

REPORT FOR DECISION

Agenda Item	
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MEETING: AUDIT COMMITTEE

DATE: 12 December 2006

SUBJECT: CPA USE OF RESOURCES KEY LINES OF ENQUIRY
2007

REPORT FROM: Director of Finance and E-Government

CONTACT OFFICER: M Owen – Director of Finance and E-Government

TYPE OF DECISION: Non-Key

REPORT STATUS: FOR PUBLICATION

PURPOSE/SUMMARY:

At its last meeting the Committee asked for details behind the CPA Use of Resources assessment and this report sets out the Key Lines of Enquiry for 2007 that will be used to measure performance in this area.

OPTIONS AND RECOMMENDED OPTION (with reasons):

The Committee is asked to note the contents of the report.

IMPLICATIONS -

**Financial Implications and
Risk Considerations**

There are no direct resource implications arising from the report.

Corporate Aims/Policy Framework:

Do the proposals accord with the Policy Framework? Yes

Are there any legal implications? No

Considered by the Monitoring Officer? Yes. No specific comments

Statement by Director of Finance and E-Government: The Use of Resources CPA assessment forms a key part of the authority's overall CPA rating. The KLOEs provide helpful guidance on good practice in the area of financial management.

Staffing/ICT/Property: None specifically

Wards Affected: All

Scrutiny Interest: All but primarily the Resource and Performance Scrutiny Panel.

TRACKING/PROCESS

DIRECTOR: Mike Owen

Chief Executive/ Management Board	Executive Member/ Chair	Ward Members	Partners
	Deputy Leader/Chair		
Scrutiny Panel	Executive	Committee	Council

1.0 INTRODUCTION

- 1.1 The use of resources assessment focuses on financial management but links to the strategic management of the council. It looks at how financial management is integrated with strategy and corporate management, supports council priorities and delivers value for money. It is carried out annually, as part of each council's external audit.
- 1.2 The KLOEs are split into five separate, but inter-related areas, and contain a number criteria against which auditor judgements are made, some of which are mandatory and some of which are good practice. Each KLOE is assessed on a score of 1 to 4 and all mandatory criteria at each level must be met before scores can be increased.
- 1.3 Judgements are made by the external auditor i.e. by KPMG in Bury's case and are then subject to moderation and confirmation by the Audit Commission.

2.0 KEY LINES OF ENQUIRY

2.1 A copy of the KLOEs for 2007 is attached at Appendix A to the report. As explained earlier they are split into 5 areas, each with its own sub-divisions and specific criteria. The main sections are:

Area	KLOE
Financial reporting	<ul style="list-style-type: none">• The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers• The Council promotes external accountability
Financial management	<ul style="list-style-type: none">• The Council's MTFS, budgets and capital programme are soundly based and designed to deliver its strategic priorities• The Council manages performance against budgets• The Council manages its asset base
Financial standing	<ul style="list-style-type: none">• The Council manages its spending within available resources
Internal control	<ul style="list-style-type: none">• The Council manages its significant business risks• The Council has arrangements in place to maintain a sound system of internal control• The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business
Value for Money	<ul style="list-style-type: none">• The Council currently achieves good value for money• The Council manages and improves value for money

2.2 The Audit Committee will play a key role in achieving, or promoting the achievement of, all of the KLOEs.

3.0 CURRENT POSITION

3.1 Scores from the 2006 assessment have recently been released by the Audit Commission and Bury's scores (out of 4) are shown in the table below:

Area	Score
Financial reporting	3
Financial management	3
Financial standing	2
Internal control	2
Value for Money	3
OVERALL	3

3.2 The score of 3 means that Bury is classed as '**performing well**'.

- 3.3 The authority has improved scores for five of the eleven KLOE areas since the 2005 judgements. In two of these five areas the scores have improved by two levels and in one of them (financial reporting – external accountability) the authority has achieved the highest score of 4. This indicates the progress made by the Authority in the year.
- 3.4 Authority's have until 18 December to submit appeals where they disagree with the auditors' judgements and Committee will receive a verbal up-date on Bury's position regarding any appeal.
- 3.5 A copy of KPMG's feedback on the 2006 judgement is attached to the report at Appendix B.
- 3.6 It is the authority's intention to strive for a score of 4 in the 2007 judgement and an action plan has been prepared to address the work that needs to take place to achieve this very demanding score.

Mike Owen
Director of Finance and E-Government

Background documents:

CPA Action Plan available from the Director of Finance and E-Government

For further information on the details of this report, please contact:

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