



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Audit Year 2008-09

December 2009

Authors: Gill Lewis and Grant Thornton UK LLP


Ref: 819A2009

Annual Letter for 2008-09

The Vale of Glamorgan Council

Contents

| | |
|---|----|
| Summary | 4 |
| Appointed Auditor's Report | |
| The Council has complied with financial and performance improvement reporting requirements | 5 |
| The Council had appropriate arrangements to administer and report financial matters and to secure value for money in its use of resources in 2008-09 | 5 |
| The Council's Improvement Plan 2009-10 meets statutory requirements and provides a balanced view of its performance in 2008-09 | 9 |
| Relationship Manager's Report | |
| Reviews of services and corporate arrangements indicate that the Council continues to make improvements and that it has recognised the need to strengthen some aspects particularly leisure services, partnership arrangements and asset management plans | 11 |
| Reviews of the Council's services revealed good progress and further areas for improvement | 11 |
| Wales Audit Office reviews of the Council's corporate arrangements indicate that good progress has been made and some areas for improvement remain particularly in partnership working and asset management plans | 16 |
| Appendices | |
| Role of Appointed Auditor and Relationship Manager and fees estimate | 20 |
| Criteria for assessing the Council's arrangements during 2008-09 for securing economy, efficiency and effectiveness in its use of resources | 21 |
| Auditor's report on the arrangements for securing economy, efficiency and effectiveness in its use of resources in 2008-09 | 23 |
| Audit of the 2009-10 Improvement Plan | 24 |
| Recommendations to Auditor General and to Welsh Ministers | 26 |



Status of this report

This document has been prepared for the internal use of the Vale of Glamorgan Council as part of work performed in accordance with statutory functions, the Code of Audit and Inspection Practice and the 'Statement of Responsibilities' issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party.

Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.



Summary

1. This Annual Letter (Letter) sets out the key messages arising from audit and inspection work undertaken over the last 12 months. It draws on published reports of other inspectorates to provide an annual summary of findings and conclusions to the Council.
2. The Appointed Auditor's conclusions on the Council's accounts are positive as set out in paragraphs 9 to 19.
3. The Relationship Manager (RM) has concluded that reviews of services and corporate arrangements indicate that the Council continues to make improvements and that it has recognised the need to strengthen some aspects particularly leisure services, partnership arrangements and asset management plans.
4. Appendix 1 sets out the roles of the Appointed Auditor and RM.

The Council has complied with financial and performance improvement reporting requirements

The Council had appropriate arrangements to administer and report financial matters and to secure value for money in its use of resources in 2008-09

5. It is the Council's responsibility to:
 - put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
 - maintain proper accounting records;
 - prepare a Statement of Accounts in accordance with relevant requirements;
 - establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources; and
 - provide Assembly Government/H M Treasury with information required for the production of the Whole of Government Accounts (WGA).
6. The Code of Audit and Inspection Practice (the Code) requires me to:
 - provide an audit opinion on the accounting statements;
 - review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
 - issue a certificate confirming that I have completed the audit of the accounts.
7. In addition, I review and report upon grant claims and returns, including the WGA return, prepared by the Council.
8. I issued a certificate confirming that the audit of the accounts had been completed on 30 September 2009.

The Statement of Accounts 2008-09 was prepared in accordance with statutory requirements and presents fairly the financial position and transactions of the Council

9. The Statement of Accounts is an essential means by which the Council demonstrates stewardship of the resources at its disposal and its financial performance in the use of those resources.
10. International Standard on Auditing (ISA) 260 requires auditors to report to 'those charged with governance' the findings of our accounts audit. The Appointed Auditor's report, *Audit of the Financial Statements – reporting to those charged with governance*, was presented to the Audit Committee on 25 September 2008. A summary of the findings is set out in Exhibit 1.

Exhibit 1: ISA 260 reporting to the Council

| Reporting requirement | Auditor's response |
|--|--|
| Modifications to the auditor's report. | There were no modifications to the auditor's report. |
| Unadjusted misstatements. | There were three unadjusted misstatements. These related to retention payment commitments, fire authority balances and FRS17 and the value of net pension assets. A number of other adjustments were made following our audit although these were not material and did not affect the deficit for the year. |
| Material weaknesses in the accounting and internal control systems identified during the audit. | No significant matters arose. |
| Views about the qualitative aspects of the entity's accounting practices and financial reporting. | The qualitative aspects of the Council's accounting practices and financial reporting continue to be good. There are two areas we drew to the attention of those charged with governance. These are consideration of the method of calculating the insurance reserve (work was completed in the year on the insurance provision), and disclosure of the cash flow statement. |
| Matters specifically required by other auditing standards to be communicated to those charged with governance. | No matters arose. |
| Any other relevant matters relating to the audit. | No matters arose. |

11. On 30 September 2009, I issued an unqualified audit opinion on the accounting statements.
12. A number of significant issues impacted on the accounts this year. The continuing challenges in the economy, and changes in the funding regime for local government in Wales in 2008-09, have continued to create income and expenditure pressures for the Council. These pressures include lower income from charges and planning income, and from investments, combined with an increasing demand for, and associated cost of, employment (including the impact of job evaluation and single status), social housing, care for elderly people, council tax and housing benefit. We note that the Council has taken steps to minimise the impact of such pressures, while managing the level of uncertainty over future funding.
13. During the year, the Council carried out a valuation of fixed assets relating to education (including Social Services) in 2008-09 in line with the rolling programme of valuations. In addition, recognising the continued decline in the property economy in 2008-09, the Council carried out a general impairment review of fixed assets (aside from those formally revalued) as at 31 March 2009 to consider for any changes in value. The result of this review indicated that the

value of land and buildings (excluding council housing) had fallen significantly in value since the last full valuation undertaken in 2006. The overall reduction in the value of assets was taken to the service revenue accounts contributing to the overall deficit for the year of £53.5 million. These 'losses' were reversed in the statement on the General Fund balance, neutralising the impact on council tax.

14. The job evaluation and single status pay review was ongoing during the year and the Council continues to defend equal pay claims and, in accordance with FRS12 (Provisions, Contingent Liabilities and Contingent Assets,) any transfer of economic benefits required to settle any liability is not probable. No provision has been included in the Council's accounts for the year ended 31 March 2009, although a reserve of £1 million has been set up for administering the job evaluation process.
15. The Council has continued to operate good accounting systems and controls, and financial reporting processes throughout 2008-09. The quality of the final accounts arrangements and working papers was good, with the financial statements prepared to a high standard and within the challenging timetable set by the Assembly Government.
16. The Annual Governance Statement included in the financial statements includes an assessment of the system on internal control. The Internal Audit Service has given a number of positive assurance opinions for their work during the year.
17. In accordance with the Government and Resources and Accounts Act 2000 and relevant guidance issued by the Assembly Government, a return is prepared annually by the Council to assist H M Treasury with its production of the WGA.
18. On behalf of the National Audit Office (NAO) as auditor of the WGA, I am required to audit the Council's return in accordance with statutory requirements and NAO audit instructions.
19. From our audit of the Council's return this year, we found that there are good arrangements in place to produce the required return, which was consistent with the audited statutory accounts, after the audit adjustments. Officers have improved the process for completing this return this year. The WGA return was certified without qualification.

We have certified that the audit has been completed in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit and Inspection Practice and there were no formal questions or objections to the financial statements

20. In accordance with the Accounts and Audit (Wales) Regulations 2005, the Council has advertised the rights of local electors to:
 - inspect and make copies of the Annual Return;
 - question the auditor about the accounts; and
 - attend before the auditor and make objections to the accounts or any item in them.
21. These rights have been exercised and no issues have arisen.

The Council had appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2008-09

22. My conclusion has been reached as part of our annual audit of the accounts. I examined evidence of the existence of the Council's corporate performance management and financial management arrangements. In this work, I do not comment on or provide assurance on the effectiveness of these arrangements.
23. I have concluded that in 2008-09 the Council had satisfactory arrangements in place to support the achievement of its responsibilities to secure economy, efficiency and effectiveness in its use of resources. Some areas for improvement have been proposed and have been detailed in a separate value for money report.

The Council made effective use of the National Fraud Initiative

24. The National Fraud Initiative (NFI) is a biennial computerised data matching exercise conducted across England and Wales. The Audit Commission is responsible for the exercise in England and the Auditor General is responsible for the exercise in Wales through his appointed auditors at local government bodies.
25. The exercise is designed to identify overpayments to suppliers and benefit claimants and to detect fraud perpetrated on public bodies. The referrals from the 2008-09 exercise were released in January 2009 to participating bodies including local councils.
26. The Council continues to engage very positively in the NFI and is making good progress towards investigating the key, high quality matches. Staff have also been proactive in providing us with ways in which the software package could be improved in future years.
27. An area of good practice was identified where the Council aims to use Internal Audit projects to cover the work required by the NFI review. This helps to increase coverage and reduce duplication. Some minor ways in which this exercise could be improved have been discussed with officers involved.

Our certification of the Council's grant claims and returns is currently in progress and overall arrangements are satisfactory

28. In addition to my work under the Code of Audit Practice, I certify various claims and returns submitted by the Council. This provides grant paying organisations with the required assurance that funds provided have been properly incurred in accordance with the requirements of each scheme. The work in this respect is guided by the Auditor General's certification instructions to auditors.

29. Overall, we have found that evidence to support claims is generally good and that claims are submitted by the deadline date. The majority of claims are certified during November and December.
30. In addition, there is evidence of good practice with a standardised approach to the documentation maintained in supporting files.

The Council's Improvement Plan 2009-10 meets statutory requirements and provides a balanced view of its performance in 2008-09

31. The Council is required, by the Local Government Act 1999 and subsequent guidance issued by the Assembly Government, to publish its Improvement Plan by 31 October each year.
32. I am required to consider whether the Improvement Plan is prepared and published in accordance with statutory requirements and guidance, and to report my findings, including those on the completion of the joint risk assessment, my audit of the Council's Performance Indicators (PIs) and on its performance measurement arrangements.
33. Detailed responsibilities, the scope of our work and the audit certificate are set out in Appendix 4.
34. I, as Appointed Auditor, am required each year, by section 7 of the Local Government Act 1999, in relation to the Council's improvement plan, to recommend whether the Auditor General should carry out an inspection of the Council under section 10A of the Act. I am also required each year to recommend whether the Welsh Ministers should give a direction under section 15 of the Act. My recommendations are in Appendix 5.
35. The Plan and the Public Summary were produced and published on time and complied fully with the guidance in Welsh Assembly Government Circular 28/2005:
 - the detailed Plan and the Summary are concise, well written documents which report a balance of good performance and areas for improvement;
 - it contains a comprehensive range of over 170 PIs;
 - the Council's corporate objectives and key actions for achieving them are clearly set out; and
 - the 'Stage 1' Improvement Plan, in the form of the Council's Service Plans which were compiled during the early part of 2009, also complied with the guidance.
36. However, we do not consider that it complied with paragraph 20 of the Assembly Government Prospectus for Improvement Agreements, which came into force in 2008-09. This paragraph states that "*Local authorities should use their Improvement Plans and improvement plan summaries to report and account for progress in delivering their Improvement Agreements*". The Improvement Plan sets out the Improvement Agreements, but does not report and account for progress in delivering them. The Council has achieved its Improvement Agreement targets and has now received its grant from the Assembly Government.

Our audit of the National Strategic Indicators highlights that the Council has good arrangements in place for the collection and validation of performance information

37. Our work, based on the 22 National Strategic Indicators (NSIs) that are subject to statutory audit, confirmed that good arrangements are in place. The Council continued to use Ffynon, introduced in 2006. The Council's performance management structure has been built into Ffynon and all relevant statutory and local performance measures entered for 2008-09. Each directorate has a performance co-ordinator who is responsible for ensuring performance data for their area is collected in a timely manner. Quarterly performance reports are produced and are submitted to Scrutiny following approval by the relevant Head of Service.
38. As we have reported in previous years, and in common with several other local authorities in Wales, in prior years the Council is unable to separate data for beach cleansing waste from general waste to be excluded from the calculation as required by the guidance for NS15i and NS15ii.

Gill Lewis

Relationship Manager for and on behalf of the Appointed Auditor

Dated: 18 December 2009

Reviews of services and corporate arrangements indicate that the Council continues to make improvements and that it has recognised the need to strengthen some aspects particularly leisure services, partnership arrangements and asset management plans

39. Our work over the past year has been carried out in accordance with the agreed Regulatory Plans and has included reviews of corporate or service areas to provide support in those areas identified as risks through the Joint Risk Assessment process. Asset management and good governance was carried out as part of the Auditor General's programme of Local Government studies. I have also audited the actions and targets in the Improvement Agreement between the Council and the Assembly Government.

Reviews of the Council's services revealed good progress and further areas for improvement

There are risks to the sustainability of improvements and longer-term opportunities which the Council and its partners will need to address in designing the whole transfers of care system in a way that more effectively promotes independence

40. In 2007, the Auditor General undertook work on delayed transfers of care in the health and social care communities of Cardiff, the Vale of Glamorgan, Gwent and Carmarthenshire. The Auditor General also produced an overview report with recommendations, which the National Assembly's Audit Committee considered in November 2007, producing its own report with a further 14 recommendations which the Assembly Government accepted. Our work concluded that delayed transfers of care are a whole systems problem which had not been tackled in a sufficiently whole systems way.
41. To ensure that partner organisations remained focused on solving the whole system problems in 2008, the Wales Audit Office carried out follow-through work on delayed transfers of care in Cardiff and the Vale of Glamorgan. The work considered progress made by the health and social care partners in developing a more coherent approach to the promotion of independence and therefore addressing the symptomatic problem of delayed transfers of care.
42. We concluded that the community has made considerable effort and initiated a number of promising developments. However, sustainable improvements in the unacceptably high incidence of delayed transfers of care will need the partners to seize longer-term opportunities to design the whole system in a way that more effectively promotes independence. This is because:

- there were initial improvements in the delayed transfers of care position;
- the improved figures for delayed transfers of care have been difficult to sustain;
- notwithstanding the ongoing and serious capacity pressures, there have been some positive developments within the community;
- robust implementation plans and wider stakeholder buy-in is needed to translate the Programme for Health Service Improvement (PHSI) vision into concrete service change;
- capacity and resources remain a key risk for the community;
- there remains scope for further sharing of human and financial resources;
- despite the positive examples of new approaches being developed, there is still scope for change in the clinical culture and process; and
- the reorganisation of health bodies in Wales presents opportunities and risks to the community.

Progress has been made towards meeting the aspirations and objectives as set out in the buildings maintenance business plan but further work is needed to strengthen the arrangements for service transformation

43. Our review of buildings and vehicle services indicates that progress has been made in recent months towards meeting the aspirations and objectives set out in the Buildings Maintenance Business Plan. Improvements are particularly evident in respect of the management information supporting the operational activity of the service.
44. Other developments include:
 - the introduction of a new appointments system (September 2009);
 - business process re-engineering for front line and back-office functions;
 - the implementation of mobile working for all operatives (from September 2009); and
 - the transfer to the national schedule of rates.
45. The Service is responding to weaknesses previously identified. However, our review suggests that further work is needed to strengthen the arrangements for service transformation. There is as yet no regular, external review or challenge against an agreed implementation or improvement plan.
46. This reflects the wider need to strengthen performance and risk management arrangements within the service. Risks are assessed annually but there is no mechanism to systematically and regularly update the service risk register and risk management plan.
47. Change management capacity and capability is also limited, yet these are essential prerequisites for the successful delivery of new operational systems and processes.

48. We made five recommendations to further strengthen arrangements within the service:
- strengthen and develop performance management arrangements within the service;
 - identify change management support to strengthen the transformation agenda;
 - ensure a clear view of customer needs and requirements underpins the updated business plan;
 - agree an implementation plan to support the business plan, in order that roles and responsibilities are clear and to allow progress to be tracked; and
 - develop robust risk management arrangements within the service.

The most appropriate way to deliver leisure services cannot be determined yet because there is no strategy or vision for the service

49. Our review found evidence that officers working within the Leisure Service are working hard to adapt the available resources to a changing market.
50. A key objective of our review was to assess the fitness for purpose of the Council's Leisure Strategy. This has not been possible as there is no documented strategy or vision for the service, formally or informally agreed (although the Local Authority Partnership Agreement provides a framework for operational development).
51. The lack of a clear strategy may explain why concerns, recognised for a number of years, have yet to be addressed. These include:
- historic under-investment in leisure assets, leaving some facilities in a poor state of repair;
 - pressures to reduce costs and deliver greater efficiencies, to support the financial position of the Council; and
 - reduced demand for some services stemming from both the impact of the recession and the growth of alternatives within the local market.
52. The priority for the Council is to decide on the most appropriate mechanism for delivering leisure services in the Vale. However, any decision on the future of services can only be taken once there is a clear and comprehensive picture of the current state of provision (in respect of needs and available services) and the objectives that the Council is striving to achieve through the service.
53. Action must be taken, as a priority, to develop this understanding and ensure that any options for service provision are consistent with the Council's wider ambitions for the area.
54. The key recommendations emerging from our work were:
- understand current provision and the leisure service market in the Council area;
 - clarify the vision, the objectives and the strategy for the service; and
 - to agree the best option for delivering this strategy, moving forward.

The Council has used the Social Services Change Plan mechanism to improve the arrangements for leadership, performance and financial management although further work is needed to implement a commissioning approach for all services

55. The Joint Review of Social Services and related follow-up work found that there were huge challenges facing the Council in terms of the performance of Social Services and its overall financial position. In response to the findings of the Joint Review, the Council developed a Change Plan for the period 2007-2010 to ensure that the department delivered the improvements required. The Change Plan is being monitored within the Council and there is also a Change Co-ordination Group, which includes key partners and external regulators.
56. During 2008-09, Grant Thornton, the appointed auditor, the Wales Audit Office and the Care and Social Service Inspectorate Wales (CSSIW) have all undertaken work to review separate aspects of the Change Plan and assess progress against the targets set.
57. Grant Thornton and CSSIW focused on departmental management arrangements, specifically the Leadership and Performance sections of the Social Services Change Plan and found that the Council is making good progress in developing its Social Services management arrangements.
58. The new departmental structure has been in place since March 2008, and has been based on two key services (adults and children) plus a business management/innovation service. The Department has been constructively involved in the implementation of the Health Social Care and Wellbeing (HSC&W) Strategy and the Children and Young People's division has been engaged in the development of the Children and Young People Plan.
59. Service and team planning is developing and service plans are in place. A competency framework has been developed. Performance management arrangements are developing and staff are getting better at managing as well as measuring performance.
60. The identification and management of risks, extending communications within the Department and developing measurable actions within service and team plans are all areas in which further improvements can be made.
61. The Wales Audit Office focused on whether the Change Plan mechanisms were being used effectively to achieve a sustainable budget which is one of the priorities for the Council. We concluded that the Council has used the Change Plan to good effect to achieve much tighter control of its Social Services budget through more effective budget management processes.
62. The Council has been proactive in achieving the efficiency savings required in Social Services by developing managers' financial management skills, starting the process of budget delegation with a pilot for the community care budget, and developing more robust budget control systems.
63. However, the Council needs a better understanding of future need and demand to support the development of commissioning strategies and plans for service reconfiguration in the longer term. It has undertaken some comparative analysis to gain a better understanding of its options for allocating budgets but needs to supplement this with more rigorous analysis of future demand for social services and greater attention on commissioning strategies.

There is evidence of progress in relation to children's services and although this is not yet consistent, the Council is well placed to continue to improve. Clear indicators of improvement in adult services are less evident

64. Care and Social Service Inspectorate Wales has undertaken work in both children's and adult services this year and has been engaged in examining concerns related to the Case Management Inquiry published by the Council in May 2009. A review to follow up on the issues raised by this case, some aspects of which will be undertaken jointly with the Wales Audit Office, is currently underway.
65. The fieldwork for the Review of Children's Safeguarding Arrangements which was published in October 2009, took place after this case. This found that the Council's performance against core indicators was improving, the quality of practice was satisfactory and care planning for children on the child protection register was working well.
66. Areas of inconsistency were identified but the Council was judged to be well placed to continue to improve. A review of the Council's preparedness to develop outcome based planning for adults was also undertaken and identified some areas for development which the Council is currently considering.
67. The Council's Adult Placement Scheme was inspected following the case management inquiry and found that while the scheme had complied with regulatory requirements in relation to the case, some aspects of practice could be improved.

More generally, inspections of the Council's regulated services in the last year have found that they comply with regulatory requirements and that there are no significant areas for development. Fieldwork for the follow-up review of Adult Mental Health Services is now complete

68. The review covered health, local authority and the voluntary sector services, and is underpinned by a comprehensive service user questionnaire.
69. The follow-up review assessed the extent to which the planning, management and delivery of adult mental services has improved since the baseline review in 2005. In assessing improvement, the review focuses on whether barriers to service improvement have been addressed, and whether services have been developed in line with national and local priorities.
70. We will report local findings in early 2010 based on health communities that mirror the new health board areas. The local reports will summarise our findings across the health board area, but will also identify key issues and variations at a local authority area level. We also intend to publish a national report on the contribution made by housing departments to meeting the needs of people with a mental health problem in early 2010. We will then publish a national report summarising all our findings from the follow-up review in the spring of 2010.

Wales Audit Office reviews of the Council's corporate arrangements indicate that good progress has been made and some areas for improvement remain particularly in partnership working and asset management plans

The Council is making good progress in embedding the principles of good governance.

- 71.** The Wales Audit Office has undertaken a study of governance arrangements across all councils in Wales based on progress towards seven citizen-focused principles of governance adopted by the Assembly Government. The review in the Vale of Glamorgan included the participation of elected members and senior officers in a survey and follow-up interviews and focus groups.
- 72.** We concluded that the Council is committed to the principles of good governance and is making good progress in embedding its principles. .
- 73. Putting the Citizen First:** The Council has invested a lot of resources into public engagement: it has a Public Engagement Framework, a good practice guide and undertakes a wide range of initiatives across all services.
- 74. Knowing who does what and why:** There are constructive working relationships between members and officers and clarity regarding respective accountability and functions. The Corporate Management Team is an effective forum for considering corporate and cross-cutting issues. The cabinet and scrutiny arrangements are stable and working well; in common with many other councils in Wales, there is some variation in the effectiveness of Scrutiny Committees.
- 75. Living Public Sector Values:** There is a strong public sector ethos within the Council and there is a cross party willingness to co-operate for the common good of the Council as a whole. The Council has a Code of Governance and Annual Governance Statement and is to be commended for producing this ahead of schedule, being one of the first Welsh Councils to do so. The Audit Committee is generally well regarded.
- 76. Fostering innovative service delivery:** The Council is responding positively to the complexities of the external environment by identifying more effective and innovative ways of working. A culture of willingness to challenge existing practices is developing well which will assist the Council to deal with the challenging financial climate.
- 77. Being a learning organisation:** The Council is committed to organisational learning and development in respect of its staff, members and services. It is important for this to be recognised both internally and externally and the Council should maximise opportunities to publicise and celebrate its successes more widely. The changes to the inspection regime for local government provide an opportunity to engage more positively with regulators.

- 78. Engaging with others:** The Council recognises that partnership working is essential to delivering public services. It is committed to partnership working and generally there are cordial and productive relationships between the Council and its stakeholders. It is playing a key role in the LSB and is successfully collaborating with other organisations. Our other work on partnership working notes the good progress made by the Council in improving the effectiveness of partnership working, particularly in developing a performance management framework. However, the Council will need to ensure that it is receptive to working across organisational boundaries to deliver shared outcomes for the community and not just the Council objectives. The importance the Council attaches to internal and external communication is demonstrated through the appointment of a Consultation Officer to deliver its communications strategy.
- 79. Achieving value for money:** The Audit and Scrutiny Committees play an important role in ensuring value for money and the Council has achieved a positive value for money conclusion from its Auditors. The Ffynon software is used widely by members and officers and the benefits of the system could be enhanced by having more comprehensive information to fully understand whether all services provide quality and value for money.

The Council has achieved the majority of its targets and milestones for its improvement agreements

- 80.** We examined the evidence presented by the Council to demonstrate progress on its Improvement Agreement within the year ending March 2009 to form a view as to whether it was sufficient and accurate.
- 81.** Based on the information and evidence provided, the Council has achieved the majority of its targets as set out in each of the outcomes included in the Improvement Agreement.

A robust approach to sickness absence reporting should ensure that the downward trend in absence is maintained

- 82.** Overall, our work indicates that the Council has taken action to considerably improve the management of sickness absence over the last year. For 2008-09, the actual number of average days sick was 11.6, against a target of 14.33. The projected outturn for 2009-10 is currently 9.98 days.
- 83.** This positive trend reflects:
- the priority that is now given to the management of attendance;
 - the implementation and monitoring of a new policy that specifies how absence should be managed across the Council (October 2008); and
 - the focus on service areas that have experienced particular challenges with sickness absence in the past.
- 84.** One outcome of these changes is a significant improvement in data quality. At all tiers, robust checks are now carried out on the accuracy of data, due to the implications for an individual, service area and department of poor quality information.

85. Due to the progress that has been made over the last 12 months, Cabinet will be reducing its monitoring of progress from monthly to six monthly. Whilst this is understandable, we encourage the Council to ensure that the momentum for continued improvement does not slow.

The Council has not yet fully implemented previous recommendations on partnership working because the performance management framework is not yet developed

86. Our work indicates that the Council has taken action to improve the effectiveness of partnership working since our last review. Of particular note is the resource that has been invested in developing the performance management framework for the strategic partnership bodies. As well as providing a tool by which progress can be measured, the framework will deliver a number of other benefits when complete, including:
- clarifying objectives and priorities;
 - strengthening the agendas of partnership meetings, by providing a clear focus;
 - defining the roles and responsibilities of members and working groups, in relation to the delivery of targets; and
 - identifying where and how resources need to be deployed to best support the achievement of objectives.
87. Whilst the performance management framework is being robustly developed, the full benefit has yet to be realised. Many of the recommendations agreed at the end of our review in 2008 are reliant upon its implementation. Given this, we encourage the Council to expedite work in this area, as a priority.

The Council continues to be committed to the Making the Connections agenda but the asset management plan should be updated to incorporate more long term intentions for the use and management of the Council's buildings

88. As part of the Wales Audit Office Making the Connections agenda, we undertook a review of the Council's arrangements for land and buildings management, which covered the key themes of the Council's vision and strategy, its performance management, and the value for money obtained from the strategic and operational management of land and buildings.
89. We identified that the Council has an asset management plan which, while comprehensive, is not up-to-date, does not identify the business need for holding land and buildings, nor describes where the Council wants to be and how it will get there.
90. The Council does manage its land and buildings assets actively in the short to medium-term, though the approach is strongly influenced by significant backlog maintenance issues and a difficult funding situation.

91. Roles and responsibilities for many aspects of land and buildings have been identified, principally within the property services function. Services are primarily delivered in-house, supplemented with external services where necessary, though the potential benefits from alternative delivery models have not been considered.
92. The Council maintains current computerised data about its land and buildings and undertakes regular 'condition surveys'. There are some systems and processes in place to collect and record performance data though it is not clear that there is detailed and regular performance management of land and buildings assets.
93. Appropriate arrangements are in place for ensuring consistency of capital investment decisions, and option appraisal and whole life costing issues are considered. The Council is establishing good project management procedures. Arrangements for the procurement and letting of goods and services, and contract management arrangements are generally sound.

Appendix 1

Role of Appointed Auditor and Relationship Manager and fees estimate

This Letter has been written by:

- the Appointed Auditor, John Golding; and
- the RM on behalf of the Auditor General.

Statute and the Code require the Appointed Auditor to:

- provide an audit opinion on the accounting statements;
- review arrangements to secure economy, efficiency and effectiveness in the use of resources; and
- report whether the Improvement Plan complies with legislative requirements.

In addition, the Appointed Auditor reviews and reports upon grant claims and returns, including the WGA return, prepared by the Council.

The RM works for the Auditor General to seek to ensure that the studies and inspection functions of the Auditor General are co-ordinated with the work of relevant regulators. The Council's Appointed Auditor is Grant Thornton UK LLP. Performance reviews conducted by Grant Thornton UK LLP are reported by the RM.

The audit and inspection work planned for the year was set out in the Regulatory Plan 2008-09. More detail on specific aspects of the work undertaken can be found in the separate reports that have been issued during the year.

The fees for 2008-09 are currently expected to be in line with those set out in your Regulatory Plan. Work to certify your grant claims and returns is not complete but at this stage is expected to cost approximately £83,000 plus VAT.

Appendix 2

Criteria for assessing the Council's arrangements during 2008-09 for securing economy, efficiency and effectiveness in its use of resources

| Corporate performance management and financial management arrangements | Questions on arrangements |
|---|--|
| Establishing objectives, determining policy and making decisions | Has the Council put in place arrangements for setting, reviewing and implementing its strategic and operational objectives? |
| Meeting needs of users and taxpayers | Has the Council put in place channels of communication with users and taxpayers, and other stakeholders including partners, and are there monitoring arrangements to ensure that key messages about services are taken into account? |
| Compliance with established policies | Has the Council put in place arrangements to maintain a sound system of internal control, including those for ensuring compliance with laws and regulations, and internal policies and procedures? |
| Managing operational and financial risks | Has the Council put in place arrangements to manage its significant business risks? |
| Managing financial and other resources | Has the Council put in place arrangements to evaluate and improve the value for money it achieves in its use of resources? |
| | Has the Council put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities? |
| | Has the Council put in place arrangements to ensure that its spending matches its available resources? |
| | Has the Council reviewed and made changes where appropriate to its treasury management procedures in the light of the economic downturn and the fragility in the banking system? |
| | Has the Council put in place arrangements for managing and monitoring performance against budgets, taking corrective action where appropriate, and reporting the results to senior management and the Council? |
| | Has the Council put in place arrangements for the management of its asset base? |

| Corporate performance management and financial management arrangements | Questions on arrangements |
|---|---|
| Monitoring and reviewing performance | Has the Council put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to the Council? |
| | Has the Council put in place arrangements to monitor the quality of its published performance information, and to report the results to Council members? |
| Proper standards of conduct etc | Has the Council put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business? |

Appendix 3

Auditor's report on the arrangements for securing economy, efficiency and effectiveness in its use of resources in 2008-09

| | |
|---|--|
| Conclusion on the Council's arrangements for the year ended 31 March 2009 for securing economy, efficiency and effectiveness in its use of resources | |
| The Council's responsibilities | |
| The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and to ensure proper stewardship and governance. The Council is also responsible for regularly reviewing the adequacy and effectiveness of these arrangements. | |
| Auditor's responsibilities | |
| We have a responsibility under section 17(2)(d) of the Public Audit Wales Act 2004, to satisfy ourselves from our examination of the Council's annual accounts and otherwise whether it has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. For the purposes of our work in this area, we have assessed 'proper arrangements' as principally comprising an organisation's corporate performance management and financial management arrangements, significant elements of which are defined in paragraph 48 of the Auditor General's Code. | |
| We report if significant matters have come to our attention that prevent us from concluding that the Council has made such proper arrangements. In carrying out our work, we have not considered whether the arrangements in place represent all those that could be in place. We are also not required to consider, nor have we considered as part of this aspect of our work, the effectiveness of the arrangements in place in securing value for money during the year under review. | |
| Conclusion | |
| The following conclusion is based on, and limited to, work carried out as part of our audit of the 2008-09 accounts, together with examination of other information that we have considered relevant. We are satisfied that the Council had proper arrangements in place during the year for securing economy, efficiency and effectiveness in its use of resources. We have also raised various issues with the Council, and made recommendations to improve its arrangements. These matters are further discussed and explained in the Annual Letter. | |
| John Golding Appointed Auditor 30 November 2009 | Grant Thornton UK LLP 11-13 Penhill Road Cardiff CF11 9UP |

Appendix 4

Audit of the 2009-10 Improvement Plan

Certificate

We certify that we have audited the Vale of Glamorgan Council's Improvement Plan in accordance with section 7 of the 1999 Act and the Auditor General's Code.

Respective responsibilities of the Council and the auditors

Under the 1999 Act and statutory guidance, the Council is required to prepare and publish a Best Value Performance Plan summarising:

- its long-term strategic objectives;
- its assessments of performance in the previous year;
- the key issues for improvement to be delivered in future years; and
- details of where to find further information, including information concerning business planning.

Under the Assembly Government's guidance, the statutory Best Value Performance Plan is called the Improvement Plan. The guidance requires the Plan to be published no later than 31 October of the financial year to which it relates.

The Council is responsible for preparing the Plan and for the information and assessments set out within it. The Council's future work programme set out in the Plan should connect to the outcomes of the updated risk assessment.

The Council is also responsible for establishing appropriate performance management and internal control systems from which the information and assessments in its Plan are derived, and for ensuring that it provides sufficient capabilities and capacity needed to manage change and improvement. The form and content of the Plan are prescribed by the Assembly Government's guidance.

As the Council's appointed auditor, we are required under section 7 of the 1999 Act to carry out an audit of the Plan, to certify that we have done so, and to report whether we believe that the Plan has been prepared and published in accordance with statutory requirements set out in section 6 of the 1999 Act and statutory guidance. Where appropriate, we are required to recommend:

- how the Plan should be amended so as to accord with statutory requirements; and
- procedures to be followed in relation to the Plan.

We are also required to recommend:

- Whether the Auditor General should carry out an inspection of the Council under section 10A of the 1999 Act.
- Whether the Assembly Government should give a direction under section 15 of the 1999 Act – for example, directing the Council to amend its Plan, carry out a review of a specific function or hold a local inquiry. Details of all possible directions can be found in the 1999 Act.

Scope of the Improvement Plan audit

We planned and performed our work to obtain all the information and explanations that we considered necessary in order to report and make recommendations in accordance with section 7 of the 1999 Act.

For the purposes of our report, we have interpreted compliance with the statutory guidance issued by the Assembly Government in the document, *Wales Programme for Improvement: Guidance for Local Authorities*, as being sufficient to meet the statutory requirements under section 6 of the 1999 Act.

We are not required to form a view on the completeness or accuracy of the information, or realism and achievement, of the Plan published by the Council. Our work therefore comprised a review and assessment of the Plan and, where appropriate, an examination on a test basis of relevant evidence, sufficient to satisfy ourselves that the Plan includes those matters prescribed in legislation and statutory guidance and that the arrangements for publishing the Plan complied with the requirements of the legislation and statutory guidance. For the purpose of determining whether or not to make recommendations on procedures to be followed in relation to the Plan, our work included:

- a review and assessment and, where appropriate, examination on a test basis of evidence relevant to the adequacy of the systems set in place by the Council for collecting and recording specified performance information; and
- the testing of specific National Service Performance Indicators selected on the basis of criteria set out by the Auditor General.

The work we have carried out in order to report and make recommendations in accordance with section 7 of the 1999 Act cannot be relied upon to identify all weaknesses or opportunities for improvement.

We planned our work so as to collect sufficient evidence to satisfy ourselves that the Plan includes those matters prescribed in legislation and statutory guidance, and the arrangements for publishing the Plan, complied with the requirements of legislation and statutory guidance.

Other recommendations under the Local Government Act 1999

We have made no statutory recommendations under the Local Government Act 1999 to which the Council must respond.

Appendix 5

Recommendations to Auditor General and to Welsh Ministers

We, as Appointed Auditor, are required each year, by section 7 of the Local Government Act 1999, in relation to the Council's improvement plan, to recommend whether the Auditor General should carry out an inspection of the Council under section 10A of the Act. We are also required each year to recommend whether the Welsh Ministers should give a direction under section 15 of the Act.

We have not identified a need for any statutory inspections in 2008-09, and we therefore recommend that the Auditor General should not carry out any inspections of the authority. We also recommend that the Welsh Ministers should not give any direction under section 15 of the Act at this time.



Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ
Tel: 029 2032 0500
Fax: 029 2032 0600
Textphone: 029 2032 0660
E-mail: info@wao.gov.uk
Website: www.wao.gov.uk