 Review of Effectiveness

Rochdale MBC has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also comments made by the external auditors and other review agencies and inspectorates.

The comments on the effectiveness of the Internal Control System are included within the 'Notes to Support' and are additionally supported by the following mechanisms.

- The Borough Solicitor (Monitoring Officer) has responsibility to regularly review and monitor the content, coverage and operation of the Constitution to ensure that it remains current, meets all legal requirements and properly addresses and supports the achievement of the aims and objectives of Rochdale MBC. The Council Constitution and Schemes of Delegation are kept under constant review to take account of legislative and local changes.
- The facilitation of policy and decision-making, at officer, individual Councillor and Committee level, is set out within the Council's Constitution and the associated Schemes of Delegation, as required by the Local Government Act 1972, the Local Government and Housing Act 1989 and the Local Government Act 2000.
- The Council has clear decision-making structures. Control of the policy and decision-making process, and ensuring compliance with established policies, procedures, laws and regulations are facilitated at two levels, namely pre-decision and post decision. In preparing to make a decision, officers have access to: guidance on report content, including the need to identify the reasons for the recommendation; alternative courses of action considered and the reasons why they have not been pursued; and the risks involved if the decision is not taken.
- The process for authorisation of reports in advance of their being submitted to Committee, and Financial Regulations for those decisions which will have financial implications.
- The Scrutiny process has been fundamentally reviewed during 2006/07. There are no longer five Overview & Scrutiny Committees these have been replaced by an Policy Overview Committee and a Performance and Audit Scrutiny Committee. Once a decision has been made, the Council's call-in process enables executive decisions to be examined by the Scrutiny Committee if it is considered that the decision is not valid, for reasons, which are laid out in the Constitution's Procedure Rules. Such reasons include

where it is considered that the decision does not accord with the council's pre-determined Budget and Policy Framework.

- Adherence to the Forward Plan, published on a monthly basis, ensures that the appropriate Committee makes all key executive decisions within the required timescales. Control of the Forward Plan has become more robust in order to ensure the accountability and transparency of the decision – making process and clear guidance is available to Officers.
- The scope of the Internal Audit Team includes examining and evaluating the whole system of internal controls established by management, which is not confined to the financial control system. It involves an evaluation of the controls against an assessment of the risks facing the Council to determine their adequacy, reliability and effectiveness and how well the responsibilities assigned to managers are being carried out in practice. In consultation with each Head of Service the Internal Audit Team produces an annual audit needs assessment using a risk indices methodology, which embraces financial, and non-financial risks in each audit area. This enables a five year strategic plan to be prepared which allows a broad assessment of the adequacy of audit resources.
- The Internal Audit plan and strategic plan for 2006/07 were approved by the Executive Director (Resources) as Section 151 Officer. The audit plan was reported to the Performance and Audit Scrutiny Committee 11 June 2007 and will go to Cabinet on 16 July 2007.
- The CIPFA publication, Audit Committee, practical guidance recommends the establishment of an Audit Committee to provide an independent review of the overall system of internal control and of the external audit process by non executive management. This is further underlined by requirements of the CPA Use of Resources assessments.

This role has been reviewed and now comes within the remit of the newly created Performance & Audit Scrutiny Committee. They will review the activities of the internal audit function (as detailed in their Terms of Reference), including its annual work programme, quarterly reports of activity, significant investigations and systems / services that have been awarded a less than adequate audit opinion (4 or 5). However this is not an independent committee and does not have discrete decision making powers.

- The Corporate Risk Management Strategy was reviewed during 2005/06. It was approved by Corporate Overview & Scrutiny Committee on the 7th November 2005 and adopted by Cabinet on the 21 November 2005. The strategy identifies the responsibilities of Elected Members, ELT members, Executive Director (resources), Corporate Risk Management Group (CRMG), Heads of Service and the Head of Finance Services in relation to risk management. The objectives also reflect the need to continue to develop a systematic approach to risk management as an integral element of service planning and performance management. The Strategy clearly outlines the direction for Rochdale in pulling together the risk management agenda.

The Strategy was further reviewed and updated by CRMG on the 11th May 2006 to recognise the structural changes of the Authority and therefore membership, at the same time the terms of reference were reviewed and amended to include RMBC's responsibilities under the Civil Contingencies Act 2004.

- Rochdale 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, used economically, efficiently and effectively. In discharging this accountability, members and senior officers are responsible for putting in place proper arrangements for the governance of Rochdale MBC's affairs and the stewardship of the resources at its disposal. To this end, Rochdale MBC has approved and adopted a code of corporate governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework *Corporate Governance in Local*

Government: A Keystone for Community Governance. Both the Monitoring Officer and the Section 151 Officer review the Code annually and report to Corporate Overview & Scrutiny Committee. This also forms part of the Internal Audit Strategic Plan.

7 Opinion on Internal Control 2006/07

The Audit Plan for 2006/07 comprised a range of assignments including reviews of all material financial systems as part of our managed audit arrangements with the Audit Commission and a range of non-financial risk based audits and establishment visits.

The planned audit coverage for the year was based on an assessment of risks. Of the planned audit work completed during 2006/07 (i.e. final report issued) audit opinions issued on the adequacy of the internal controls were recorded as 'adequate' or better in 91.4% of cases (89.2% in 2005/06). 7 pieces of work were awarded opinions below the 'adequate' opinion and were all scored with opinion 4 'marginal' (8 in 2005/06 and 3 in 2004/05). The detail of these pieces of audit work and any follow-up activity has previously been reported to the relevant Overview & Scrutiny Committee in the quarterly work activity reports.

The 7 'marginal' opinions are not considered to be significant in the wider context of the overall system of internal control. The audit reviews that attracted the 'marginal' opinion are, in the main, either relating to discrete sites or service specific systems and none relate to the programme of material system audit reviews. In all cases an action plan has been agreed to remedy the weaknesses and follow up work by Internal Audit has either been undertaken or is planned to be undertaken to monitor progress in implementing the recommendations made. There were no audits completed that were awarded opinion 5 'unsatisfactory' during 2006/07. Therefore, within the limitations of the audit work carried out, it is concluded that the Council's overall control framework remains adequate, and generally being complied with.

8 Significant Internal Control Issues.

There are a number of issues and developments in the near future that have significant implications for the internal control environment. The issues are detailed in the action plan attached at section 9 'Action Plan To Address Weaknesses And Ensure Continuous Improvement Of The System On Internal Control'. A summary is detailed below of the major areas.

Review of Strategic Plan – Aiming High.

- Ensure that corporate priorities, outcomes and sub-outcomes are clearly agreed and defined. Cohesive and detailed plan underpinning objectives to promote success.
- Opportunity to review the improvement strategy and impact on our CPA rating.
- Use balanced scorecard that has been developed to provide a more focused analysis of progress against Aiming High priorities.

Partnership Risks

- Schools PFI All action in relation to risk continues to be managed as project moves through construction stage.
- Impact Partnership – The process of risk identification in relation to the Impact partnership continues. All risks identified should be clearly and robustly managed.
- Housing Market Renewal – Deliver the joint vision for Housing Market Renewal with Oldham MBC.

Budgetary Control

- Budget management procedures continue to be under review, and we will continue to closely monitor our spending and take any necessary corrective action should issues arise in the coming year.
- Budget Monitoring Processes are being subject to Business Process Re-engineering in 2007/08 to improve the efficiency of this work stream and the effectiveness of outputs

Value for Money

- ❑ Systematic Approach to Value for Money to be implemented.
- ❑ Baseline costs and data to be gathered and analysed for all Services.
- ❑ Third tranche (third) of services taken through the VFM framework and 'scored'.
- ❑ The VFM board's annual work programme in addition to the outcome from framework activities (VFM Scorecards, VFM reviews, inspection reports) will inform annual improvement activities.

Audit Committee

- ❑ The CIPFA publication, Audit Committee, practical guidance recommends the establishment of an Audit Committee to provide an independent review of the overall system of internal control. This is further underlined by requirements of the CPA Use of Resources assessments.
- ❑ This role has been reviewed and now comes within the remit of the newly created Performance & Audit Scrutiny Committee (PASC).
- ❑ As part of the ongoing development of governance arrangements within RMBC, consideration will be given to assess the effectiveness of the PASC during the course of 2007/08. Through this process an evaluation can be performed to determine the extent to which the PASC fulfils the role of an audit committee in the context of current best practice such that it will contribute positively to the ongoing UoR assessment.

Data Quality – Performance Indicators

- ❑ Audit Commission review and spot checks of 11 specified performance indicators revealed that they all required some amendment.
- ❑ Following amendment all were found to be fairly stated.
- ❑ The main reasons for amending the PI were that the data used did not comply with the definition of the PI, or that following our checking of the data, errors were identified.
- ❑ Recommendations made to strengthen processes

Review of Financial Regulations / CPR

- ❑ Financial regulations and procedure rules and contract procedure rules are undergoing a fundamental review during 2007/08.
- ❑ The aim is to ensure they are effective in meeting the business needs of the council and that they are made more accessible to users.

9 Progress on the Action Plan arising from the Statement on Internal Control 2006/07.

Key Elements of the Internal Control Environment	Description	Action to Address Issues	Responsible	Deadline
Establishing & Monitoring of the Authorities Objectives	Review of strategic plan – Aiming High.	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure that corporate priorities, outcomes and sub-outcomes are clearly agreed and defined. Cohesive and detailed plan underpinning objectives to promote success. <input type="checkbox"/> Opportunity to review the improvement strategy and impact on our CPA rating. <input type="checkbox"/> Use balanced scorecard that has been developed to provide a more focused analysis of progress against Aiming High priorities. 	Roger Ellis Pam Smith	30 October 2007
Establishing & Monitoring of the Authorities Objectives	Service Plans	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure that risk management continues to be considered in the Service Planning process <input type="checkbox"/> Support Heads of Service in use of business planning tools 	Marie Basting Wendy Ready	On-going to / to be reviewed annually
Risk Management & Internal Control	Embedding Risk Management into decision making process	<ul style="list-style-type: none"> <input type="checkbox"/> Develop and deliver refresher training programme to staff and Members 	Wendy Ready	31 March 2008
Risk Management & Internal Control	Risk Register	<ul style="list-style-type: none"> <input type="checkbox"/> Procure & implement new IT solution to integrate audit and risk management planning 	Wendy Ready	31 March 2008
Risk Management & Internal Control	Audit Committee	<ul style="list-style-type: none"> <input type="checkbox"/> Review the effectiveness of the Performance & Audit Scrutiny Committee as an Audit Committee 	Wendy Ready	31 March 2008
Risk Management & Internal Control	Partnership Risks	<ul style="list-style-type: none"> <input type="checkbox"/> Schools PFI – All action in relation to risk continues to be managed as project moves through construction stage. 	John Bollington	31 August 2007
Risk Management & Internal Control	Partnership Risks	<ul style="list-style-type: none"> <input type="checkbox"/> Impact Partnership – The process of risk identification in relation to the Impact partnership continues. All risks identified should be clearly and robustly managed. In particular the joint transitions Steering Group and the Client Liaison Group undertake a key role here. 	Margaret Carney	31 March 2008
Risk Management & Internal Control	Partnership Risks	<ul style="list-style-type: none"> <input type="checkbox"/> Joint Service Centres –The financial close has been achieved on the first phase of LIFT schemes. A detailed project plan has been prepared including a risk log. The Council is working with the PCT and LIFT Co. to manage these risks 	Margaret Carney	31 March 2008

Key Elements of the Internal Control Environment	Description	Action to Address Issues	Responsible	Deadline
Risk Management & Internal Control	Partnership Risks	<input type="checkbox"/> Housing Market Renewal – Continue to deliver the joint vision for Housing Market Renewal with Oldham MBC.	Paul Beardmore	31 March 2008
Risk Management & Internal Control	Business Continuity Management	<input type="checkbox"/> Business Continuity Planning to continue to communicated corporately and embedded.	Wendy Ready	31 March 2008
The Financial Management of the Authority and the Reporting of Financial Management.	Budgetary Control	<input type="checkbox"/> Budget management procedures under review. We will continue to closely monitor our spending and take any necessary corrective action should issues arise in the coming year.	Ruth Hunter	31 March 2008
The Financial Management of the Authority and the Reporting of Financial Management.	Value For Money	<input type="checkbox"/> Systematic Approach to Value for Money to be embedded <input type="checkbox"/> Baseline costs and data to be gathered and analysed for all Services <input type="checkbox"/> Third tranche (third) of services taken through the VFM framework and 'scored'.	Ruth Hunter	31 March 2008.
The Financial Management of the Authority and the Reporting of Financial Management.	Review of Financial Regulations	<input type="checkbox"/> Financial regulations and procedure rules and contract procedure rules are undergoing a fundamental review during 2007/08. <input type="checkbox"/> The aim is to ensure they are effective in meeting the business needs of the council and that they are made more accessible to users.	Ruth Hunter	31 March 2008.
External Review	CPA Inspection	<input type="checkbox"/> Put in place actions to address issues raised in the CPA assessment. Fits with review of Aiming High (above).	Roger Ellis	30 October 2007
External Review	Waste Management	<input type="checkbox"/> Implement the Post Inspection Action Plan as agreed with the Audit Commission	Peter Cunningham	31 March 2008
External Review	Internal Audit	<input type="checkbox"/> Implement the Post Inspection Action Plan as agreed with the Audit Commission	Wendy Ready	31 March 2008
External Review	Services for Children and Young People	<input type="checkbox"/> Implement the Post Inspection Action Plan as agreed OFSTED	Terry Piggott	31 March 2008
External Review	Data Quality	<input type="checkbox"/> Ongoing collaborative review with the Audit Commission	Pam Smith	Ongoing

Margaret Carney
Executive Director (Resources) – Section 151 Officer

Roger Ellis
Chief Executive

Councillor Taylor
Leader of the Council