

Annual Governance Report

Barrow-in-Furness Borough Council

Audit 2008/09

Date

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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.
-

Dear Chair and Members of Barrow Borough Council Audit Committee

2008/09 Annual Governance Report

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

A draft of the report was discussed and agreed with the Borough Treasurer and has been updated since as issues have been resolved.

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);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4); and
- agree your response to the proposed action plan (Appendix 7).

Yours sincerely,

Gina Martlew
Appointed 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	6
Financial statements free from material error	Yes	6
Adequate internal control environment	Yes	6
Use of resources	Results	Page
Use of resources judgements	Yes	9
Arrangements to secure value for money	Yes	9

Audit opinion

- 1 I propose to give an unqualified opinion on the accounts and the VFM conclusion.
- 2 I would like to thank the Borough Treasurer and his staff for their thorough work on the preparation and presentation of the accounts, there were few errors and working papers were very good.

Audit Fees

- 3 I reported to the Audit Committee in April 2009. Our report explained that at that stage, having considered risks that had arisen since the fee was originally agreed, there was no requirement to increase the fee. There have been no issues arising during the final accounts audit which would lead to an increase in the fee.

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.

4 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 (Appendix 6) and Use of Resources score (Appendix 5);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4); and
- agree your response to the proposed action plan (Appendix 7).

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council 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

- 5 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

- 6 Our audit identified some errors in the financial statements. The purpose of our audit is to identify all material errors in the accounts. Some of the errors which have been amended are large amounts, but relate to the classification of assets.
- 7 The balance sheet total investment of £4.3m is more appropriately classified as cash, as the money was held in an overnight account. This has been amended in the financial statements.
- 8 The Mall and Shops which are valued at £1.4m in the financial statements have been classified as other land and buildings. It would be more appropriate to classify them as non-operational land and buildings. This has been amended in the financial statements.
- 9 The Council undertook a revaluation of assets in line with the Statement of Recommended Practice (SORP). Some of the valuations in the accounts were undertaken by a member of staff employed by Barrow-in-Furness BC. Following the start of the audit the member of staff decided that he was not adequately qualified to undertake the valuations and reported this to management. The member of staff has subsequently been disciplined. There are procedures in place to confirm the qualifications of staff when appointed.
- 10 These asset valuations, which totalled £5.7m, were reviewed by a firm of external valuers who provided a valuation which was £340,000 lower. Management have declined to amend these revaluations as they are not material.

Recommendation

- R1 Ensure that procedures are in place to confirm the qualifications of experts used to provide figures for the financial statements

Weaknesses in internal control

- 11** Our testing of systems work at the interim stage identified that there were weaknesses in the operation of authorisation controls over creditors. Testing of the authorisation of invoices identified that invoices had been authorised by members of staff who were not on the signatory list for the relevant cost code. The authorised signature list needs to be reviewed to ensure that authorised signatories are appropriate and up to date. The risks arising from this control weakness include the possibility that fraudulent expenditure could be entered into the Council's system.
- 12** Because of this control weakness we agreed an approach for additional testing of expenditure to ensure we had sufficient assurance over the classification, accuracy, completeness and occurrence assertions. A sample of expenditure was tested by internal audit. Where testing identified that the expenditure had been authorised incorrectly, a manager on the authorised list for that particular cost code was asked to confirm that the expenditure had correctly been incurred and provided retrospective approval. There were no matters arising from this detailed testing. Out of the sample of 75, 12 were found to not have been correctly authorised, but retrospective approval was obtained for these 12 items.

Recommendation

R2 Ensure that adequate controls operate over the authorisation of expenditure.

Key areas of judgement and audit risk

- 13** 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
Economic downturn may affect the carrying value of assets held and an increase in bad debts.	The value of land and buildings on the balance sheet has been affected by the overall fall in property prices. Impairments of £35m have been reflected in the accounts.
The Council will need to prepare accounts in line with the requirements of International Financial Reporting Standards from 2010/11. This means that the 2009/10 comparative figures will need to be restated. The transition date for IFRS for local government is 31 March 2009. Barrow Borough Council will need to identify any changes to the 2008/09 figures which are required to restate the	The Council has begun to consider the issues arising from the implementation of IFRS. Sufficient resources will need to be devoted to this additional work.

Issue or risk	Finding
comparative figures for the 2009/10 accounts.	
New fixed asset register	Information had been transferred correctly from the old asset register to the new register.

Accounting practice and financial reporting

- 14 I consider the qualitative aspects of your financial reporting.
- 15 Two prior period adjustments were made to the accounts which were not material, nor did they correct a fundamental error in previous years. FRS 3 and the SORP require prior period adjustments only when there is a material adjustment to prior years arising from changes in accounting policies or from the correction of a fundamental error in previous years' accounts.
- 16 The prior period adjustments made are not material and we have therefore agreed with management that they don't need to be amended.

Recommendation

- | |
|---|
| <p>R3 In future, consider whether prior period adjustments are required by the SORP and FRS 3.</p> |
|---|

Letter of representation

- 17 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.

Use of resources

I am required to consider how well the Council 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 Council 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** The Council's use of resources theme scores are shown in Table 3 below. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 5.

Table 2 Use of resources theme scores

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

- 21** Summaries for each of the themes and KLOE scores can be found in Appendix 5.

Value for money conclusion

- 22** 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 6.
- 23** I intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.

24 Appendix 1 contains the wording of my draft report.

Appendix 1 – Independent Auditor’s report to Members of Barrow-in-Furness Borough Council

Independent Auditor’s report to the Members of Barrow-in-Furness Borough Council

Opinion on the financial statements

I have audited the Council accounting statements and related notes of Barrow-in-Furness Borough Council 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, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund 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 Barrow-in-Furness Borough Council 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 Borough Treasurer and auditor

The Borough Treasurer’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 Council 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 Council'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 and the content of the Annual Report. 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.

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 Council in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Council'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 Council 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 Council 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

Council’s Responsibilities

The Council 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.

Appendix 1 – Independent Auditor’s report to Members of Barrow-in-Furness Borough Council

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council 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 Council has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Council’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, Barrow-in-Furness Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

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.

Gina Martlew

September 2009

Appointed Auditor

Audit Commission
2nd Floor, Aspinall House,
Aspinall Close,
Middlebrook,
Horwich,
Bolton, BL6 6QQ

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

Description of error	Accounts affected	Value of error
The Mall and Shops are classified as other land and buildings where it would be more appropriate to classify them as non-operational land and buildings.	Balance sheet – fixed assets	£1,424,000
The balance in the overnight account held by the Council has been shown as an investment, however it would more appropriately be shown as cash.	Balance sheet, investments and cash.	£4,303,000

There have also been changes made to some disclosures to aid understanding. Some of these are above our triviality threshold; however they are not individually significant to require reporting to those charged with governance.

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 affected	Value of error
The revaluation of fixed assets initially valued by a member of staff was reperformed by an external valuer. This produced a lower valuation overall.	Balance sheet – fixed assets	£340,000
Two prior period adjustments were made to the accounts. However these adjustments do not comply with the SORP which states that material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors should be accounted for by restating the comparative figures for the preceding period in the Statement of Accounts. The adjustments made are not material and therefore did not need to be made. The adjustments were as follows:		
The prior year's net expenditure for Cultural, Environmental and Planning Services was amended to include the Market Hall and the Outdoor Market which were previously disclosed separately as a trading operation.	Income and Expenditure account	£19,997

Appendix 3 – Unadjusted misstatements in the accounts

Description of error	Accounts affected	Value of error
The opening collection fund balance was changed, and the amounts relating to precepting authorities have been included as creditors.	Collection fund balance and creditors	£139,907

Appendix 4 – Draft letter of representation

To:

Ms G Martlew

Senior Audit Manager

Audit Commission

2nd Floor

Aspinall House,

Aspinall Close,

Middlebrook,

Horwich,

Bolton, BL6 6QQ

Dear Ms Martlew

Barrow-in-Furness Borough Council - Audit for the year ended 31 March 2009

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Barrow-in-Furness Borough Council, the following representations given to you in connection with your audit of the

Council's financial statements for the year ended 31 March 2009. All representations cover the Council's accounts included within the financial statements.

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 and United Kingdom Generally Accepted Accounting Practice which present fairly the financial position and financial performance of the Council and for making accurate representations to you.

Uncorrected misstatements

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed below are not material to the financial statements, either individually or in aggregate.

The uncorrected errors were as follows:

- The opening net expenditure for Cultural, Environmental and Planning Services was amended to include the Market Hall and the Outdoor Market which were previously disclosed separately as a trading operation.
- The opening collection fund balance was changed, and the amounts relating to precepting authorities have been included as creditors.

These misstatements have been discussed with those charged with governance within the Council 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 Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council 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 Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Appendix 4 – Draft letter of representation

Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements. For all assumptions, 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 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.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. We have no 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;
- 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 Council, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

Specific representations

There have been no equal pay claims received by the Council.

Signed on behalf of Barrow-in-Furness Borough Council

I confirm that the this letter has been discussed and agreed by the Council on 23
September 2009

Signed

Name

Position

Date

Appendix 5 – Use of resources

The following tables summarise the key finding and conclusions for each of the three use of resources themes. The detailed findings will be reported separately.

Table 5 Managing finances - How effectively does the Authority manage its finances to deliver value for money?

Theme score	2
Key findings and conclusions	
<p>The Council has set key priorities for the Borough and for the delivery of services. The business plan for 2008/09 clearly links to the key priorities of the Council and schemes have been delivered in line with its key priorities. A Medium term financial plan is consistent with other plans. There has been consultation within and outside the council on the budget setting process.</p> <p>An approved treasury management policy is in place and the council has continued its prudent investment policy. The council understands its costs and performance and reports these to managers and councillors. It is aware of the issues that it has to deal with because of geographical isolation and because of the deprivation in parts of the borough.</p> <p>The council uses detailed analysis of costs and performance to support its decisions in service expansion and redesign. The council regularly reports cost and performance information to its managers and councillors. The routine reporting of performance information is based on reporting by exception.</p> <p>The Council needs to ensure that it is able to replicate its more efficient and effective methods of working and using cost and performance information in a consistent and systematic manner across the workings of the whole organisation.</p> <p>A comprehensive Council Finance report is submitted to the Management Board and the Executive Committee, which includes forecast information. The report is produced quarterly.</p> <p>The Council produced good quality accounts which were prepared and approved by the audit committee ahead of the deadline. The working papers supplied to support the accounts are of a good quality and all queries have been dealt with on a timely basis</p> <p>Staff are aware of the latest guidance and attend relevant training.</p> <p>The website includes a corporate documents section which includes all the key documents produced by the Council. An Annual Report is produced and includes financial information in an easy to understand format.</p>	

Table 6 **Governing the business – how well does the Authority govern itself and commission services that provide value for money and deliver better outcomes for local people?**

Theme score	2
Key findings and conclusions	
<p>The council is delivering outcomes in line with priorities and has redesigned services and made appropriate investments to better meet those needs.</p> <p>The council is involving its partners, including suppliers and potential suppliers, in its procurement decision making.</p> <p>Data produced is reliable and relevant. Relevant and timely information is provided to managers and councillors to assist them in decisions. Data security procedures are in place and are working. The council has procedures in place to enable it to collect and analyse data from its services and activities.</p> <p>The Constitution sets out the roles of the different committees, the roles of officers and a protocol for officer/ member relations, code of conduct for members and the areas for which the council will have official spokespersons. The council has set out a clear vision.</p> <p>There is a programme for member development and learning</p> <p>The Council also works in partnership with Liberata in delivery of services. There is a partnership board which monitors the performance which reports to the scrutiny committee.</p> <p>The council has a standards committee. The Council works in partnership with a number of organisations through the LSP.</p> <p>The risk register scores the risks based on likelihood and impact, including risks in relation to partnerships, highlights mitigating and contingency actions and identifies a responsible officer for the risks. The executive management board considers the risk register which also is considered by the scrutiny committee.</p> <p>A counter fraud strategy is in place which is available on the Council's website, as is the whistleblowing policy and the fraud hotline is manned by internal audit. The Council has an audit committee and effective internal audit in place. There are arrangements in place to prepare the AGS. The Council has a good system of internal financial control.</p>	

Appendix 5 – Use of resources

Table 7 Managing resources – How well does the authority manage its people to meet current and future needs and deliver value for money?

Theme score	2
Key findings and conclusions	
<p>The council's workforce is small compared with similar sized districts as many services have been contracted out. The workforce is relatively productive and generally well skilled. The council has an appraisal system in place and has a resourced annual training plan to help respond to training needs identified during appraisal. The council understands the profile of its workforce and reports on this annually to managers and councillors, the reports include equality and diversity figures.</p> <p>The council has produced a human resource strategy adopted from work undertaken by Cumbria County Council, dealing with Cumbria wide issues covering the period from 2007 to April 2009. The council has an understanding of areas where further recruitment is needed to meet key priorities and has used traineeships and modern apprenticeships to fill known gaps. They also have an understanding of likely workforce issues arising out of major projects, for example capacity of planning as the marina development continues.</p> <p>The business planning undertaken by the council considers the human resources available to each core service and the associated costs. The business plan links to the financial plan and the key priorities of the Council. Within the council reporting of general HR and people performance indicators takes place quarterly. The council can show evidence of engaging staff at times of organisational change using staff newsletters, the intranet and specific briefings.</p> <p>The Council has a variety of policies for good people management, flexible working and well being which are well publicised on its intranet, including an externally sourced employee assistance programme. Regular reporting of activity takes place including the scrutiny review of sickness absence which has led to immediate reductions in sickness absence, absence is now at 7.5 to 8.5 days compared with the initial 12.5</p> <p>The council has only got level one of the LG equality standard.</p>	

KLOE scores

Table 8 Theme 1 Managing Finances

KLOE	Score
1.1 Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?	2
1.2 Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?	2
1.3 Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?	3

Table 9 Theme 2 Governing the Business

KLOE	Score
2.1 Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?	2
2.2 Does the organisation produce relevant and reliable data and information to support decision making and manage performance?	2
2.3 Does the organisation promote and demonstrate the principles and values of good governance?	2

Appendix 5 – Use of resources

KLOE	Score
2.4 Does the organisation manage its risks and maintain a sound system of internal control?	2

Table 10 Theme 3 Managing Natural Resources

KLOE	Score
3.3 Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?	2

Appendix 6 – Value For Money Conclusion

Value for Money Conclusion Criteria

Table 11 Managing finances

VFM Criterion	VFM Conclusion met?
Does the organization plan its finances effectively to deliver its strategic priorities and secure sound financial health?	Yes
Does the organization have a sound understanding of its costs and performance and achieve efficiencies in its activities?	Yes
Is the organization's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?	Yes

Table 12 Governing the business

VFM Criterion	VFM Conclusion met?
Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?	Yes
Does the organisation produce relevant and reliable data and information to support decision making and manage performance?	Yes
Does the organisation promote and demonstrate the principles and values of good governance?	Yes
Does the organisation manage its risks and maintain a sound system of internal	Yes

Appendix 6 – Value For Money Conclusion

control?	
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Table 13 Managing resources

VFM Criterion	VFM Conclusion met?
Is the organisation making effective use of natural resources?	n/a for 2008/09, but will be assessed in 2009/10.
Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?	n/a for 2008/09. Will not be assessed in 2009/10.
Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?	Yes. Will not be assessed in 2009/10.

Appendix 7 – Action Plan

Page no.	Recommendation	Priority Low Med High	Responsibility	Agreed	Comments	Date
	Annual Governance Report 2008/09 - Recommendations					
	Ensure that procedures are in place to confirm the qualifications of experts used to provide figures for the financial statements	High				
	Ensure that adequate controls operate over the authorisation of expenditure.	High				
	In future, consider whether prior period adjustments are required by the SORP and FRS 3.	Med				

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.

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