

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

30 JUNE 2008

REPORT OF THE DIRECTOR OF FINANCE

COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) 2008 - USE OF RESOURCES

1. EXECUTIVE SUMMARY

- 1.1 This report provides details of progress against the 2008 Comprehensive Performance Assessment Use of Resources action plan. The report also outlines future activity against the plan.

2. BACKGROUND

- 2.1 The Use of Resources (UOR) assessment consists of a judgement made over five themes of financial activity known as key lines of enquiry. There are a series of separate criteria within each level for which compliance has to be evidenced of which a large number have essential status. Failure to meet one of these essential criteria will result in automatic failure to achieve that particular level. The five themes are listed in the table.

Theme	Key Line of Enquiry
1	Financial reporting
2	Financial management
3	Financial standing
4	Internal control
5	Value for money

- 2.2 The Use of Resources score is based upon a standard scale as follows:

Score	Standard Scale
1	Inadequate Performance
2	Adequate Performance
3	Performing Well
4	Performing Strongly

- 2.3 There are a number of sub components within the five themes, which are also awarded scores using the standard scale. An overall Use of Resources score is then determined from the theme scores.

- 2.4 The current overall Use of Resources score is 2. Under the CPA scoring regime the Use of Resources is classed as a level 1 assessment. Level 1 areas have the highest weighting in contributing to the overall CPA score. The next UoR assessment will be undertaken by the Audit Commission in late summer 2008 but will largely be based upon the position as at 31 March 2008. Authorities will receive initial notification of their score from the Audit Commission in December 2008. The results will be published by the Audit Commission in February 2009 following an appeal/review process.
- 2.5 Details of the 2007 UoR assessment, areas for improvement and the new criteria for the 2008 assessment were reported to Cabinet on 7 February 2008. The report also contained an action plan detailing the issues raised by the Audit Commission and proposed actions to deliver improvements.

3. **RECENT PROGRESS**

- 3.1 Progress has been made since the action plan was formulated. Details of the plan and actions are included within appendix A. The most significant achievements across each key line of enquiry area and a description of the major areas covered in each theme are summarised below.

(a) Financial Reporting

This will be assessed in relation to the Statement of Accounts as at 31 March 2008 and the subsequent audit of these statements by the Audit Commission. The accounts should be submitted to the Audit and Risk Management Committee on 30 June 2008 and the Audit Commission report will be presented to the Audit and Risk Management Committee on 30 September 2008. In addition the assessment includes a judgement as to how well the Authority reports its financial information externally. Activities already undertaken include:

- Detailed analysis undertaken and guidance produced to reflect new changes to the Statement of Accounts reporting requirements for 2008
- Training sessions undertaken to highlight any issues raised in the 2007 Audit Commission Statement of Accounts report and future 'hot' topics
- Attendance at technical advice workshops and liaison with audit to ensure compliance with required technical accounting changes for 2008
- Timetable produced for 2007/08 Statement of Accounts production and weekly monitoring meetings taking place to monitor progress against the timetable and to deal with any technical accounting issues.

(b) Financial Management

This incorporates the Corporate Plan and Medium Term Financial Strategy, performance against budgets and the management of the Authority asset base. Additional detail has been built into the plan following the report on Property Performance Management submitted to Cabinet on 13 March 2008. Recent activity undertaken includes:

- New Corporate Plan and Departmental Service Plans approved by Cabinet on 13 March 2008
- Monthly financial monitoring report circulated to Cabinet Members and Committee chairs and quarterly monitoring reports produced throughout 2007/08 in accordance with 2007/08 reporting framework
- Joint financial and performance management quarterly reporting framework for 2008-09 agreed by Cabinet on 3 April 2008
- Report on Property Performance Management arrangements and actions agreed by Cabinet on 13 March 2008

(c) Financial Standing

This relates to the management of spending within resources, the level of balances maintained, and income collection arrangements. Recent activity includes:

- Monthly financial reporting to Cabinet Members and Committee Chairs of expenditure against budget and balance position (as above).
- Commencement of income review as part of change programme agreed by Cabinet on 7 February 2008

(d) Internal Control

The Authority was assessed as performing well (3 star) within this theme in the 2007 assessment. This assessment covers risk management, internal control arrangements and general probity and propriety of systems and processes. Activities recently undertaken include:

- Revised Corporate Risk Register agreed by Cabinet on 13 March 2008
- Partnership toolkit to aid partnership risk identification procured and made available from April 2008.

- Revised Whistleblowing policy presented to Cabinet on 3 April 2008

(e) Value For Money (VFM)

The assessment of this theme is based on whether the Authority is judged to currently provide good value for money for its population and whether it actively manages and improves value for money within its activities. Recent activity includes:

- Analysis of information from Audit Commission VFM profiles and reports to 7 February 2008 Cabinet on perceived high cost area
- Negotiation of new Local Area Agreement (LAA) targets to reflect the needs of stakeholders thereby providing improved services
- Change programme agreed by Cabinet on 7 February 2008 to deliver improved services and efficiencies
- Use of business case process identifying cost/benefit criteria for 2008/09 IT development plan agreed by Cabinet on 7 February 2008.

4. FORTHCOMING ACTIVITY

4.1 A series of activities are scheduled to be undertaken over the next quarter and are included within the updated action plan included within Appendix A. A summary of the major tasks is shown below again broken down across the five key lines of enquiry:

a. Financial Reporting

- Production of Annual Statement of Accounts and submission to Audit and Risk Management Committee for approval on 30 June 2008
- Submission to Audit Commission of supporting working papers to the Statement of Accounts and assistance in audit process
- Production of summary Statement of Accounts leaflet for distribution at customer information points and on the internet
- Reporting of revenue and capital outturns and balances, reserves and provisions position to Cabinet on 26 June 2008

b. Financial Management

- Series of strategies and plans to be reported to Cabinet on 23 July 2008. Including:
 - Medium Term Financial Strategy
 - Capital Strategy
 - Investment Strategy and Asset Plan
 - Risk Management Strategy
 - Customer Access Strategy
 - HR Strategy and Workforce Plan
 - IT Strategy
 - Change Strategy
- Commencement of new LAA with revised financial arrangements in place
- Ongoing production of monthly financial monitoring reports to Cabinet Members and committee chairs
- Quarterly report including update on revenue, capital, performance and risk information to Cabinet on 14 August 2008

c. Financial Standing

- Production of Statement of Accounts and outturn reports (as per financial reporting)
- Continuation of income review as part of the change programme.

d. Internal Control

- Annual Governance Statement produced, agreed and reported within the annual Statement of Accounts in June 2008
- Revised Corporate Risk Management Strategy completed and reported to Cabinet on 23 July 2008
- Review of Corporate Risk Register undertaken by Corporate Improvement Group and reported to Cabinet on 14 August 2008
- Risk management training for appropriate Members in July 2008.
- Annual review of constitution
- Scoping of training programme for Members appointed to partnerships

- Review of partnership register to be completed in June
- e. Value For Money
- Update to Cabinet on progress on delivering the projected budgets for 2009-2011 at this meeting of the Cabinet and again on 11 September 2008.
 - Analysis and report to Cabinet on the 2007/08 Audit Commission Value For Money Profile.
 - Revised Customer Access Strategy to Cabinet on 23 July 2008
 - Report to Cabinet on 23 July 2008 progress against the Change Programme agreed by Cabinet on 7 February 2008

6. **FINANCIAL AND STAFFING IMPLICATIONS**

6.1 There are no direct financial or staffing implications arising out of this report.

7. **EQUAL OPPORTUNITIES IMPLICATIONS**

7.1 There are none arising directly from this report.

8. **HUMAN RIGHTS IMPLICATIONS**

8.1 There are none arising directly from this report.

9. **LOCAL AGENDA 21 IMPLICATIONS**

9.1 There are none arising directly from this report.

10. **COMMUNITY SAFETY IMPLICATIONS**

10.1 There are none arising directly from this report.

11. **PLANNING IMPLICATIONS**

11.1 There are none arising directly from this report.

12. **LOCAL MEMBER SUPPORT IMPLICATIONS**

12.1 There are no particular implications for any Members or wards arising out of this report.

13. **BACKGROUND PAPERS**

13.1. Audit Commission Use of Resources Auditor Judgements – December 2007.

13.2 Audit Commission Use of Resources Guidance for Councils – March 2008.

14. **RECOMMENDATIONS**

14.1 That the progress against the Use of Resources action plan be noted.

14.2 That regular reports are brought to the Audit and Risk Management Committee on progress against the action plan.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/10908