

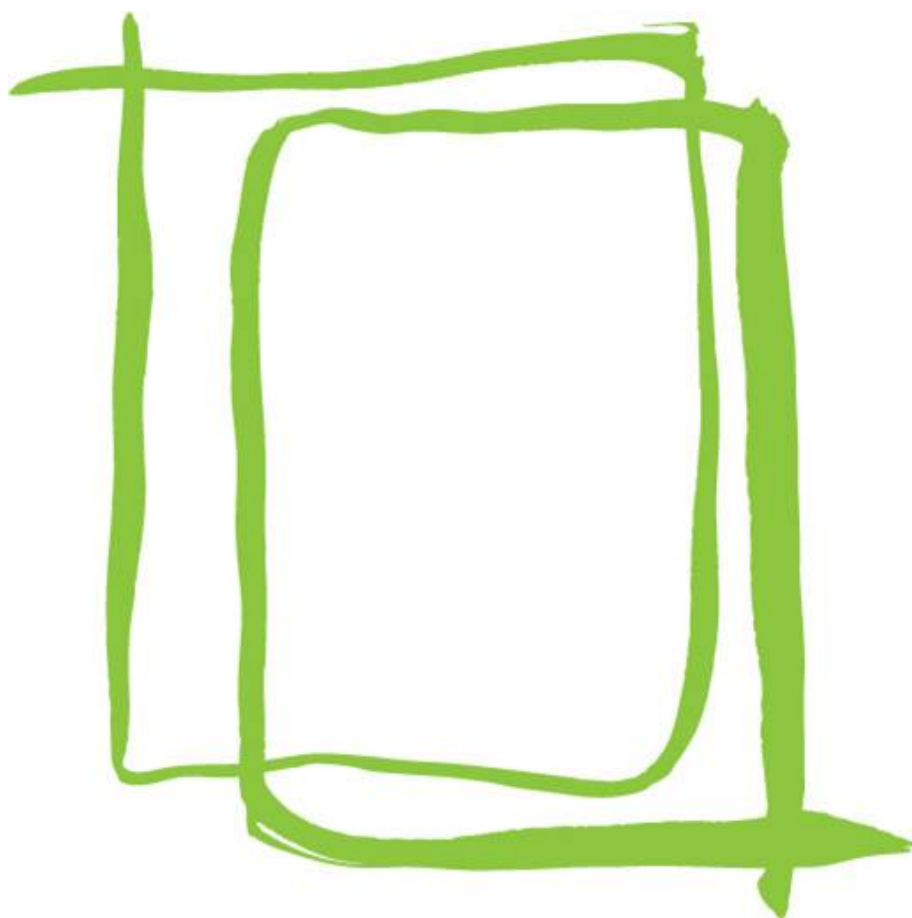
Use of Resources Plan

Audit plan

Wirral Metropolitan Borough Council

Audit 2009/10

January 2010



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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.
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Introduction

- 1 2009/10 is the sixth use of resources (UoR) assessment to be undertaken at councils but is the second under the new approach that focuses more on outcomes achieved. The UoR assessment forms part of the Comprehensive Area Assessment (CAA) organisational assessment and will also feed into other relevant performance assessment frameworks as appropriate. The UoR key lines of enquiry (KLOE) will also be the 'relevant criteria' for the value for money conclusion that is part of our work under the Code of Audit Practice.
- 2 This plan outlines the approach we will take to the UoR assessment at Wirral Council, who the key contacts will be and the reporting arrangements. The Audit Commission published the overall approach and KLOE in May 2008 and this has been updated to October 2009 <http://www.audit-commission.gov.uk/localgov/audit/UoR/approach/Pages/20091030uorframework.aspx>. It has also prepared guidance for auditors to support them in carrying out their assessments and made this available to audited bodies on its website at the following link <http://www.audit-commission.gov.uk/localgov/audit/uor/pages/guidance.aspx>.

Background

- 3 The Audit Commission review of 2008/09 found that the Council's arrangements had continued to improve in some areas although the test and scoring has been more demanding during the period of assessment, from April 2008 to March 2009. The overall score, theme scores and individual KLOE were assessed as level 2.
- 4 The 2009/10 UoR assessment will consider how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people. It is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people. It will be applied to all local government bodies, including police and fire authorities, and to primary care trusts in the NHS.
- 5 The KLOE within each of the themes are shown in the table below.

Table 1 Use of resources KLOE 2009/10

The use of resources is split into three themes and ten KLOE

Managing finances	Governing the business	Managing resources
1.1 Financial planning & financial health	2.1 Commissioning & procurement	3.1 Natural resources (not selected for 2009/10)
1.2 Understanding costs & performance	2.2 DQ & use of information	3.2 Asset management
1.3 Financial monitoring & reporting	2.3 Good governance & ethical behaviour	3.3 Workforce planning (1st assessment 2009/10)
	2.4 Risk management & internal control	

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Scope and objectives

- 6 The 2009/10 KLOE, as shown at Table 1 on the previous page, are broadly based and embrace wide resource issues such as the use of natural resources and workforce. The KLOE focus on value for money achievements, outputs and outcomes rather than on processes, and are strategic rather than detailed. They are supported by characteristics of performance, which are used as an aid to the exercise of the auditors' professional judgment. The underlying characteristics are indicative of differing levels of expected performance, and are not criteria to be complied with in all circumstances.
- 7 The KLOE and supporting characteristics are based upon published best practice, standards and professional guidance, where available, and the principles set out in the Commission's publication World Class Financial Management.
- 8 A proportionate approach will be applied to the assessment of the KLOE. The Audit Commission has specified in its annual work programme which KLOE are to be assessed over the coming year. The specified KLOE differ for each sector in order to reflect sector priorities. In 2008/09, we assessed nine of the ten KLOE at single tier and county councils - KLOE 3.3 on workforce was not assessed last year. For 2009/10 we will again assess nine of the ten KLOE, including KLOE 3.3 for the first time.
- 9 KLOE 3.1 on natural resources, which was assessed for the first time last year, will not be assessed this year. However, KLOE 3.1 is still a relevant criterion for the purposes of the vfm conclusion and the 2008/09 assessment of 'yes' (the council is making effective use of natural resources) will be carried forward to 2009/10. We will also keep up to date with the Council's progress in this area generally and in particular in respect of the new environmental standards expected for 2010/11 during our ongoing discussions with officers and review of committee and Council minutes.
- 10 The objectives of our work are to:
 - Make a judgement about whether we are satisfied that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources - the value for money conclusion in the statutory audit report that we give under The Code of Audit Practice. We will apply a yes/no judgement against the criteria to indicate whether the Council has proper arrangements in place or not. A 'no' judgement is equivalent to a UoR score of 1 and a 'yes' judgement is equivalent to a score of at least 2.
 - Assess how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people which is part of the organisational assessment under CAA.
 - Provide intelligence to inform the 'managing performance' organisational assessment and the area assessment under CAA (Appendix 3 shows the key questions and themes for the area assessment and managing performance organisational assessment).
 - Inform other areas of our work such as the opinion and grant claims and returns.

Audit approach

- 11 The emphasis of the assessment will be on a rounded professional judgement against the headline KLOE – ‘top down’ rather than ‘bottom up’ approach using illustrative characteristics of performance included within the guidance. Most importantly, there is less focus on prescriptive arrangements and process and more focus on outcomes and what difference the arrangements have made.
- 12 There is a four level scoring system, with levels 2 and 3 representing broad descriptions of 'getting the basics right' and 'performing well' respectively. Scores of 4 will be reserved for excellence and genuine leading edge performance. Level 1 represents a failure to meet the minimum requirements at level 2.
- 13 The Audit Commission has updated sections 1 - 6 of the UoR auditor guidance to clarify the approach to the 2009/10 assessment. Section 1.3 summarises the key changes. Section 7: Setting the scene and Section 8: KLOE guidance will be updated during November. The key changes are summarised at Appendix 2.
- 14 To support learning for the 2009/10 assessment the Commission will publish examples of strong performance and outcomes in mid December. The Audit Commission is also reviewing and updating the value for money (VFM) profile tools to reflect the developing CAA framework. It will launch new tools to support the 2009/10 UoR assessment for councils, police authorities and fire and rescue authorities in January 2010.
- 15 To ensure continuity for year two of the assessment, the UoR framework, including KLOE, has not been changed by the Audit Commission. We will take a proportionate and risk-based approach that builds on the baseline established in 2008/09, against which we will assess progress, focussing on two questions.
 - What has changed in 2009/10?
 - What difference have those changes made to outcomes in practice?
- 16 We will also carry out detailed work on key areas that will inform a number of KLOEs as well as other areas of our work.
 - Sail project (KLOE 1.2, 1.3, 2.1, 2.2, 2.4, 3.2).
 - Performance management (all KLOE).
 - Sickness absence (KLOE 1.2, 2.2, 3.3).
- 17 The Audit Commission has brought forward the 2009/10 timetable for completing auditors' UoR work at councils, police authorities and fire and rescue authorities. This is to enable auditors to complete most of the work by the end of the financial year to which their assessment relates. This will reduce overlap with the final accounts audit and smooth the workload to lessen the burden on audited bodies and auditors during September. We will carry out the fieldwork from November 2009 to March 2010. Scores will be notified to the Council in the autumn of 2010. Key dates for the 2010 assessment are shown at paragraph 21.

Audit approach

- 18 The key contacts for the audit team and the Council are shown at paragraphs 23 and 26.
- 19 We will carry out the work through:
- Review of key documents - to be agreed with key contacts. The following link to the guidance gives suggested sources of evidence for each KLOE <http://www.audit-commission.gov.uk/useofresources/2009guidance.asp>.
 - Interviews/workshops with officers and members.
 - Surveys.
 - Ongoing discussions and review of minutes and media.
- 20 There is no requirement for a self assessment. However, if the discussion document from 2008/09 is updated, formally or informally, it will help us to make a quick and robust assessment and ensure that all relevant information is taken into account. We will discuss whether this will be provided at the individual KLOE level.

Reporting and timescales

- 21 The UoR assessment and value for money conclusion 2009/10 will be based on the same KLOE and will be reported in the Annual Governance Report alongside the opinion on the statement of accounts. The deadline for this is 30 September 2010. The following timetable is provisional at this stage and will be kept up to date throughout the audit.

Date	Activity/milestone
November 2009	Draft plan to Council.
December 2009	Agree plan with Lead Director.
Mid December 2009	Audit Commission national report 2008/09 including scores and examples of strong performance and outcomes to support learning for the 2009/10 assessment.
November - March 2010	Fieldwork.
January 2010	VFM profile tools available.
January 2010	Plan to the Audit & Risk Management Committee
March 2010	Cheshire/Mersey local quality assurance.
Early April	Interim feedback to Lead Director.
21 April 2010	Indicative scores submitted by audit team to Audit Commission.
10 - 21 May 2010	Audit team area QA and internal challenge.
June/July 2010	Consideration of final evidence of outcomes and agreement of draft value for money conclusion.
30 July 2010	Final scores submitted to Audit Commission.
2 - 27 August 2010	National quality assurance process.
End August 2010	Agreement of final value for money conclusion and scored UoR judgements.
Early September	Draft Annual Governance Report.
Mid September	Final Annual Governance Report.
Late September 2010	Audit & Risk Management Committee (papers out 2 weeks before).
October/November 2010	Draft organisational assessment report shared with the Council.
Late November 2010	Final organisational assessments reported as part of CAA reporting. Issue annual audit letter.

Audit personnel and key contacts

22 Responsibilities of auditors and council officers are set out below and at Appendix 1.

23 The following Audit Commission staff will be involved with the work.

Name	Contact details
Mike Thomas, District Auditor Overall responsibility for the audit	m-thomas@audit-commission.gov.uk 0844 7987043 or 07879 667712
Liz Temple-Murray, Audit Manager Lead contact for UoR Manager for KLOEs 1.1, 1.2, 1.3, 2.1, 2.2, 2.3, 2.4, Sail review	l-temple-murray@audit-commission.gov.uk 0151 666 3483 or 07769 887358
Dave Wilson, Performance Manager Manager for KLOE 3.2, 3.3 and performance management review	da-wilson@audit-commission.gov.uk 0844 7987333 or 0774 8930598
Rob Metcalf, Principal Auditor Fieldwork 1.1, 1.3, 2.2, 2.3, 2.4	r-metcalf@audit-commission.gov.uk 0151 666 3484
Kath Johnson, Performance Specialist Fieldwork 3.3, sickness absence review and performance management review	ka-johnson@audit-commission.gov.uk 0844 7983579
Phil Kuehnle, Performance Specialist Fieldwork 1.2, Sail review	p-kuehnle@audit-commission.gov.uk 0844 798 3663
Tony Whitehead, Performance Specialist Fieldwork 2.1, 3.2	t-whitehead@audit-commission.gov.uk 0151 666 3509

24 The following staff will be our key contacts for the UoR work overall and for the individual KLOE. Ian Coleman and Tom Sault will be lead director and lead contact respectively, responsible for liaising with the audit team on a regular basis and coordinating the work, feedback and messages within the Council. The Lead Director will keep management up to date with progress on issues through the monthly Corporate Improvement Group (CIG).

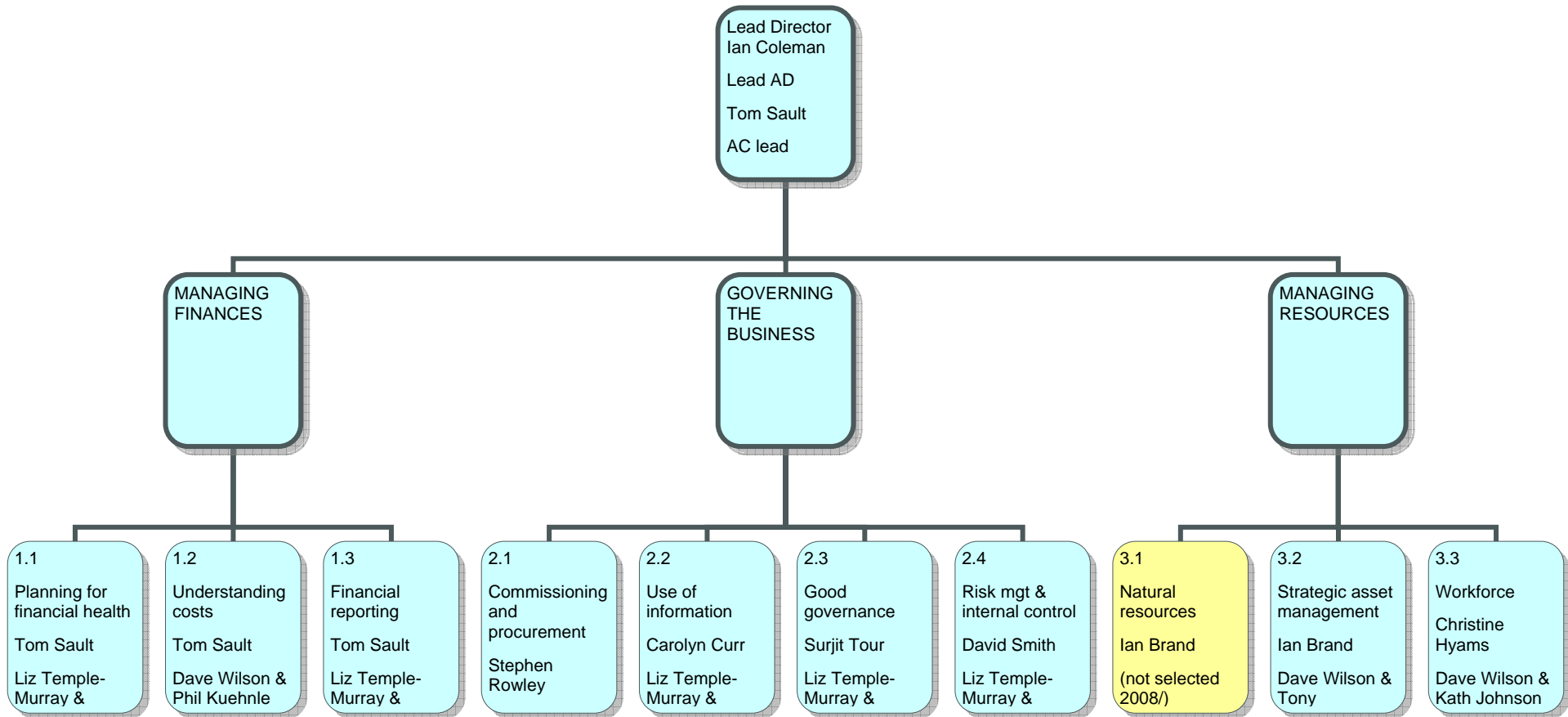
25 We have agreed key contacts for each of the individual KLOE. It is the responsibility of each of the key contacts to ensure that their line managers and the responsible Directors as well as the lead Director and Lead contact are kept up to date with issues arising on individual KLOE.

26 Wirral Council contacts for the audit are set out below.

Name	Contact details
Ian Coleman, Director of Finance Lead director for UoR overall Responsible Director 1.1, 1.2, 1.3, 2.1, 2.4	iancoleman@wirral.gov.uk 0151 666 3056
Tom Sault, Head of Financial Services Lead contact for UoR overall Key contact for KLOEs 1.1, 1.2 and 1.3	tomsault@wirral.gov.uk 0151 666 3407
Jim Wilkie, Deputy Chief Ex and Director Corporate Services Responsible Director 2.2, Sail review, Performance Management review	jimwilkie@wirral.gov.uk 0151 691 8183
Bill Norman, Director Law, HR and Asset Management Responsible Director 2.3, 3.1, 3.2, 3.3	billnorman@wirral.gov.uk 0151 691 8498
Stephen Rowley, Head of Support Services, Finance Key contact for KLOE 2.1	stephenrowley@wirral.gov.uk 0151 666 3525
Carolyn Curr, Head of Policy, Corporate Services Key contact for KLOE 2.2 (also Stephen Rowley)	carolyncurr@wirral.gov.uk 0151 691 8152
Surjit Tour, Head of Legal Services, Dept of Law, HR & Asset Mgt Key Contact for KLOE 2.3	surjittour@wirral.gov.uk 0151 691 8569
David Smith, Deputy Director, Finance Key contact for KLOE 2.4	davidsmith@wirral.gov.uk 0151 666 3491
Ian Brand, Head of Asset Management, Dept of Law, HR & Asset Mgt Key contact for KLOEs 3.1 and 3.2	ianbrand@wirral.gov.uk 0151 691 8686
Christine Hyams, Head of Human Resources, Dept of Law, HR & Asset Mgt Key contact for KLOE 3.3, Sickness absence review.	christinehyams@wirral.gov.uk 0151 691 8590

27 This plan was agreed with the Director of Finance on 22 December 2009.

Appendix 1 – Responsibilities



Appendix 2 – Key changes to the guidance for the 2009/10 assessment

The following table sets out the key changes for the 2009/10 assessment.

Section	Update
Section 1: Updates to the guidance	No key updates.
Section 2: About the guidance	No key updates.
Section 3: The assessment framework	<p>Section 3.3 (new) – guidance added on assessing level 3 performance.</p> <p>Section 3.5.1 – updated guidance on the approach to assessing value for money.</p> <p>There have not been any updates to the KLOE or KLOE focus points.</p>
Section 4: Delivering the assessment	<p>Section 4.1 (new) - guidance about taking a proportionate approach for year 2.</p> <p>Section 4.2 (new) – guidance on connecting audit and CAA work, including liaising with the CAAL.</p> <p>Section 4.4 (new) – guidance on assessing audited bodies with joint management arrangements.</p> <p>Section 4.6 – updated guidance on reporting the results of UoR work to those charged with governance.</p> <p>Section 4.8 – updated with key stages in the 2009/10 timeline.</p>
Section 5: Quality assurance	This section will be updated with the arrangements for 2009/10 quality assurance in due course.
Section 6: Knowledge management	No key updates.
Section 7 and 8	These sections will be updated in due course.

Appendix 3 – CAA

Area assessment

To carry out the area assessment, we will consider three key overarching questions across the area.

- How well do local priorities express community needs and aspirations?
- How well are the outcomes and improvements needed being delivered?
- What are the prospects for improvement?

We will consider each of the questions in relation to each of the key local priorities covering the following themes and also check to see whether key national priorities are being adequately addressed where improvement or focused attention is needed.

1. how safe is the area?
2. how healthy and supported are people?
3. how well kept is the area?
4. how environmentally sustainable is the area?
5. how strong is the local economy?
6. how strong and cohesive are local communities?
7. how well is inequality being addressed?
8. how well is housing need met?
9. how well are families supported?
10. how good is the wellbeing of children and young people?
11. sustainable communities, general
12. adult social care, general

Managing performance organisational assessment

We will assess how well the Council is performing in delivering its priority services, outcomes and improvements that are important to local people. The KLOE focuses on whether the Council is:

- effective in identifying and delivering priority services and outcomes;
- improving the services and outcomes for which it is responsible;
- contributing to wider community outcomes; and
- tackling inequality and improving outcomes for people in vulnerable circumstances.

The Audit Commission

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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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