

Annual Governance Report

Devon and Somerset Fire and Rescue Authority

Audit 2008/09

September 2009

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Ladies and Gentlemen

2008/09 Annual Governance Report

I am pleased to present this report on the results to date of my audit work for 2008/09.

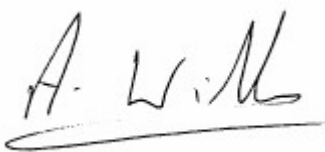
A draft of the contents has been discussed and agreed with management.

The report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements;
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified, which management has declined to amend or set out the reasons for not amending the errors; (Appendix 3); and
- approve the letter of representation on behalf of the Authority before I issue my opinion and conclusion (Appendix 4).

Yours faithfully

A handwritten signature in black ink, appearing to read 'A. Williams', with a horizontal line underneath it.

Alun Williams
District Auditor
September 2009

Key messages

This report summarises the findings from the 2008/09 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess how well you use and manage your resources to deliver value for money and better and sustainable outcomes for local people.

Financial Statements	Results	Page
Unqualified audit opinion	Yes	7
Financial statements free from material error	Yes	7
Adequate internal control environment	Yes	8
Use of resources	Results	Page
Use of resources judgements	Yes	10
Arrangements to secure value for money	Yes	11

Audit opinion

- 1 Subject to the satisfactory completion of outstanding procedures I plan to issue an unqualified opinion on the accounts. Should any significant issues arise before an opinion is given I will report these to the Chair of the Audit Committee.

Financial statements

- 2 The arrangements for production of your financial statements are generally satisfactory.
- 3 We have identified only one material variance - between the estimated and the actual value of pension fund assets of £0.133 million - which is outside the control of the authority and which it does not intend to adjust
- 4 In addition enhanced disclosures have been made to the fire fighters pension account and in respect of the revision of asset lives for fixed assets.
- 5 The authority is not amending the accounts for non-collectable debtors totalling £27,000 but will be writing them off in the current year.
- 6 The accounts have also been amended to reflect a late fire fighters pension commutation decision by the CLG department.

Key messages

Use of resources

- 7 The authority has achieved an overall score of 2 under the new more challenging use of resources assessment. Within the overall score it achieved a score of 3 for the costs and performance sub-theme, reflecting its success in securing planned efficiencies from combination.
- 8 I plan to give an unqualified conclusion stating that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

9 I ask the Audit Committee to:

- consider the matters raised in the report before approving the financial statements;
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified which management has declined to amend or set out the reasons for not amending the errors (Appendix 3);
- take note of the VFM Conclusion and Use of Resources score; and
- approve the letter of representation on behalf of the Authority before I issue my opinion and conclusion (Appendix 4).

Financial statements

The Authority's financial statements and annual governance statement are important means by which the Authority accounts for its stewardship of public funds. As Authority members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

10 Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Errors in the financial statements

11 Enhanced disclosures have been made to the fire fighters pension account and in respect of the revision of asset lives for fixed assets.

12 I have not identified any significant errors that management has declined to correct, except for the following:

- Uncollectable debtors of £27,000 were identified during the audit. The authority do not plan to amend the accounts but will write these off in the current year.
- The assumed value of Devon Pension Fund assets used by the actuary in their FRS17 reports to the scheduled and admitted bodies was £1,767.9 million – an underestimate of £14.7 million compared with the actual audited figure. Devon and Somerset Fire's share of this difference has been calculated at £0.133 million, using the actuarial calculation of the percentage share of assets. This is something over which the authority have no control and is reported to you for information only. The amount is not material and management do not plan to change the 2008/09 accounts.

13 Minor errors or omissions identified during the audit will be reported to officers in a separate memo after the opinion is given.

Accounting practice and financial reporting

14 There are no significant accounting practice and financial reporting issues requiring the attention of members.

Material weaknesses in internal control

15 No material weaknesses in internal control have been identified during the audit except for the delays in producing fixed asset and depreciation information. This was eventually finalised in June 2009. Errors identified at the audit are referred to above and below in table 1.

Letter of representation

16 Before I issue my opinion, auditing standards require me to obtain appropriate written representations from you and management about your financial statements and governance arrangements. Appendix 3 contains the draft letter of representation I seek to obtain from you.

Key areas of judgement and audit risk

17 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit. My findings are set out in Table 1.

Table 1 Key areas of judgement and audit risk

Issue or risk	Finding
Pension fund accounting – Complex pension arrangements and changes make this a risk area	Pension fund accounting was satisfactory. Accounts have subsequently been adjusted to include the effects of recent fire fighters pensions commutation decision by CLG department.
Fixed assets – Lack of fixed assets reconciliations to the ledger during 2008/09	Fixed asset and depreciation information was not produced until June 2009. Fixed asset values were found to be materially correct.
PFI – Potentially complex accounting - Risk of errors	PFI correctly reflected in the accounts.
RMB accounts – Need to ensure that there is no duplication between the RMB accounts and those of Devon and Somerset	Audit procedures confirmed no duplication
Economic climate – Risks specifically arising from the economic downturn.	No material issues identified but the collectability of some debts is in need of review.
Need to ensure that FRAML insurance arrangements have been accounted for appropriately	Audit procedures confirmed that FRAML is correctly reflected in the FRS accounts

Use of resources

I am required to consider how well the Authority is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and give a scored use of resources judgement.

I am also required to conclude whether the Authority put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 18** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 19** I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 20** From 2008/09, the use of resources assessment is more demanding than previous assessments. The KLOEs are more broadly based than previously and embrace wider resource issues such as workforce planning and the use of natural resources. The KLOEs focus more on value for money achievements, outputs and outcomes rather than on processes.
- 21** As part of the continuing drive to improve standards the scoring arrangements have been adjusted so that to attain level two the authority must show that it has arrangements that are consistent with established professional practice and guidance, meet statutory requirements and operate effectively.
- 22** To achieve a level three, authorities now need to demonstrate a higher standard of performance which includes the following:
 - Operating consistently above minimum requirements;
 - Demonstrating a forward-looking and pro-active approach;
 - Evidencing outputs and outcomes which demonstrate impact; and
 - Effective partnership working.
- 23** This is a significant challenge and it follows that 2008/09 use of resources scores are not directly comparable with those for the previous year.
- 24** The Authority's use of resources theme scores are shown in Table 3 below. The key findings and conclusions for the three themes, and the underlying KLOEs, are summarised in Appendix 5.

Use of resources

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	2
Governing the business	2
Managing resources	2

- 25** The authority has sound arrangements in place across all three of the use of resources themes.
- 26** Its arrangements for securing VFM and savings are especially good and that sub-theme (1.2) has been marked as a 3. The securing of improved VFM was a prime driver for the combination of services and the savings anticipated in that merger are being delivered. Its procurement arrangements have also been developed rapidly and successfully.
- 27** Now that combination has been achieved and the new authority has established itself the opportunity exists to develop further arrangements in all areas which demonstrate pro-activity, achievement of outcomes and effective working with partners.

Value for money conclusion

- 28** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 5.
- 29** I intend to issue an unqualified conclusion stating that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.
- 30** Appendix 1 contains the wording of my draft report.

Appendix 1 – Independent auditor’s report to Members of Devon and Somerset Fire and Rescue Authority

Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Devon and Somerset Fire and Rescue Authority for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Devon and Somerset Fire and Rescue Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Responsible Financial Officer and auditor

The Responsible Financial Officer’s responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Appendix 1 – Independent auditor’s report to Members of Devon and Somerset Fire and Rescue Authority

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Devon and Somerset Fire and Rescue Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Appendix 1 – Independent auditor’s report to Members of Devon and Somerset Fire and Rescue Authority

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Alun Williams

District Auditor

5-6 Blenheim Court
Lustleigh Close
Matford Business Park
Exeter
EX2 8PW

September 2009

Appendix 2 – Adjusted amendments to the accounts

The following misstatements were identified during the course of my audit and the financial statements have been adjusted by management. I bring them to your attention to assist you in fulfilling your governance responsibilities.

Table 3

		Income and Expenditure Account		Balance Sheet	
Adjusted misstatements	Nature of Adjustment	Dr £000s	Cr £000s	Dr £000s	Cr £000s
Firefighters pension fund	Enhanced disclosure				n/a
Fixed assets	Disclosure of changes in asset lives				n/a

Appendix 3 – Unadjusted misstatements in the accounts

The following misstatements were identified during the course of my audit and the financial statements have not been adjusted by management. I bring them to your attention to assist you in fulfilling your governance responsibilities. If you decide not to do so, please tell us why in the representation letter. If you believe the effect of the uncorrected errors, individually and collectively, is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected errors to the representation letter.

Table 4

Description of error	Accounts effected	Value of error £
Variance between the estimated and the actual value of pension fund assets (which is outside the control of the authority)	FRS17 Pension fund	£ 0.133 million
Uncollectable debtors	Debtors	£ 27,000

Appendix 4 – Draft letter of representation

To:

Alun Williams
District Auditor
5-6 Blenheim Court
Lustleigh Close
Matford Business Park
Exeter
EX2 8PW

Devon and Somerset Fire and Rescue Authority- Audit for the year ended 31 March 2009

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors and officers of Devon and Somerset Fire and Rescue Authority, the following representations given to you in connection with your audit of the Authority's financial statements for the year ended 31 March 2009.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with *the* Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which present fairly the financial position and financial performance of the authority and for making accurate representations to you.

Uncorrected misstatements

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed in the attached schedule are not material to the financial statements, either individually or in aggregate. These misstatements have been discussed with those charged with governance within the *authority* and the reasons for not correcting these items are as follows;

- *reason 1 etc;*
- *reason 2*

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the authority have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Authority and Committee meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the authority.

Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements. For [xyz] assumption, I confirm:

- the appropriateness of the measurement method;
- the basis used by management to overcome the presumption under the financial reporting framework;
- the completeness and appropriateness under the financial reporting framework; and
- if subsequent events [require/do not require] adjustment to the fair value measurement.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

Appendix 4 – Draft letter of representation

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. Except as disclosed in Note X to the financial statements we have no other lines of credit arrangements.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements; and
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

Post balance sheet events

Since the date of approval of the financial statements by the Authority, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

The authority has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Specific representations:

[example] There are no other material amounts relating to unfunded liabilities, curtailments or settlements of past service costs relating to pension provision other than those which have been properly recorded and disclosed in the financial statements.

[example] The legal claim by ABC Limited has been settled out of court by a payment of £258,000. No further amounts are expected to be paid and no similar claims have been received or are expected to be received.

Signed on behalf of Devon and Somerset Fire and Rescue Authority

I confirm that the this letter has been discussed and agreed by the Authority on [date]

Signed

Name

Position

Date

Appendix 5 – Use of resources key findings and conclusions

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

Table 5 **Managing finances**

Theme score	2
Key findings and conclusions	
<p>The authority has sound arrangements for managing its finances which incorporate the characteristics expected at level 2. Its arrangements for securing VFM and savings are especially good and have been marked as a 3. The securing of improved VFM was a prime driver for the combination of services and the savings anticipated in that merger are being delivered. Now that combination has been achieved and the new authority has established itself there is the opportunity for further development of financial management arrangements, which the authority is doing.</p>	
KLOE 1.1 (financial planning)	
Score	2
VFM criterion met	Yes
Key findings	
<p>Strengths</p> <ul style="list-style-type: none"> • A comprehensive, balanced and realistic budget has been set. • The corporate and financial planning process is integrated and linked to key strategic objectives. • Required budget savings met for the last two years, enabling the authority to increase levels of reserves • Treasury Management outcomes are reported annually and a full assessment of the level of reserves is reported to the authority. 	

Appendix 5 – Use of resources key findings and conclusions

Areas for development

- Develop the long term financial plan employing more sophisticated financial projection techniques
- Develop a long-term savings plan
- Report Treasury Management and investment decisions to the authority regularly
- Develop a more proactive community consultation process and extend consultation with stakeholders for the corporate plan to include the consideration of other issues eg shared financial and organisational objectives
- Facilitate strengthened challenge by members on financial planning, management and leadership arrangements

Appendix 5 – Use of resources key findings and conclusions

<p>KLOE 1.2 (understanding costs and achieving efficiencies)</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
<p>Key findings</p>	
<p>Strengths</p> <ul style="list-style-type: none"> ● Good understanding of costs and cost drivers ● Good understanding of local issues ● Good quality reports ● Benchmarking with others ● Good analytical skills ● Whole life costing is used ● Continual challenge to VfM ● Scrutiny is good ● Resources are deployed effectively ● Achievement of efficiency targets <p>Areas for development</p> <ul style="list-style-type: none"> ● Demonstrate VfM more clearly and deliver excellent VfM ● Demonstrate innovation in delivering VfM and Efficiencies ● Demonstrate VfM and efficiencies delivered through partnership working ● Demonstrate clearly how this impacts on the community 	

Appendix 5 – Use of resources key findings and conclusions

KLOE 1.3 (financial reporting)	
Score	2
VFM criterion met	Yes
Key findings	
Strengths	
<ul style="list-style-type: none">• Budget reports taken to senior management board include narrative summaries to explain key variations• Financial and non financial data are considered together at Authority meetings• Internal Audit complete annual reviews of key financial systems which contribute to the overall assurance framework	
Areas for development	
<ul style="list-style-type: none">• Enhance budget reporting to include forecasting information and trend analysis• Develop the use of flexible financial reporting facilities• Review the financial performance of significant partnerships• Develop annual reporting to report more fully on the organisation's activities• Develop further accounts closedown arrangements and related matters eg supporting working papers	

Table 6 **Governing the business**

Theme score	2
Key findings	
The authority has sound governance arrangements in place which incorporate the characteristics expected at level 2. Its procurement arrangements have been developed rapidly and successfully. In other areas of governance the opportunity now exists to develop arrangements, demonstrating proactivity, now that the combined authority is firmly established	
KLOE 2.1 (commissioning and procurement)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>Strengths</p> <ul style="list-style-type: none"> • National Procurement Strategy shapes service delivery • Joint commissioning • Consideration of costs, quality and other issues • Authority supports suppliers and potential suppliers well • Significant improvements in procurement since combination • Qualified, dedicated procurement team • Improving partnership working across the South West • E-procurement in place and IT used as an enabler • Procurement committee in place • Demonstration of a good understanding of the local market • Delivering VFM and savings 	

Appendix 5 – Use of resources key findings and conclusions

Areas for development

- Develop forward-looking procurement plan and strategy
- Policies and procedures need to be embedded
- Demonstrate how savings and VfM result from procurement activities
- Demonstrate wider community outcomes of procurement decisions, eg environmental
- Demonstrate Partnership outcomes

Appendix 5 – Use of resources key findings and conclusions

<p>KLOE 2.2 (data quality and use of information)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings</p>	
<p>Strengths</p> <ul style="list-style-type: none"> ● Performance against corporate plan targets monitored through the performance management system ● Authority participates in the regional benchmarking group which considers variances and ensures appropriate quality of data received ● Data management and security policies are in place, including data sharing protocols with partners ● Full performance reports taken to the authority on a quarterly basis are well presented, including explanatory charts and narrative summaries ● Incident monitoring policy in place which ensures continuous monitoring of operational incidents <p>Areas for development</p> <ul style="list-style-type: none"> ● Put in place a formal risk-based framework to oversee data quality which includes coverage of partnerships ● Continue to develop partnership working arrangements ● Enhance performance reporting as planned eg by showing previous month's data, area comparisons and profiling ● DQ spotchecks O/S 	

Appendix 5 – Use of resources key findings and conclusions

<p>KLOE 2.3 (good governance)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings</p>	
<p>Strengths</p> <ul style="list-style-type: none"> ● Revised and updated corporate governance code, scheme of delegation, standing orders and SFIs are in place ● Audit Performance and Review committee involved in development of the regional induction framework which has been linked to the code of governance ● Vision statement published as part of the 2009/10 – 2011/12 corporate plan ● 'Making the connections' - the organisation's equalities and diversity scheme -has been adopted recently ● Partnership working framework recently put in place <p>Areas for development</p> <ul style="list-style-type: none"> ● Review roles and responsibilities of members using individual personal development plans to identify skills gaps and inform training plans ● Pro-actively demonstrate that the authority's culture is open and outward looking, with a clear focus on local community needs ● Provide evidence that strategic priorities have been delivered ● Pro-actively demonstrate that a strong ethical culture is embedded and provide ethics training to officers and members ● Demonstrate that local people have confidence in the organisation's partnerships ● Embed the more recent initiatives 	

Appendix 5 – Use of resources key findings and conclusions

KLOE 2.4 (risk management and internal control)	
Score	2
VFM criterion met	Yes
Key findings	
<p>Strengths</p> <ul style="list-style-type: none"> ● Risk management strategy and corporate risk register are in place and include partnerships ● Partnership information exchange protocol for data sharing is in place ● Members and officers trained in risk management - included as part of the regional induction programme ● Updated fraud and corruption strategy in place ● Internal Audit has confirmed that no instances of fraud & corruption have been identified and there has been no whistle blowing ● The Authority has tested its business continuity planning <p>Areas for development</p> <ul style="list-style-type: none"> ● Provide evidence of a strong track record of achieving counter fraud outcomes ● Complete a self assessment of counter fraud arrangements including whistle blowing ● Provide evidence of effective working arrangements with partners eg to share fraud and corruption information ● Pro-actively obtain risk-based assurance to ensure viability of significant contractors and adequacy of partners' business continuity plans 	

Appendix 5 – Use of resources key findings and conclusions

Table 7 Managing resources

Theme score	2
Key findings	
The authority has sound workforce planning arrangements in place which incorporate the characteristics expected at level 2. It now needs to put in place a strategic workforce plan for the longer term and some initiatives need to embed and be developed further.	
KLOE 3.3 (workforce planning)	
Score	2
VFM criterion met	Yes
Key findings	
<p>Strengths</p> <ul style="list-style-type: none"> • Authority has identified gaps in workforce and undertaken recruitment campaign • Recruitment working group in place • Targeting under-represented groups • Training delivering operational competencies • Effective performance and development appraisals • Accident and near-miss management and sickness management • Good progress now on harmonising policies • Change Management happening • Good progress on equality and diversity <p>Areas for development</p> <ul style="list-style-type: none"> • Develop overall strategic medium / long term workforce plan • Develop and implement workforce indicators • New policies and procedures need to be embedded 	

The Audit Commission

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

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

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

Copies of this report

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

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