

# WIRRAL COUNCIL

## AUDIT AND RISK MANAGEMENT COMMITTEE

30 SEPTEMBER 2008

### REPORT OF THE DIRECTOR OF FINANCE

#### COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) - 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 including activities which will contribute towards the 2009 Use of Resources element of the Comprehensive Area Assessment.

##### 2. BACKGROUND

2.1 The Use of Resources (UOR) assessment consists of a judgement made over five themes of financial activity which are further divided into key lines of enquiry (KLOE). 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	Theme
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 is currently being undertaken by the Audit Commission and is largely 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.
- 2.6 Cabinet were informed on 26 June 2008 of the new themes and the new key lines of enquiry to be applied for the 2009 Comprehensive Area Assessment (CAA). Further guidance is awaited from the Audit Commission as to the descriptors and requirements within each key line of enquiry. Once this guidance is released the action plan will be revised to fit the new format. The current action plan covers areas still to be assessed under the 2008 assessment together with likely requirements for the 2009 assessment. The themes and titles of the 2009 KLOE are shown below:

	<b>Managing Finances</b>
1	Planning For Financial Health
2	Understanding Costs and Achieving Efficiencies
3	Financial Reporting
	<b>Governing the Business</b>
4	Commissioning and Procurement
5	Use of Information
6	Good Governance
7	Risk Management and Internal Control
	<b>Managing Resources</b>
8	Natural Resources
9	Strategic Asset Management
10	Workforce (applicable from 2009/10 onwards)

- 2.7 There is likely to be a significant overlap between the old and new Use of Resources KLOES. The new regime however places an increased emphasis on non-financial resources. The most significant change is the separate KLOE dedicated to natural resources. The work undertaken on energy efficiency initiatives and in complying with the aims of the 'Nottingham declaration' amongst other activity will hopefully assist in meeting the requirements of this KLOE.

### 3. RECENT PROGRESS

3.1 Significant further progress has been made since activities against the action plan were last reported to Cabinet on 22 May 2008. 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 as follows.

#### (a) Financial Reporting

This will be assessed in relation to the Statement of Accounts as at 31 March 2008 and the current audit of these statements by the Audit Commission. The audited accounts will be submitted along with the Audit Commission report 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 recently undertaken include:

- Annual Statement of Accounts produced, submitted and approved by Audit and Risk Management Committee on 30 June 2008
- Statement of Accounts published on internet site
- Submission to Audit Commission of supporting working papers to the Statement of Accounts and on-going assistance in audit process
- Production of summary Statement of Accounts leaflet for distribution to all Members and at customer information points and on the internet
- Revenue, capital outturns and balances, reserves and provisions position reported to Cabinet on 26 June 2008

#### (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:

- Series of strategies and plans reported to Cabinet on 23 July 2008:-
  - Medium Term Financial Strategy
  - Capital Strategy
  - Capital Investment Programme Guidance
  - Asset Management Plan 2008-2011
  - Risk Management Strategy
  - Customer Access Strategy
  - People Strategy

- Information and Communication Technologies Strategy
- Change Programme

- New LAA commenced with revised financial arrangements in place
- Revised arrangements for asset management introduced. New department with Chief Officer and Head of Asset Management
- Production of monthly financial monitoring reports to Cabinet Members and committee chairs

(c) Financial Standing

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

- 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

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:

- 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
- Risk management training for Members on 24 July 2008.
- Annual review of constitution approved by Cabinet on 9 July 2008
- Internal Audit Annual Report submitted to Audit and Risk Management Committee on 30 June 2008

(e) Value For Money (VFM)

The assessment of this theme is based on whether the Authority is judged to 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 and report to Cabinet on 23 July 2008 on the 2007/08 Audit Commission Value For Money Profiles.
- Revised Customer Access Strategy to Cabinet on 23 July 2008
- Report to Cabinet on 23 July 2008 on progress against the Change Programme agreed by Cabinet on 7 February 2008
- Submission of 2007/08 Annual Efficiency Statement
- Report on Strategic Asset Review to Cabinet on 9 July 2008 and establishment of geographical asset review teams

**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. Guidance is expected to be issued by the Audit Commission on the CAA Use of Resources key lines of enquiry in autumn. Once this is produced the existing Use of Resources action plan will be re-written and converted to match the new key lines of enquiry. A summary of the major tasks undertaken against the existing plan format is shown below again broken down across the five CPA key lines of enquiry:

a. Financial Reporting

- Completion of audit of Annual Statement of Accounts and submission of audited accounts to Audit and Risk Management Committee for approval on 30 September 2008
- Production of Annual Report containing summary financial and performance information
- Analysis of likely future changes to reporting requirements under International Financial Reporting Standards regime

b. Financial Management

- Quarterly report including update on revenue, capital, performance and risk information to Cabinet on 4 September 2008
- Production of monthly financial monitoring reports to Cabinet Members and committee chairs

- Reports on procurement strategy and procurement efficiencies
- c. Financial Standing
- Presentation of audited Statement of Accounts and outturn reports (as per financial reporting)
  - Continuation of income review as part of the change programme.
- d. Internal Control
- Review of Corporate Risk Register undertaken by Corporate Improvement Group and to be reported to Cabinet.
  - Review of risk management arrangements to ensure they are fit for purpose within the Comprehensive Area Assessment criteria
  - Review of partnership register to be completed by 31 October 2008.
- e. Value For Money
- Update to Cabinet on progress on delivering the projected budgets for 2009-2011 on 4 September 2008.
  - Further consolidated report to Cabinet on 25 September 2008 on explanations behind any 2007/08 Audit Commission Value For Money Profiles 'high cost' areas.
  - Regular reporting to Cabinet on progress against the Change Programme agreed by Cabinet on 7 February 2008
  - Report on progress of Strategic Asset Reviews to Cabinet on 25 September 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

13.3 Audit Commission Use of Resources 2008/09 Overall approach and key lines of enquiry – May 2008

14. **RECOMMENDATIONS**

That

- (1) the progress against the Use of Resources action plan be noted; and
- (2) regular reports be brought to Cabinet on progress against the action plan which will be revised in line with forthcoming Audit Commission guidance

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/188/08