

# WIRRAL COUNCIL

## AUDIT AND RISK MANAGEMENT COMMITTEE

26 JANUARY 2009

### REPORT OF THE DIRECTOR OF FINANCE

#### COMPREHENSIVE AREA ASSESSMENT (CAA) - USE OF RESOURCES

##### 1. EXECUTIVE SUMMARY

- 1.1 This report provides details of the Audit Commission project brief for the Comprehensive Area Assessment Use of Resources 2009 assessment which covers 2008/09.

##### 2. BACKGROUND

- 2.1 Previous reports have outlined the changes in the Use of Resources (UOR) assessment framework in accordance with the move from Comprehensive Performance Assessment (CPA) to the Comprehensive Area Assessment (CAA). The CPA assessment covered five general themes shown below which were further sub-divided into key lines of enquiry (KLOE):

CPA	Theme
1	Financial reporting
2	Financial management
3	Financial standing
4	Internal control
5	Value for money

- 2.2 Under CAA, the Use of Resources assessment has value for money at its centre and now comprises three themes. These are further divided into 10 key lines of enquiry.
- 2.3 There is 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 changes are separate KLOEs dedicated to natural and workforce resources. The work undertaken on energy efficiency initiatives, in complying with the aims of the 'Nottingham declaration', and on workforce planning will assist in meeting the requirements of these KLOEs. The CAA key lines of enquiry are as follows:

<b>CAA</b>	<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)

- 2.4 The Use of Resources score will again be based upon a standard four point scale and will again follow the harder test principle with authorities having to improve in order to retain the same level. The new standard scores are also likely to restrict the number of authorities achieving four stars. The table below details the CPA and CAA standard scoring scales.

Score	Standard Scale CPA	Standard Scale CAA
1	Inadequate Performance	'Failure to meet minimum standards'
2	Adequate Performance	'Getting the basics right'
3	Performing Well	'Performing Well'
4	Performing Strongly	'Excellence and genuine leading edge performance'

- 2.5 The Audit Commission issued further guidance to its auditors on the Use of Resources in October 2008 which is available on its website. The Audit Commission project brief is designed to fit in with this guidance.

### 3. **USE OF RESOURCES 2008**

- 3.1 The 2008 UoR assessment will be formally announced on 26 February 2009. Authorities received their 2008 notifications on 8 December 2008. The notification is however embargoed by the Audit Commission until 26 February 2009. Authorities can submit appeals against this initial notification.
- 3.2 The 2008 assessment was based on the 31 March 2008 position. Since this date officers have continued to work on a number of areas to deliver further continuous improvement which will be reflected within future assessments. Improvement have ranged from reviewing and strengthening the Statement of Annual Accounts processes and the production of an Annual Report, to developing the Strategic Asset Review and further development of the procurement strategy and the change programme.

#### **4. AUDIT COMMISSION USE OF RESOURCES PROJECT BRIEF AND APPROACH FOR 2009**

4.1 The Audit Commission project brief highlights a number of developments within the new Use of Resources:

- The KLOEs are more broadly based than before
- There is an increased focus on value for money achievements
- The focus will be on outputs and achievements rather than on processes in place
- The assessment will be more strategically based
- Guidance will include characteristics of performance but these will not be an essential 'must have' list

4.2 The audit approach will use a 'rounded professional judgement' to form an assessment against the key lines of enquiry. The Audit Commission states that this assessment will be on a top down rather than bottom up basis with less prescription and use of checklists. The assessment of risk will also form an important focus. The assessment will also be informed by the outcomes from other audit work and assessments conducted during the year.

4.3 The Audit Commission will undertake its fieldwork between January and April 2009. This will include the review of key documents, interviewing officers and Members and reviews of Authority minutes and agendas. Further investigation and discussion may follow from this.

4.4 The Audit Commission intends to report the Use of Resources score within the Annual Governance Report. This will be reported alongside the value for money conclusion and the opinion on the statement of accounts in September 2009. The final CAA organisational assessment will be reported in November 2009.

4.5 The approach outlined above does seem to provide for flexibility and for the assessment to be based on a rounded view of achievements. The approach however could also involve a greater degree of subjective judgement from auditors.

#### **5. FINANCIAL AND STAFFING IMPLICATIONS**

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

#### **6. EQUAL OPPORTUNITIES IMPLICATIONS**

6.1 There are none arising directly from this report.

#### **7. HUMAN RIGHTS IMPLICATIONS**

7.1 There are none arising directly from this report.

**8. LOCAL AGENDA 21 IMPLICATIONS**

8.1 There are none arising directly from this report.

**9. COMMUNITY SAFETY IMPLICATIONS**

9.1 There are none arising directly from this report.

**10. PLANNING IMPLICATIONS**

10.1 There are none arising directly from this report.

**11. LOCAL MEMBER SUPPORT IMPLICATIONS**

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

**12. BACKGROUND PAPERS**

12.1. Audit Commission Project Brief Wirral Borough Council Audit 2008/09 - December 2008

12.2 Audit Commission Use of Resources Guidance for Councils – October 2008  
<http://www.audit-commission.gov.uk/useofresources/guidance/index.htm>

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

**13. RECOMMENDATIONS**

13.1 That the 2009 Use of Resources Project brief be noted

13.2 That regular reports be presented on progress on the Use of Resources.

IAN COLEMAN  
DIRECTOR OF FINANCE