



Infrastructure and Government, Government Services

Use of Resources

Feedback to Bury MBC

Date 09 November 2005

AUDIT

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1. Purpose of this feedback

To provide the Council with:

- a summary of our findings following our work;
- scores based on the five areas reviewed; and
- an overall summary assessment.

2. Context

The Council was assessed against the Audit Commission's five Key Lines of Enquiry (KLOE):

- KLOE 1 - Financial Reporting
- KLOE 2 - Financial Management
- KLOE 3 - Financial Standing
- KLOE 4 - Internal Control
- KLOE 5 - Value for Money

Scores were then given in accordance with the following criteria:

- 1 = Inadequate performance
- 2 = Adequate performance
- 3 = Performing well
- 4 = Performing strongly

3. Financial Reporting – How good are the Council's financial accounting and reporting arrangements?

Bury MBC's overall score for Financial Reporting is 1.

Key findings:

- The process of submitting accounts for approval to the Audit Committee with an explanation of key issues and the process of member scrutiny of the accounts worked well.
- Working papers for the bank reconciliation were not received until September. These included a number of issues which have highlighted material errors in the accounts and the audit opinion has not yet been given.

Opportunities for improvement:

- Ensure the audit opinion deadline is met.
- Ensure the accounts are free from material misstatement.
- Ensure all working papers are available for the start of the audit.

4. Financial Management – How well does the Council plan and manage its finances?

Bury MBC's overall score for Financial Management is 2.

Key findings:

- A MTFS is in place, which is linked to strategic objectives and priorities. Its links with other internal strategies are not clearly evidenced to demonstrate their impact on the financial position.
- Budget monitoring arrangements do not make effective use of risk management techniques.
- Arrangements for maintenance of Council owned property are weak.

Opportunities for improvement:

- Budget monitoring arrangements should be improved by using risk management techniques to assess and monitor budget risks.
- The Council's programme of planned maintenance of Council owned property should be based on a rolling programme of surveys which routinely identifies the level of backlog maintenance for all assets.

5. Financial Standing – How well does the Council safeguard its financial standing?

Bury MBC's overall score for Financial Standing is 2.

Key findings:

- Overall the Council maintains its spending within budget, however there were significant unexpected departmental overspends.
- The level of reserves is not based on risk as assessed by the corporate risk register.
- No information was supplied to show the Council has monitoring information on the effectiveness of recovery actions, associated costs and the costs of not recovering debt.

Opportunities for improvement:

- Budget setting and reserves should be routinely linked to the corporate risk register so that there is an explicit link to quantified risks.

6. Internal Control – How well does the Council’s internal control environment enable it to manage significant business risks?

Bury MBC’s overall score for Internal Control is 2.

Key findings:

- A risk management strategy is in place, however further progress is required in embedding the strategy throughout the Council.
- The assurance framework does not map the Council’s strategic objectives to risks, controls and assurances.
- Progress has been made to develop probity and propriety and promote an ethical framework, however weaknesses exist in areas which would enhance probity and propriety further.

Opportunities for improvement:

- Ensure the risk management processes, such as reviewing and updating risk registers, and reporting action on corporate business risks, are operating effectively.
- Draw up an action plan to effectively promote a stronger anti-fraud culture within the Council.

7. Value for Money

Bury MBC's overall score for Value for Money is 3.

Key findings:

- Overall costs and unit costs for key services are low compared to other councils.
- Information on costs and how these compare to the quality of services is not routinely used to review and challenge value for money.

Opportunities for improvement:

- Ensure processes are established that enable officers and members to use both financial and performance/quality data to routinely review and challenge value for money.
- Enhance arrangements to demonstrate improvements in performance as a result of investment in services.

8. Overall Summary

KLOE	Score
Financial Reporting	1
Financial Management	2
Financial Standing	2
Internal Control	2
Value for Money	3
Overall Score	2