

Annual Governance Report

Bracknell Forest Borough Council

Audit 2009/10

September 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.
-

Members of the Governance and Audit Committee

2009/10 Annual Governance Report

I am pleased to present my report on the results of my audit work for 2009/10.

I discussed a draft of the report with the Chief Executive and the Responsible Financial Officer.

My 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 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 6).

Yours faithfully

Phil Sharman CPFA
District Auditor

21 September 2010

Key messages

This report summarises the findings from the 2009/10 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 your arrangements to secure value for money in your use of resources.

Financial statements	Results
Unqualified audit opinion	Yes
Financial statements free from material error	Yes
Adequate internal control environment	Yes
Value for money	Results
Adequate arrangements to secure value for money	Yes

Audit opinion

- 1 The financial statements give a true and fair view of the financial position and results of the Council for the year in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting.
- 2 I therefore propose to issue an unqualified opinion on the financial statements.

Financial statements

- 3 The audit has proceeded more smoothly than in 2008/09 with fewer audit adjustments being required.
- 4 The main issue impacting the audit concerned the valuation of fixed assets in the financial statements – additional audit work has been required to resolve issues in this area.
- 5 Key officers in finance have co-operated fully, have been responsive to our audit queries and have been keen to ensure that the accounts are adjusted for substantive matters identified at audit.
- 6 The Council will need to ensure that standards are maintained while also meeting the additional demands associated with reporting under international financial reporting standards (IFRS) for the first time in 2010/11.

Key messages

Value for money

- 7 The Council's arrangements to manage its finances and resources and govern its business are consistent with established professional practice and guidance, meet statutory requirements and operate effectively.
 - 8 I therefore propose to issue an unqualified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.
-

Audit completion

- 9 I do not propose to exercise any of my formal audit powers. I therefore propose to certify completion of the audit upon closure of the next steps set out in this report.
-

Audit fees

- 10 In my original audit plan, the fee for the audit was based on my best estimate at the time and agreed at £242,100. I will assess the impact of the additional audit work we have performed in relation to the valuation of fixed assets but I expect to contain these costs within my overall audit fee.
-

Independence

- 11 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

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

12 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

- 13** Appendix 2 lists both material and non-material audit adjustments, excluding typographical and formatting errors, made since production of the draft financial statements in June. Management has agreed to amend the financial statements for these errors identified.
- 14** To enable you to discharge your governance responsibilities I also draw your attention to a number of matters which management propose to remain unadjusted, these are outlined in Appendix 3.
- 15** One of these issues relates to the measurements of school buildings. These measurements are used to calculate the value of schools in the note 22 to the balance sheet. The Council holds two sets of records measuring school floor areas and there are unexplained differences between them. Until these records are reconciled there remains a potential non-material misstatement in the reported value of fixed assets.

Recommendations	
R1	The Council should set out the reasons for not amending the unadjusted misstatements in the Letter of Representation.
R2	The Council should investigate and resolve discrepancies in records recording areas of schools.

Financial statements

Matters of internal control

- 16** I have not identified any weakness in the design or operation of an internal control that might result in a material error in your financial statements of which you are not aware.
- 17** I have not provided a comprehensive statement of all weaknesses which may exist in internal control, nor of all improvements which may be made. I have reported only those matters which have come to my attention because of the audit procedures we have performed.
- 18** I am currently examining the Council's 2009/10 Housing Benefit claim. I have found errors in my initial testing which has required me to evaluate the potential impact on the financial statements. The estimated impact is not considered material and is therefore included within the unadjusted errors in Appendix 3. The Council has agreed to perform additional testing to ascertain the extent of those errors for the purpose of my certification and reporting to DWP. I will summarise the final outcome in my report on certification of claims and returns for 2009/10 later this year.

Key areas of judgement and audit risk

- 19** In planning my audit of the financial statements I originally identified specific risks and areas of judgement set out in Table 1. I have either considered or updated upon these as part of my opinion audit.

Table 1 Key areas of judgement and audit risk – opinion

Risk area	Audit response
Restructure of the Accountancy section: The Accountancy section is undergoing a restructure. There will be a change of role for some staff and a new capital accountant.	I can confirm that the closedown and audit of the statements has proceeded more smoothly than in previous years. In addition there are fewer adjustments and issues arising than in 2008/09. The standard of working papers supporting capital entries has improved. Some cashflow and Collection Fund working papers were not available at the start of the audit but these have since been provided.
PFI: Application of the 2009 SORP may bring the joint waste PFI assets onto the Council's balance sheet. The accounting and recordkeeping required to achieve this is not straightforward.	I have reviewed your method of accounting for the joint waste PFI and found that this met updated requirements. Your share of the capital asset and corresponding lease liability is now included on the Council's balance sheet in accordance with the 2009 SORP.
NDR and Council Tax: changes due to the 2009 SORP will entail the Council accounting for receipts as an agent rather than principal.	I confirmed that you complied with the updated collection fund accounting requirements.

Accounting practice and financial reporting

- 20** The main issue impacting the audit concerned the valuation of fixed assets in the financial statements. The value of the old Garth Hill School was originally included in the Statements as £5.956 million with an estimated useful of 20 years. A significant part of it is however due for demolition in 2010/11 upon completion of the new school facilities.
- 21** Technical changes arising from the implementation of the 2009 SORP including bringing the asset and liability associated with the waste disposal PFI scheme had been discussed in advance of the audit and properly included in the draft financial statements. There are some technical matters arising from my review which I will report separately to officers.
- 22** Although the Council has improved its processes for compiling information on related party transactions (note 16) the information included is limited to declarations sought from and returned by members and senior officers. There is scope to improve this further by ensuring all requested declarations are returned and by running reports on payroll and creditors systems to identify potential related party disclosures for officers and members.
- 23** There will be additional demands associated with reporting under international financial reporting standards for the first time in 2010/11. Work is underway in the Council to prepare for IFRS. The Council will need to ensure that standards of financial reporting are maintained through the IFRS transition.

Recommendations

- R3** The Council needs to ensure that values for assets properly reflect the physical size, condition, usage and estimated life. In particular officers should:
- resolve the differences identified in the measurements of school buildings for asset management and valuation purposes; and
 - review valuation outcomes for reasonableness/ provide explanations prior to audit.
- R4** Broaden the process used to compile the related party transactions. Make the follow up procedure for missing returns more robust and use financial systems to indentify potential items requiring disclosure.
- R5** Members should receive an update on progress in implementing changes associated with first time reporting under IFRS in 2010/11 at their meeting in January 2011.

Letter of representation

- 24** Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 4 contains the draft letter of representation.

Value for money

I am required to decide whether the Council put in place satisfactory corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion.

Value for money conclusion

- 25** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. I have shown my conclusions on each of the areas in Appendix 5.
- 26** The criteria for all key lines of enquiry (KLOE) specified were met.
- 27** I therefore intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains my draft report.

Key areas of judgement and audit risk

- 28** In planning my audit I identified specific VFM risks that I have either considered or updated upon as part of my audit.

Table 2 Key areas of audit risk – VFM conclusion

Issue or risk	Finding
The Council has been proactive in achieving efficiencies but continues to face budget pressures. In the short term the impact of the recession has led to reduced income from leisure services, car parking and investment income. In the longer term the Council faces potential reductions in funding with public sector expenditure constraint.	The Council has achieved its budget for the 12th year running. It is preparing for anticipated constraints in public sector expenditure.
The Council's arrangements for achieving robust data quality (DQ) have been mixed in the past. In 2009/10 it has taken steps to improve its arrangements by developing a DQ strategy. It is shortly to implement a new performance management system – PARIS.	In an era of public expenditure constraint information on the cost and quality of services will be needed for informed decision making. The Council has made progress by implementing the PARIS system. It now needs to maintain focus on ensuring data quality is robust.
The Council is a strategic partner in the proposed town centre redevelopment.	A watching brief has been maintained and no significant audit involvement is required at this stage.

Assessment of arrangements

29 For the KLOE considered, the Council delivered achievements and improvements in the 2009/10 year in that it:

- continued to manage its spending well. Budget monitoring remained strong and the Council has achieved its budget for the 12th year running;
- published its Medium Term Financial Strategy and continued to keep it under review in the current economic climate;
- revised its Treasury Management strategy to take account of the latest CIPFA guidance;
- achieved a better closedown of year-end accounts enabling a smoother year-end audit;
- further developed its engagement with stakeholders;
- continued progress with its Service Efficiency Strategy and achieved savings;
- continued to redesign services to achieve improvements and to meet the needs of service users better;
- strengthened its corporate approach to data quality;
- reviewed governance arrangements for most major partnerships;
- developed arrangements for and carried out scrutiny of partnerships;
- strengthened risk management;
- recognised the significance of its backlog maintenance and made a good start on developing a strategy to address it;
- refreshed its workforce plans;
- maintained a planned approach to managing the workforce implications of change; and
- was awarded the 'achieving' level of the Equality Framework for Local Government in July 2010.

Value for money

Opportunities for further improvement

30 I suggest the Council should focus further improvements in its arrangements to secure value for money in the use of resources in the following areas:

Managing finances

- Continue to address the impact of the Government's spending reviews in the Council's Medium Term Financial Strategy.
- Place more emphasis on strategic policy changes and longer-run savings programmes to shift the balance away from an annual round of targets to balance the revenue budget.

Governance arrangements

- Continue to improve procurement practice and address the internal procedural weaknesses identified.
- Keep up the momentum on improving data quality. Explore the potential for improvement from the new PARIS system where this meets business needs.
- Maintain the focus on developing the Council's governance framework by assessing how well codes and policies are complied with and understood for business critical areas.
- Assess the functioning of the Governance and Audit Committee against the CIPFA statement.
- Strengthen risk management within departments to cover risks for ongoing business. Arrangements have been agreed to do this. Keep up the momentum on training.

Managing resources

- Maintain the focus on the long term implications of the Council's maintenance backlog against other spending priorities. Some baseline capital and revenue provision has been proposed for this.
- Align workforce plans with the financial strategy and policy changes spanning a longer term horizon. Ensure they are of equal quality. Explore joint workforce plans with partners in the light of policy changes.
- Improve statutory equality plans to make them more SMART so that outcomes can easily be measured.

Recommendation

R6 The Council should consider those areas for improvement identified by our value for money review and develop plans to address the priority improvement areas.

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.

- 31** This report sets out the key issues that you should consider before I complete the audit. I therefore 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 that management has declined to amend or set out the reasons for not amending the errors (Appendix 3); and
 - approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4).
- 32** I will be pleased to present the report and discuss any matters arising at the Governance and Audit Committee meeting on 21 September 2010.

Glossary

Annual governance statement

33 A statement of internal control prepared by an audited body and published with the financial statements.

Audit closure certificate

34 A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the certificate.

Audit opinion

35 On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
- whether they have been prepared properly, following the relevant accounting rules; and
- For local probation boards and trusts, on the regularity of their spending and income.

Qualified

36 The auditor has some reservations or concerns.

Unqualified

37 The auditor does not have any reservations.

Value for money conclusion

38 The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Appendix 1 – Independent auditor’s report

Independent auditor’s report to Members of Bracknell Forest Borough Council

I have audited the Authority accounting statements and related notes of Bracknell Forest Borough Council for the year ended 31 March 2010 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 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 Bracknell Forest 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 published by the Audit Commission in April 2008.

Respective responsibilities of the Treasurer and auditor

The Treasurer's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice is set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting 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 give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

Appendix 1 – Independent auditor’s report

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 accounting 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 Authority’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. 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 Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’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 Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority 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.

Auditor's responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority 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 for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority'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 October 2009, and the supporting guidance, I am satisfied that, in all significant respects, Bracknell Forest Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

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.

Phil Sharman CPFA

District Auditor

Audit Commission

1st Floor, CEC Business Centre, Crossways, 28-30 High Street, Guildford GU1 3EL

Date:

Appendix 2 – Amendments to the draft accounts

The following misstatements were made during my audit and the accountancy team have made the necessary adjustments. I bring them to your attention to aid you in fulfilling your governance responsibilities.

Table 3 Errors agreed and adjusted

Description of error	Accounts affected	Value £ 000
Garth Hill school valuation and depreciation for year	Balance sheet, Income and expenditure account, Statement of Movement on general fund balance, and note 22	£2,680
Financial instruments note – Correction to include disclosure in correct year	Note 28 Financial instruments	
Pensions – Post balance sheet event Non adjusting post balance sheet event to reflect the impact of the change from RPI to CPI in calculating future pension liabilities	Note 51 Post balance sheet events	
Some minor transposition, comparative, factual and typographical errors were also identified and corrected		

Appendix 3 – Unadjusted misstatements in the accounts

I identified the following misstatements during my audit, but management has not adjusted the financial statements. I bring them to your attention to help you in fulfilling your governance responsibilities. If you decide not to amend, please advise me in the representation letter.

Table 4 Errors remaining unadjusted

Description of error	Accounts affected	Value £ 000
Valuation of fixed assets Areas of school buildings used in valuations. In a number of cases the areas used for valuation did not agree with the plans provided by the Department.	Balance sheet and note 22 fixed assets	2,900
Housing Benefit and Council Tax subsidy Based on an extrapolation of errors found in the initial sample for certification testing there is a potential over claim of subsidy. Overpaid benefit due to local authority error may also be recoverable from claimants.	To reflect potential errors in subsidy claimed Dr Income and Expenditure – Other Housing Services Cr Creditors – Government departments (note 35) To reflect potential recovery of overpayments Dr Sundry Debtors (note 33) Cr Income and Expenditure – Other Housing Services	228

Appendix 4 – Draft letter of representation

Bracknell Forest Borough Council – Audit for the year ended 31 March 2010

I confirm to the best of my knowledge and belief, having made appropriate enquiries of Members, officers and officials of Bracknell Forest Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2010.

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, which present fairly the financial position and financial performance of the Council and for making accurate representations to you.

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.

Uncorrected misstatements

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed in the attached schedule are not material to the financial statements, either individually or in aggregate. These misstatements have been discussed with those charged with governance within the Authority and the reasons for not correcting these items are as follows;

- reason 1 etc;
- reason 2.

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 Council'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.

Valuation

I confirm the reasonableness of the significant valuation assumptions within the financial statements, including whether they appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Council where relevant to the fair value measurements or disclosures.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale and purchase commitments;
- agreements and options to buy back assets previously sold; and
- assets pledged as collateral.

Appendix 4 – Draft letter of representation

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. Except as disclosed in the financial statements we have no other 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, other than those already disclosed in the financial statements;

- there is no significant pending or threatened litigation;
- there are no material commitments or contractual issues; 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, a change in the future indexing of pensions has occurred. The effects of this have been set out in note 51. No additional significant events have occurred which would require additional adjustment or disclosure in the financial statements. The Council has no plans that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Specific representations

At the date of this representation, the Council has made no decision regarding the future use of the Downside Resource centre. Accordingly the carrying value of the Downside centre in the financial statements is fairly stated.

Signed on behalf of Bracknell Forest Borough Council:

I confirm that the this letter has been discussed and agreed by the Audit Committee on 21 September 2010

Name: Chris Herbert

Position: Borough Treasurer

Appendix 5 – Value for money criteria

Theme 1 – managing finances

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

Theme 2 – governing the business

KLOE 2.1	commissioning and procurement Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?	criteria met
KLOE 2.2	data quality and use of information Does the organisation produce relevant and reliable data and information to support decision making and manage performance?	criteria met
KLOE 2.3	good governance Does the organisation promote and demonstrate the principles and values of good governance?	criteria met
KLOE 2.4	risk management and internal control Does the organisation manage its risks and maintain a sound system of internal control?	criteria met

Appendix 5 – Value for money criteria

Table 5 Theme 3 – managing resources

<p>KLOE 3.1 use of natural resources Is the organisation making effective use of natural resources?</p>	<p>not assessed in 2009/10 year</p>
<p>KLOE 3.2 strategic asset management Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?</p>	<p>criterion met</p>
<p>KLOE 3.3 workforce planning – not applicable in 2008/09 Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?</p>	<p>criterion met</p>

Appendix 6 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	R1 The Council should set out the reasons for not amending the unadjusted misstatements in the Letter of Representation.					
6	R2 The Council should investigate and resolve discrepancies in records recording areas of schools.					
8	R3 The Council needs to ensure that values for assets properly reflect the physical size, condition, usage and estimated life. In particular officers should: <ul style="list-style-type: none"> • resolve the differences identified in the measurements of school buildings for asset management and valuation purposes; and • review valuation outcomes for reasonableness/ provide explanations prior to audit. 					

Appendix 6 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R4 Broaden the process used to compile the related party transactions. Make the follow up procedure for missing returns more robust and use financial systems to indentify potential items requiring disclosure.					
8	R5 Members should receive an update on progress in implementing changes associated with first time reporting under IFRS in 2010/11 at their meeting in January 2011.					
11	R6 The Council should consider those areas for improvement identified by our value for money review and develop plans to address the priority improvement areas.					

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, covering the £180 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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