

AUDIT COMMITTEE

26 JUNE 2008

ANNUAL AUDIT AND INSPECTION PLAN 2008/09

Report from: Neil Davies, Chief Executive

Author: Mick Hayward, Chief Finance Officer

Summary

This report and attachment sets out the annual audit and inspection plan. The council's external auditors (PKF) have produced the plan and it is reported to this committee to comply with governance requirements.

1. Budget and Policy Framework

1.1 It is within the remit of this committee to take decisions regarding accounts and audit issues. The annual audit and inspection plan is presented to this committee for consideration.

2. Background

2.1 To adhere to the International Standard of Auditing (UK and Ireland) 260 it is necessary to communicate the annual audit and inspection plan for 2008/2009.

2.2 As the external auditor, independently appointed by the Audit Commission, PKF has a responsibility to audit and provide an opinion on the Statement of Accounts and to provide a conclusion on the use of resources.

2.3 The annual audit and inspection plan for 2008/2009 is attached as Appendix 1 to this report.

2.4 The plan sets out the following:-

- Key audit risks
- Key outputs
- Work of the external auditors and the Audit Commission on the accounts, use of resources, grant claims and inspections
- Revisions to the use of resources assessment (Appendix 2).

3. Scope of the plan

- 3.1 The scope of the work is based on the Audit Commission's risk based approach to planning and detailed at Appendix 1.

4. Financial and Legal implications

- 4.1 The fees are calculated in accordance with national scales established by the Audit Commission. Auditors have some discretion to vary the charge and the amount proposed by PKF for audit fees (£317,000), a 7% rise on the previous year's fee. This fee is 4% below the level of fee recommended by the Audit Commission for an authority of Medway's size (it was 10% below the Commission guidelines for 2007/08). The overall audit and inspection cost is £374,591.
- 4.2 The International Standards on Auditing require the plan to be communicated to discharge governance requirements.

5. Recommendations

- 5.1 The audit committee accepts the proposed annual audit and inspection plan for 2008/09.

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Background papers

None



Accountants &
business advisers

Medway Council

Annual Audit and Inspection Plan

2008/09

June 2008

Contents

1	Executive summary	1
2	Introduction.....	3
3	Accounts.....	4
4	Use of resources	6
5	Inspection.....	9
6	Grant claims	10
7	Fees and audit arrangements.....	11

Appendices

- A Risk Planning Matrix
- B Use of resources assessment 2008/09
- C Communication to those charged with governance

Code of Audit Practice and Statement of Responsibilities of Auditors and Audited Bodies

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission contains an explanation of the respective responsibilities of auditors and of the audited body. Reports and letters prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body and no responsibility is taken by auditors to any member or officer in their individual capacity or to any third party.

1 Executive summary

- 1.1 The Audit and Inspection Plan sets out the work that the auditor and Comprehensive Area Assessment Lead (CAAL) propose to undertake for the 2008/09 financial year. The plan is based on the Audit Commission's risk-based approach to planning and the requirements of the Comprehensive Performance Assessment. It reflects audit and inspection work specified by the Audit Commission for 2008/09. We have also considered current national risks relevant to your local circumstances and the Council's local risks and improvement priorities.

Key audit risk areas

- 1.2 These are set out in detail in Appendix A, and include:
- the need to comply with the 2008 Statement of Recommended Practice (SORP) in preparing the 2008/09 accounts.
 - the need to fully embed the new management structures agreed for the Council and manage potential costs arising in the short term
 - the need to deliver planned improvements in the Council's housing service
 - ensuring the enhanced financial management arrangements introduced in 2008 are embedded across the organisation
 - the need to establish and embed arrangements for investigating complaints about Member conduct in the light of the Government's new guidelines
 - the need to implement the Council's improvement plans for securing value for money in the use of resources
 - ensuring planned efficiency savings are achieved and that the overall financial position of the Council remains balanced. In particular, the Council will need to ensure that expenditure on demand-led services such as special education needs and home to school transport is managed within agreed budgets
 - ensuring targets to reduce health inequalities set through the Local Area Agreement are achieved with the Council's partners.

Fees

- 1.3 The proposed audit and inspection fee is £374,591, as shown below.

Work	2007/08	2008/09
Audit	295,000	317,000
Inspection	52,478	57,591
Total audit and inspection	347,478	374,591

- 1.4 The Audit Commission recommended in its 2008/09 fees letter that Unitary Authorities such as Medway should expect an increase in fees compared to 2007/08 levels of three per cent.
- 1.5 The proposed audit fee is a fixed fee payable to PKF and amounts to £317,000. This represents an increase of about seven per cent compared to the 2007/08 fee. The fee is however about four per cent below the level of fee recommended by the Audit Commission for a Council with Medway's expenditure plans (in 2007/08 the audit fee was ten per cent below the Commission's recommended level).
- 1.6 The increase in fee is above the three per cent level recommended by the Audit Commission because of additional work we are planning to undertake in reviewing the Council's use of resources for the 2008/09 financial year.

Key outputs

1.7 The key audit and inspection outputs for the 2008/09 financial year are:

Output	Year	Month
Planning		
Audit and Inspection Plan	2008/09	June 2008
Accounts		
Auditor's opinion, covering:	2008/09	September 2009
<ul style="list-style-type: none"> Statement of Accounts Use of Resources conclusion 		
ISA 260 Report on the 2008/09 Accounts	2008/09	September 2009
Use of resources		
Report and scores on use of resources – 2007/08 year	2007/08	September 2008
Report on Data Quality and performance information	2007/08	December 2008
Local use of resources risks work (appendix A)	2008/09	To be agreed
Use of resources new framework – 2008/09 (part year)	2008/09	To be confirmed
CPA and Inspections		
Regeneration inspection	2008/09	To be confirmed
Direction of Travel	2008	February 2009
Annual reporting		
Annual Audit Letter	2008/09	March 2010

Other outputs

1.8 Audit work due to be completed and included in our 2007/08 audit plan includes:

Output	Year	Month
Accounts		
Auditor's opinion, covering:	2007/08	September 2008
<ul style="list-style-type: none"> Statement of Accounts 		
ISA 260 Report on the 2007/08 Accounts	2007/08	September 2008
Annual Audit and Inspection Letter	2008	March 2009

2 Introduction

- 2.1 This joint plan sets out the audit and inspection work to be undertaken in 2008/09 by PKF and the Audit Commission.
- 2.2 This plan has been drawn up from our risk based approach to audit planning and planning meetings held with officers. It reflects the Audit Commission's elements of the co-ordinated and proportionate audit and inspection programme.
- 2.3 As the audit for the 2007/08 financial year has not yet been completed the audit planning process for 2008/09, including the risk assessment, will continue as the year progresses. The information and fees in this plan will be kept under review and updated as necessary. Any significant changes to the Plan will be reported to the Audit Committee.

Audit work – PKF

- 2.4 The work of the auditors that is covered by this plan can be summarised as follows:

Accounts

- provide an opinion on the Statement of Accounts for the year ended 31 March 2009

Use of resources

- assessment of the arrangements to secure economy, efficiency and effectiveness in the use of resources
- review of data quality arrangements and selected performance information for 2008/09
- other use of resources work in response to local risks and improvement priorities.

Inspection work – Audit Commission

- 2.5 The Comprehensive Area Assessment Lead (CAAL) is the primary point of contact with the Council and inspectorates and co-ordinates all inspection activities, ensuring this is underpinned by the principal of targeting work where it will have the greatest effect. This work includes preparing an annual Direction of Travel statement of performance improvements in the year. Discussions have been and will continue to be held between auditors and inspectors to ensure the audit and inspection work in this plan continues to be co-ordinated and targeted at your key areas for improvement.

3 Accounts

- 3.1 The Code of Audit Practice requires us to provide an opinion on whether your Statement of Accounts “presents fairly” your financial position, and has been prepared properly, in accordance with relevant legislation and applicable accounting standards.

Scope of audit

- 3.2 In carrying out this work we:
- consider the extent to which your accounting and internal control systems are a reliable basis for recording transactions and from which to prepare the accounts
 - consider the robustness of the your processes for preparing the accounts, undertake analytical procedures and tests of transactions and balances in the accounts
 - consider the adequacy of the disclosures in your Statement of Accounts.

Key financial systems and internal controls

- 3.3 Auditing standards require auditors to obtain a detailed understanding of an organisation, its environment, risk assessment processes, the information systems, internal controls, and monitoring activities. This must be sufficient to identify and assess the risks of material misstatement of the Statement of Accounts whether due to fraud or error and be sufficiently well documented to enable the auditor to design and perform further audit procedures based on identified risks.
- 3.4 In carrying out this review, we shall consider the environment within which those controls operate and evaluate specific controls that respond to significant risks. Following our evaluation, we will assess whether we shall be placing reliance on particular controls and where reliance is to be placed will conduct testing of the relevant controls.

Working with Internal Audit

- 3.5 The Audit Commission expects appointed auditors and Internal Audit departments to work together to ensure that audit work is most effectively targeted, thereby minimising duplication and the overall level of audit resource required.
- 3.6 We have planned the audit on the basis that we will be able to place full reliance on the work of Internal Audit and that its work will be directed to each of the key financial systems noted above.

Fraud risk assessment

- 3.7 We have a responsibility to consider specifically the potential risk of material misstatement of your Statement of Accounts as a result of fraud and error, including the risk of fraudulent financial reporting.
- 3.8 The primary responsibility for ensuring that your internal control frameworks are robust enough to prevent and detect fraud and corruption lies with management and ‘those charged with governance’ (the Audit Committee).
- 3.9 We have discussed possible risks of fraud with officers and for all fraud risks, and for any actual frauds that have been identified and we have been informed of, we will consider the possible impact on your accounts and our audit programme.

Statement of Accounts

- 3.10 We will consider the adequacy of your arrangements for closing down the ledger and producing an accurate, timely and comprehensive Statement of Accounts and supporting working papers. We will provide officers with a detailed list of schedules and working papers required for the audit.
- 3.11 We will review the appropriateness and consistency of application of the accounting policies adopted by the Council and ensure that these are consistent with the *Local Authority Accounting in the United Kingdom - Statement of Recommended Account Practice (SORP)*.
- 3.12 We will read the other information included in the Statement of Accounts and, if appropriate the annual report, to ensure that this is consistent, complete and not misleading based on our overall knowledge.
- 3.13 We will review your Annual Governance Statement to assess whether it has been presented in accordance with relevant guidance, is adequately supported, that an effectiveness review has been completed, and it is consistent, complete and not misleading based on our overall knowledge.

Whole of Government Accounts (WGA)

- 3.14 As part of the WGA process we are required to review and report on the consolidation pack you have prepared for submission. The actual procedures to be performed have been developed by the Audit Commission in discussion with the National Audit Office. Our work involves ensuring consistency between the audited accounts and the consolidation pack, and the agreement of balances with other bodies.

Key accounts risks

- 3.15 Detailed accounts risks may not become apparent until after completion of the 2007/08 audit although our assessment to date suggests that the following risks are likely to impact on our audit:
- the need to comply with the 2008 Statement of Recommended Practice (SORP) in preparing the 2008/09 accounts
 - the need to ensure sustainable financial plans are prepared in accordance with the medium term financial plan while supporting delivery of strategic priorities
 - the need to ensure the enhanced financial management arrangements introduced in 2008 are embedded across the organisation.
- 3.16 We have documented these risks and our planned audit response in Appendix A.

Other emerging issues

- 3.17 In addition there are some emerging issues that we intend to maintain an ongoing review of during the course of the year. These are currently not significant issues, although they may become so as changes in circumstances arise. They include:
- International Financial Reporting Standards (IFRS) in local government are expected to be adopted from 2010/11 and will require transitional arrangements to be put in place by the Council

4 Use of resources

4.1 The Code requires us to:

- be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money conclusion)
- be satisfied that there are adequate arrangements in place for collecting, recording and publishing performance information.

Value for money conclusion

4.2 We will give an overall conclusion on whether you have proper arrangements in place to secure value for money (VFM).

4.3 In meeting this responsibility, we will review evidence that is relevant to your corporate performance management and financial management arrangements. Where relevant work has been undertaken by other regulators we will normally place reliance on their reported results to inform our work.

4.4 We will also follow up our work from previous years to assess progress in implementing agreed recommendations.

Use of resources assessment – 2007/08

4.5 We will review the arrangements in place throughout the 2007/08 financial year to secure economy, efficiency and effectiveness in the use of resources. Our work will be undertaken during 2008 and will continue to assess the Council against the existing Audit Commission Key Lines of Enquiry which focuses on the importance of having sound and strategic financial management in the following areas:

Theme	Description
Financial reporting	Preparation of financial statements External reporting
Financial management	Medium-term financial strategy Budget monitoring Asset management
Financial standing	Managing spending within available resources
Internal control	Risk management System of internal control Probity and propriety
Value for money	Achieving value for money Managing and improving value for money

4.6 This assessment will focus on the progress made since the previous assessment and on changes to specific Key Lines of Enquiry. There are a number of modifications to the criteria, with several of the non-bold criteria now becoming bold (and assuming “must have” status), and these changes may have an impact on the scores for each of the themes above, as well as the overall assessment score for the Council.

4.7 A score of 1 to 4 will be given, based on underlying criteria, for each theme and details of the scores and judgements will be reported to you. The scores will be accompanied, where appropriate, by recommendations of what the Council needs to do to improve its services. The auditor’s scores are reported to the Audit Commission and are used as the basis for its overall use of resources judgement for the purposes of CPA.

4.8 The work required to arrive at the use of resources assessment is fully aligned with that required to arrive at the auditor’s value for money conclusion for 2007/08.

Use of resources assessment – 2008/09

- 4.9 There are likely to be changes to the assessment approach and scoring mechanism for the 2008/09 financial year to more closely align this work with Comprehensive Area Assessments and the work of other regulators.
- 4.10 While the assessment methodology has yet to be finalised, the consultation document identifies three Key Lines of Enquiry themes, instead of the previous five themes, and recognises value for money as integral to each of the assessments and is at the heart of the process:
- 4.11 The scope of the new use of resources review has been significantly expanded, the Audit Commission has stated that, to some extent, the additional resources required to complete the assessment at Single Tier and County councils can be mitigated through rotational review of each criteria, building on the information from the previous approach. However, some of the work will need to be undertaken earlier in the year and we have included an estimate of this earlier work in this 2008/09 plan. The remainder of the work required to complete the 2008/09 assessment will be included in the 2009/10 Plan and fee.
- 4.12 We will give separate scores on the three key themes. In addition there will be a single, annual judgement on value for money in the use of resources, given by the Audit Commission, which is scored and published for each organisation following a consistency review of the professional judgements reached by the local auditor.
- 4.13 We await finalised details of the overall approach to be applied, the detailed criteria on which the assessments will be based and the scoring mechanism. We will discuss these, and arrangements for the audit, with the Council once received.
- 4.14 The work will be used to support the auditor's value for money conclusion for 2008/09. Further details are provided at Appendix B.

Data Quality

- 4.15 The Audit Commission has specified that auditors will be required to undertake audit work in relation to data quality. This is based on a three-stage approach covering:
- Stage 1 – review of overall management arrangements to secure data quality
 - Stage 2 – completeness check of reported performance information
 - Stage 3 – data quality spot check and in-depth review of specified performance indicators for 2007/08.
- 4.16 The work at Stage 1 will link to our review of your arrangements to secure data quality as required for our value for money conclusion and, together with the results of Stage 2, will inform the risk assessment for the detailed spot check work to be undertaken at Stage 3. The results of the work at Stage 3 will inform the Commission's CPA assessment. It is expected that between six and twelve indicators will be subject to in-depth review for a Unitary Authority.

National Fraud Initiative

- 4.17 In 2008/09 the National Fraud Initiative will be undertaken by the Audit Commission under its new data matching powers inserted into the Audit Commission Act 1998 by the Serious Crime Act 2007. The Audit Commission has not yet set a fee for this work and will do so in April 2008 when the new statutory provisions come into force. The fee will be invoiced separately by the Audit Commission.

Key use of resources risks

4.18 We have included in Appendix A our assessment of the risks relevant to our use of resources audit work and our planned response to those risks. The key risks are:

- the need to fully embed the new management structures agreed for the Council and manage potential additional costs arising
- the need to deliver planned improvements in the Council's housing service
- the need to establish and embed arrangements for investigating complaints about Member conduct in the light of the Government's new guidelines
- the need to implement the Council's improvement plans for securing value for money in the use of resources
- ensuring planned efficiency savings are achieved and that the overall financial position of the Council remains balanced. In particular the Council will need to ensure expenditure on demand-led services such as special education needs and home to school transport is managed within agreed budgets
- ensuring targets to reduce health inequalities set through the Local Area Agreement are achieved with the Council's partners.

5 Inspection

5.1 From April 2009, the Audit Commission, jointly with the other public service inspectorates, will be implementing Comprehensive Area Assessment (CAA). Therefore, 2008/09 is the last year in which corporate assessments and programme service inspections will be undertaken as part of the CPA framework. The Audit Commission's CPA and inspection activity is underpinned by the principle of targeting our work where it will have the greatest effect, based upon assessments of risk and performance.

5.2 The Council's CPA category and Direction of Travel assessment is, therefore, a key driver in the Commission's inspection planning process. For CPA 2007, the Council was categorised as three stars. We have applied the principles set out in the CPA framework, '*CPA - The Harder Test*', recognising the key strengths and areas for improvement in the Council's performance. Strengths in the Council's performance include:

- progress in achieving its priorities;
- improving customer access;
- improvements in adult social care;
- improved performance in recycling.

5.3 Areas for improvement in the Council's performance include:

- its strategic approach and work in housing;
- strengthening its approach to risk management;
- driving improvement in services consistently.

5.4 On the basis of our planning process we have identified where our inspection activity will be focused for 2008/09 as follows:

Inspection activity	Reason/impact
CAAL role	To act as the Audit Commission's primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Direction of Travel (DoT) assessment	An annual assessment, carried out by the CAAL of how well the Council is securing continuous improvement. The Direction of Travel label will be reported in the CPA scorecard alongside the CPA category. The Direction of Travel assessment summary will be published on the Commission's website.
Regeneration inspection	This is one of the Council's main priorities. It carries significant risks in terms of the amount of funding and development activity proposed. The work will comprise an inspection of the Council's approach to regeneration, including its work with partners, and will result in an inspection report.
Housing inspection- follow up	The Council was subject to a Strategic Housing Inspection carried out by the Commission's Housing Inspectorate in February/March 2008. The report is expected to be published in June 2008. Depending on the outcome, some follow up work may be required. If this is the case, the timing and cost of any work will be discussed with the Council.

5.5 This work has been agreed in full consultation with other regulators to ensure that work programmes are co-ordinated and proportionate.

6 Grant claims

- 6.1 As agents of the Audit Commission we are required to express an opinion on certain grant claims submitted by the Council. There are de-minimis arrangements in place for the certification of claims, which are:
- amounts below £100,000 will not be certified
 - amounts between £100,000 and £500,000 will be subjected to limited audit testing to agree form entries to underlying records, but the eligibility of expenditure will not be tested
 - amounts greater than £500,000 will be audited in accordance with the outcome of a control environment risk assessment.
- 6.2 The dates for completion of this work are laid down by the Government Departments to which the claims are submitted. We will liaise with the relevant Council officers to ensure we complete our work within the given timetable.

7 Fees and audit arrangements

Audit and Inspection fees

- 7.1 The Audit Commission's guideline for fee levels applicable to audited bodies remains a formula-based calculation that is adjusted to reflect the agreed scope of work applicable to local circumstances and risk profile. For audit, the calculation is based on the minimum amount of work required under the risk based audit approach outlined in the Code.
- 7.2 The Audit Commission recommended in its 2008/09 fees letter that Unitary Authorities such as Medway should expect an increase in fees compared to 2007/08 levels of three per cent.
- 7.3 The proposed audit fee is a fixed fee payable to PKF and amounts to £317,000 plus VAT. This represents an increase of about seven per cent compared to the 2007/08 fee. The fee is however about four per cent below the level of fee recommended by the Audit Commission for a Council with Medway's expenditure plans and risk profile (in 2007/08 the fee was ten per cent below the Commission's recommended level).
- 7.4 The fee payable to the Audit Commission for the 2008/09 programme of inspection work, net of any central government grant, is £57,591.
- 7.5 An analysis of the fee by audit and inspection area is shown below:

Work area	2007/08 Fee £	2008/09 Fee £
Code of Audit Practice		
Accounts – core audit	190,000	197,800
Whole of Government Accounts	3,000	3,200
Other specific risks (appendix A)	9,000	8,000
Subtotal accounts	202,000	209,000
Use of resources assessment - 2007/08 year	28,000	30,000
Use of resources assessment - 2008/09 (part year)	-	13,000
Data quality and performance information	45,000	44,000
Other targeted work (appendix A)	20,000	21,000
Subtotal use of resources	93,000	108,000
Subtotal audit	295,000	317,000
Inspection		
Relationship Management and direction of travel	24,388	24,876
Strategic Housing Inspection	28,140	
Follow up to Strategic Housing Inspection- to be determined		tbc
Regeneration Inspection		32,715
Subtotal inspection	52,528	57,591
Total audit and inspection	347,528	374,591

7.6 Your audit fee will be billed in four instalments as follows:

Month	£
September 2008	79,250
December 2008	79,250
March 2009	79,250
June 2009	79,250
Total	£317,000

7.7 The fee is provisional and based on our current estimations of the risks and the impact of changes to requirements in 2008/09.

7.8 As well as the audit and inspection fees of £57,591 shown at paragraph 7.5, the following fees are separately billable:

Work	Estimate £	Billing arrangement
National fraud initiative	TBA	Billed directly by the Audit Commission.
Questions and objections	TBA	Should any arise, time spent dealing with them will be billed by PKF. Where possible we will provide an estimate of the likely time required to respond to the matters before starting the work.
Grants certification	£30,000 (estimated)	Fees billed by PKF based on the Audit Commission's grade related rates as set out in the <i>Work Programme and Fee Scales</i> on the basis of hours incurred. The estimate is based on the claims we audited for the year ending 31 March 2009.

7.9 If we need to make any significant amendments to the audit fee during the course of this plan, we will firstly discuss this with the Chief Executive and the Director of Finance. We will then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Committee.

7.10 The fees detailed above are based on the following assumptions:

- Internal Audit will have completed its systems testing in accordance with the plans and agreed timetable, and to an adequate standard
- you will keep us informed of any significant changes to your main financial systems or procedures
- you will provide a comprehensive, good quality set of working papers and records to support the accounts, performance indicators and grant claims prior to the commencement of the audit and there will be no fundamental problems with them
- you will prepare a self assessment to support the use of resources assessment and this will be fully supported by relevant evidence for the 2007/08 and 2008/09 years.
- you will ensure that audit reports are responded to promptly and the implementation of recommendations by the due date is actively monitored
- there are no major changes to the content of government department grant instructions.

Staffing

7.11 The following staff will be involved in the audit throughout the course of the year:

Audit staff	
<p>Partner</p> <p>Robert Grant</p> <p>Email: robert.grant@uk.pkf.com Tel: 020 7065 0170</p>	<p>Responsible for delivering the audit in line with the Code of Audit Practice, agreeing the Audit Plan, Accounts report to those charged with governance and Annual Audit Letter. Also responsible for signing opinions and conclusions, and for liaison with the senior officers and Audit Committee.</p>
<p>Senior Manager</p> <p>Stuart Frith</p> <p>Email: stuart.frith@uk.pkf.com Tel: 020 7065 0432</p> <p>Assistant Audit Manager</p> <p>Andrew Lynas</p> <p>Email: andrew.lynas@uk.pkf.com Tel: 020 7065 0546</p>	<p>Responsible for overall control of the audit, ensuring timetables are met and reviewing the audit output. Also responsible for managing our accounts and use of resources work and for completion of the Audit Plan, Accounts report to those charged with governance, and Annual Audit Letter.</p> <p>Responsible for managing our audit fieldwork on site for accounts and use of resources.</p>
<p>Use of Resources Senior Manager</p> <p>John Taylor</p> <p>Email: john.taylor@uk.pkf.com Tel: 020 7065 0554</p>	<p>Responsible for delivery of the use of resources and data quality audit to the manager.</p>

Audit Commission staff	
<p>Relationship Manager until CAAL appointed</p> <p>Paul Chambers</p> <p>Email: p-chambers@audit-commission.gov.uk</p>	<p>Responsible for co-ordinating inspection activity as the primary point of contact with the Council and inspectorates. Will also be responsible for delivering the Direction of Travel statement.</p>
<p>CAA Lead</p> <p>to be appointed by the Commission</p>	<p>Responsible for providing a focal point for the Commission's work in your local area, ensuring that the combined inspection programme across all inspectorates is tailored to the level and nature of risk for the area and its constituent public bodies.</p>

Timetable

7.12 The key audit and inspection outputs will be:

Output	Year	Month
Planning		
Audit and Inspection Plan	-	June 2008
Accounts		
Auditor's opinion, covering: • Statement of Accounts • Use of Resources conclusion	2008/09	September 2009
ISA 260 Report on the 2008/09 Accounts	2008/09	September 2009
Use of resources		
Report and scores on use of resources – 2007/08	2007/08	September 2008
Report on Data Quality and performance information	2007/08	December 2008
Local use of resources risks work (appendix A)	2008/09	To be agreed
CPA and Inspections		
Regeneration inspection	2008	To be confirmed
Direction of Travel	2008	February 2009
Annual reporting		
Annual Audit Letter	2008	March 2009

7.13 We will agree specific dates for our visits with officers, in advance of each part of our programme, and we will work closely with officers during the year to ensure that all key deadlines are met. We will also meet regularly with senior officers, to discuss progress on the audit and obtain an update on relevant issues.

Independence

7.14 Auditing Standards require auditors to communicate relevant matters relating to the audit to “those charged with governance”. Relevant matters include issues on auditor independence, audit planning information and findings from the audit.

7.15 We have included in Appendix C to this Plan a statement to the Audit Committee setting out the Audit Commission's objectivity and independence guidelines and giving our confirmation that we have complied with those guidelines.

7.16 Following our audit of the Statement of Accounts we will report to the Audit Committee on the findings from our audit.

Quality of Service

7.17 We aim to provide a high quality of service to you at all times. If, for any reason or at any time, you would like to discuss how we might improve the service, or if you are in any way dissatisfied, please contact Robert Grant in the first instance. Alternatively, you may wish to contact our Managing Partner, Martin Goodchild. Any complaint will be investigated carefully and promptly.

7.18 If you are not satisfied you may take up the matter with the Institute of Chartered Accountants in England and Wales (“ICAEW”).

7.19 In addition, the Audit Commission's complaints handling procedure is detailed in their leaflet “How to complain: What to do if you want to complain about the Audit Commission or its

appointed auditors”, which is available on their website [<http://www.audit-commission.gov.uk/complaints/>].

- 7.20 If you are in any way dissatisfied, or would like to discuss how we can improve our inspection service, please contact the Relationship Manager in the first instance. Alternatively you may wish to contact the Head of Operations of the Audit Commission's South East sub-Region, Chris Westwood.

Appendix A Risk Assessment Matrix

	Audit risk identified from planning	Mitigating controls	Residual audit risk	Audit response to residual audit risk
Accounts				
1	International Financial Reporting Standards (IFRS) in local government are expected to be adopted from 2010/11 and will require transitional arrangements to be put in place by the Council	Management has confirmed they are aware of the need to prepare for the new IFRS regime and are considering how to progress the approach at Medway.	The Council will need to ensure that sufficient expertise and capacity is available to achieve the transition in accordance with the Government's timetable (when it is finalised). Significance – Low	We will review the Council's progress and discuss with management any amendments required to the accounts preparation process and reporting format in the lead up to fully implementing IFRS.
2	The proposed changes to the SORP 2008 include further guidance on the Annual Governance Statement, clarification on deferred charges, intangible assets and back pay to be included in the unequal pay claims reserve.	Management will review the implications of the finalised SORP 2008 and we will agree an appropriate way forward to comply with the new accounting requirements.	While there are no significant changes, there remains a risk the Council may not have prepared the Statement of Accounts in full compliance with the 2008 SORP requirements. Significance – Medium	We will agree with management the necessary amendments to the accounts preparation processes and reporting format, and undertake detailed audit procedures on those transactions and balances subject to amendment by the SORP 2008.
3	Medway established new management structures in April 2008 and will need to ensure these are fully embedded.	The Council understands the importance of securing value for money in delivering services through its new structures.	The impact on the capacity of the Council to deliver services as new structures are embedded may be adversely affected in the short term. Significance –High	We will continue to discuss the impact of the new management structure with management and consider outcomes in the context of our use of resources work.
4	The Council will need to ensure the improvement plans agreed with external inspectors to improve performance in the Housing Service are implemented.	The Council is working with external inspectors to finalise improvement plans for the Housing Service by the end of July 2008.	The Council will need to ensure that sufficient capacity is available to deliver planned improvements. Robust monitoring arrangements will need to be put in place to ensure milestones are met with outcomes being reported to Members. Significance – High	We will discuss the Council's response to the external inspectors' reports with officers, reviewing progress in achieving improvement plans.

	Audit risk identified from planning	Mitigating controls	Residual audit risk	Audit response to residual audit risk
6	Ensuring that planned efficiency savings are achieved and that the overall financial position of the Council remains balanced. In particular, the Council will need to ensure that expenditure on demand-led services such as special education needs and home to school transport costs is managed within agreed budgets	The Council has established arrangements to monitor its finances and report progress to Members.	The overall financial position of the Council could be adversely affected in the event that planned efficiency savings are not fully achieved. Significance –High	Our use of resources judgements will consider how well the Council manages its finances.
Use of Resources				
1	The need to establish and embed new arrangements for investigating complaints about Member conduct in the light of the Government's new guidelines	The Council introduced reviewed arrangements in April 2008 and is looking to provide the training necessary to ensure Members meet the new responsibilities specified by the Government.	The Council may not have sufficient capacity or expertise in the event that a higher level of complaints than anticipated are made. Significance – Medium	We will review the Council's progress in establishing new structures to deal with the new responsibilities for considering complaints about Member conduct.
2	The need to implement the Council's improvement plans for securing value for money in the use of resources	The Council understands the need to improve further its arrangements for securing value for money.	The Council will need to ensure that agreed improvement plans are monitored closely and further corrective action taken as necessary. Significance – High	Before undertaking detailed work using the Audit Commission's methodologies, we will review the progress made by the Council in implementing its improvement plans.
3	Ensuring targets to reduce health inequalities set through the Local Area Agreement are achieved with the Council's partners.	The Council is working through the Local Strategic Partnership to achieve targets set in the Medway Local Area Agreement.	The Council and its partners may need to review the capacity available to deliver the targets set through the LAA. Significance - Medium	We will discuss with officers progress towards achieving targets set and liaise with auditors at Medway PCT as a principal partners in reducing Health Inequalities.

Appendix B

Use of resources assessment criteria (proposed)

Managing finances

How effectively does the organisation manage its finances and deliver value for money?

- 1.1 Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?.
- 1.2 Does the organisation have a sound understanding of its costs linked to performance and achieve efficiencies in its activities?
- 1.3 Is the organisation's financial reporting timely, reliable and does meet the needs of internal users, stakeholders and local people?

Governing the business

How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?

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

Managing resources

How well does the organisation manage its natural resources, physical assets, and people to meet current and future needs and deliver value for money?

- 3.1 Is the organisation making effective use of natural resources?
- 3.2 Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?
- 3.3 Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?

Appendix C

Disclosure under ISA 260 (Communication of audit matters to those charged with governance)

To: Audit Committee, Medway Council

Auditors appointed by the Audit Commission are subject to the *Code of Audit Practice* (the Code) which includes the requirement to comply with International Standards on Auditing (ISA) when auditing the financial statements. ISA 260 requires auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff.

The ISA defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In the case of Medway Council it has been agreed that the appropriate addressee of communications from the auditor to those charged with governance is the Audit Committee. The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.

Auditors are required by the Code to:

- carry out their work with independence and objectivity
- exercise their professional judgement and act independently of both the Commission and the audited body
- maintain an objective attitude at all times and not act in any way that might give rise to, or be perceived to give rise to, a conflict of interest
- Resist any improper attempt to influence their judgement in the conduct of the audit.

In addition, the Code specifies that auditors, or any firm with which an auditor is associated, should not carry out work for an audited body, which does not relate directly to the discharge of the auditors' functions if it would impair the auditors' independence or might give rise to a reasonable perception that their independence could be impaired. If auditors are satisfied that performance of such additional work will not impair their independence as auditors, nor be reasonably perceived by members of the public to do so, and the value of the work in total in any financial year does not exceed a *de minimis* amount (currently the higher of £30,000 or 20% of the annual audit fee), then auditors (or, where relevant, their associated firms) may undertake such work at their own discretion. If the value of the work in total for an audited body in any financial year would exceed the *de minimis* amount, auditors must obtain approval from the Commission before agreeing to carry out the work.

The Code also states that the Commission issues guidance under its powers to appoint auditors and to determine their terms of appointment. The *Standing Guidance for Auditors* includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- any staff involved on Commission work who wish to engage in political activity should obtain prior approval from the Partner or Regional Director
- audit staff are expected not to accept appointments as lay school inspectors
- firms are expected not to risk damaging working relationships by bidding for work within an audited body's area in direct competition with the body's own staff without having discussed and agreed a local protocol with the body concerned
- auditors are expected to comply with the Commission's statements on firms not providing personal financial or tax advice to certain senior individuals at their audited bodies, auditors' conflicts of interest in relation to PFI procurement at audited bodies, and disposal of consultancy practices and auditors' independence

- auditors appointed by the Commission should not accept engagements which involve commenting on the performance of other Commission auditors on Commission work without first consulting the Commission
- auditors are expected to comply with the Commission's policy for both the Partner and the second in command (Manager) to be changed on each audit at least once every five years with effect from 1 April 2003 (subject to agreed transitional arrangements)
- audit suppliers are required to obtain the Commission's written approval prior to changing any Audit Partner in respect of each audited body
- the Commission must be notified of any change of second in command within one month of making the change. Where a new Partner or second in command has not previously undertaken audits under the Audit Commission Act 1998 or has not previously worked for the audit supplier, the audit supplier is required to provide brief details of the individual's relevant qualifications, skills and experience.

Statement by the Appointed Auditor

In relation to the audit of the financial statements for Medway Council for the financial year ending 31 March 2009, we are able to confirm that the Commission's requirements in relation to independence and objectivity, outlined above, have been complied with.

Under the requirements of ISA 260, we are not aware of any relationships that may bear on the independence and objectivity of the audit engagement partner and audit staff which are required to be disclosed.

Statement by the Relationship Manager (subsequently CAAL)

I am not aware of any relationships that may affect the independence and objectivity of the Inspectors who will work with you.

Use of resources 2008/09

Overall approach and key lines of enquiry

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we seek to ensure that public services are good value for money and that public money is properly spent.

For further information about the Audit Commission, visit our website at www.audit-commission.gov.uk

Introduction	2
The approach to use of resources for CAA	2
Value for money conclusion	6
Reference documents	7
Appendix 1 – Themes and key lines of enquiry	8
Appendix 2 – Specified KLOE for 2008/09 (VFM conclusion and use of resources assessment)	14

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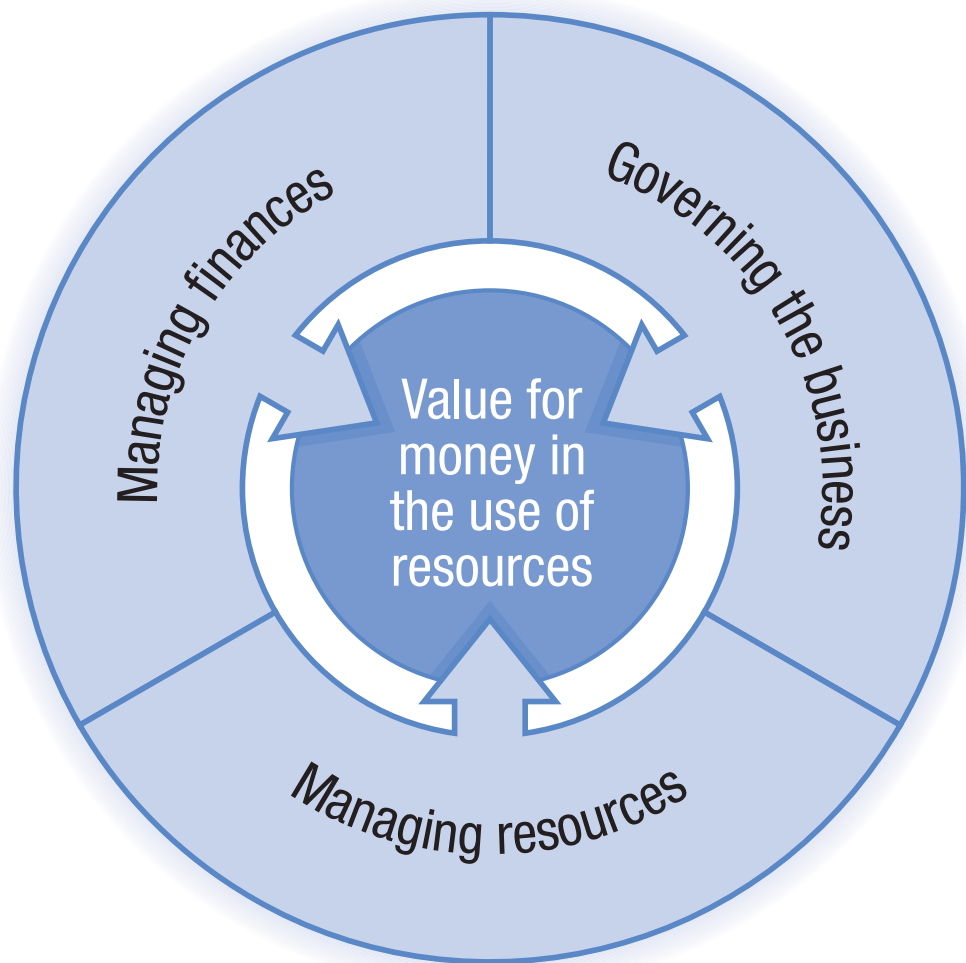
Introduction

- 1 This document sets out the Audit Commission's approach to auditors' use of resources work from 2008/09. It outlines the key features of use of resources judgements for the purposes of the Comprehensive Area Assessment (CAA). It also describes how the specified key lines of enquiry (KLOE) form the basis of the auditor's value for money conclusion under the *Code of Audit Practice 2005*.

The approach to use of resources for CAA

- 2 Each year, the Audit Commission will publish scored judgements about value for money in the use of resources in respect of local authorities, fire and rescue authorities, police authorities and primary care trusts (PCTs). The use of resources assessment forms part of CAA from 2009 and will also feed into other relevant performance assessment frameworks as appropriate.
- 3 The use of resources assessment considers how well organisations are managing and using their 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. The three themes are illustrated in **Figure 1**.
- 4 The scores for each theme are based upon the scores reached by auditors on the underlying KLOE. The KLOE are included at **Appendix 1**. The KLOE are generic and applicable equally to all organisations subject to use of resources judgements under CAA. This promotes consistency and demonstrates that all organisations within a CAA area are being treated in exactly the same way and to the same standards.
- 5 From 2008/09, the KLOE are more broadly based than previously and embrace wider resource issues such as people and workforce planning, and the use of natural resources. The KLOE focus more on value for money achievements, outputs and outcomes rather than on processes, and are more strategic and less detailed.

Figure 1
Use of resources framework 2008/09



- 6 The KLOE are supported by characteristics of performance, which are used as an aid to the exercise of the auditors' professional judgement. The characteristics are published separately as part of the guidance available to audited bodies and auditors. This emphasises that use of resources judgements relate to the KLOE only. The underlying characteristics are indicative of differing levels of expected performance, and are not criteria to be complied with in all circumstances. 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*.

- 7 The approach to use of resources work will be on a risk basis and draw on evidence available from previous years where relevant. Once an initial baseline assessment of performance has been established for each KLOE, auditors will apply risk-based planning to focus on areas of significant change, and high performing organisations can expect to have less work undertaken on use of resources than at poorly performing organisations.
- 8 A proportionate approach will be applied to the assessment of the KLOE. The Commission will specify in its annual work programme and fees document which KLOE are to be assessed over the coming year. The specified KLOE are likely to differ for each sector in order to reflect sector priorities. In 2008/09, auditors will assess eight of the ten KLOE at district councils, fire and rescue authorities, police authorities and PCTs, and nine of the ten KLOE at single tier and county councils. At PCTs, the KLOE on strategic asset management will only apply where there is a significant asset base. The KLOE specified for each type of body for the 2008/09 assessment are at **Appendix 2**.
- 9 A score of level 1 on any KLOE will result in automatic re-assessment of that KLOE in the following year, regardless of whether it is specified for assessment.
- 10 Local authorities demising as a result of local government reorganisation will not be subject to a scored use of resources assessment for 2008/09.
- 11 The use of resources assessment will use the Commission's current four point scale from 1 to 4, with 4 being the highest. The table below summarises the underlying principles implicit in assessing performance at levels 2, 3 and 4 to support the judgements made against each KLOE. Level 1 represents a failure to meet the minimum requirements at level 2. The principles for each level of performance are cumulative – for example, the principles outlined to support level 3 will be considered in addition to those at level 2.

Level 2 only at minimum requirements – adequate performance	Level 3 consistently above minimum requirements – performing well	Level 4 well above minimum requirements – performing strongly
Arrangements that are consistent with established professional practice and guidance, meet statutory requirements and operate effectively.	Implemented effective arrangements that are: – forward looking and proactive in identifying and developing opportunities for improvement; and – include more sophisticated measuring and assessment techniques.	Demonstrating innovation or best practice.
Arrangements sufficient to address the KLOE demonstrating, for example: organisational leadership and commitment; partnership working; appropriate capacity and skills informed by priorities with supporting action plans as appropriate.	Outputs and outcomes demonstrate arrangements which are effective and have the intended impact. Where appropriate, the arrangements show evidence of effective partnership working.	Demonstrating strong outcomes for the community including through partnership working.
Arrangements that achieve minimum acceptable levels of performance.	Evidence of performing consistently above minimum acceptable levels and achieving value for money.	Evidence of performing well above minimum acceptable levels and achieving excellent value for money.

- 12 The Commission issues guidance relevant to each sector to support the assessment. The guidance includes sources of possible evidence and characteristics of performance for each KLOE at levels 2 and 3. The characteristics of performance are provided to help organisations understand how judgements will be formed against each KLOE, and provide examples of the type of arrangements, outputs and outcomes that might be expected.
- 13 The sources of evidence and the characteristics do not prescribe the only way in which organisations can meet the KLOE. They are not a checklist to be complied with rigidly. Auditors will make a rounded judgement against each KLOE based on all the evidence available to them and using the characteristics as guidance.

Value for money conclusion

- 14 Under the *Code of Audit Practice*, auditors are required to give a value for money (VFM) conclusion in their statutory audit report as to whether they are satisfied that the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The scope of these arrangements and the way in which auditors will undertake their work is set out in section 3 of the Code.
- 15 The auditor's VFM conclusion is informed, and limited, by reference to 'relevant criteria' covering specific aspects of audited bodies' arrangements, specified by the Commission in accordance with the Code. The Commission will specify each year which of the use of resources KLOE will form the relevant criteria for the VFM conclusion at each type of audited body.
- 16 Auditors are required to apply a yes/no judgement against the criteria, that is, the audited body either has proper arrangements in place or not. A 'no' judgement will be equivalent to level 1 performance for the use of resources assessment, and a 'yes' judgement will be equivalent to level 2 performance or above. Criteria with a 'no' judgement will automatically apply in the following year regardless of whether they are specified.
- 17 For bodies subject to a scored use of resources assessment for the purposes of CAA, the KLOE forming the relevant criteria for the 2008/09 VFM conclusion are specified at **Appendix 2**.

- 18 For bodies not subject to a scored use of resources assessment for CAA, auditors will apply a proportionate approach to arriving at their VFM conclusion in accordance with guidance to be issued by the Commission under the Code. The guidance will specify which KLOE will form the relevant criteria for each type of audited body.
- 19 For NHS trusts, and local authorities demising as a result of local government reorganisation, the relevant criteria for the purposes of the 2008/09 VFM conclusion will continue to be those used for the 2007/08 VFM conclusion.
- 20 The *Code of Audit Practice* requires auditors to plan and perform their audits on the basis of an assessment of audit risks, determining where to direct their work and to allocate resources to ensure that the audit is tailored to the circumstances of the audited body. There may be circumstances in which the Commission has not specified that a KLOE should be assessed in any year, but the auditor becomes aware of issues or new risks arising in relation to that KLOE. In such cases, the Commission will require auditors to undertake such appropriate risk-based work as is necessary to discharge their statutory functions, and they may reflect the results of this work in their VFM conclusion.

Reference documents

- 21 The development of the use of resources KLOE has been informed by existing guidance and good practice, in particular the following documents: *World Class Financial Management* (Audit Commission, 2005); *Delivering Good Governance in Local Government: Framework* (CIPFA/SOLACE, 2007); *Managing the Risk of Fraud* (CIPFA, 2006); *Securing the Future – UK Government Sustainable Development Strategy* (2005); *Procuring the Future: Sustainable Procurement Task Force National Action Plan 2006*; *Standards for Better Health* (Department of Health, updated 2006).

Appendix 1 – Themes and key lines of enquiry

Managing finances

How effectively does the organisation manage its finances to deliver value for money?

1.1 Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?

KLOE focus

The organisation:

- integrates financial planning with strategic and service planning processes on a medium- to long-term basis;
- engages local communities and other stakeholders in the financial planning process;
- manages spending within available resources and is financially sound over the medium term; and
- recognises individual and collective responsibilities for financial management and values and develops financial skills.

1.2 Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?

KLOE focus

The organisation:

- understands its costs, including whole life, transaction and unit costs, the main factors that influence these and how they link to performance;
- takes account of this understanding of its costs and performance in decision making and commissioning; and
- identifies the scope for making efficiencies and is on track to achieve planned efficiencies.

1.3 Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?

KLOE focus

The organisation:

- produces relevant, timely and reliable financial monitoring and forecasting information;
- uses financial and related performance information to monitor performance during the year;
- produces financial reports that are clear, relevant and concise to support strategic decision making;
- prepares accounts that meet statutory requirements, financial reporting standards and present fairly, or give a true and fair view of, the financial performance and position; and
- publishes reports that provide an objective, balanced and understandable assessment of the organisation's performance in the year.

Governing the business

How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?

2.1 Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?

KLOE focus

The organisation:

- has a clear vision of intended outcomes for local people which shapes its commissioning and procurement, and is based on an ongoing analysis and understanding of needs;
- involves local people, partners, staff and suppliers in commissioning services;
- seeks to improve the customer experience, quality and value for money of services through service redesign, making effective use of IT;
- understands the supply market and seeks to influence and develop that market;
- evaluates different options (internal, external and jointly with partners) for procuring services and supplies; and
- reviews the competitiveness of services and achieves value for money, while meeting wider social, economic and environmental objectives.

2.2 Does the organisation produce relevant and reliable data and information to support decision making and manage performance?

KLOE focus

The organisation:

- produces relevant and reliable data and works with partners to ensure the quality of partnership data;

- understands the needs of its decision makers and provides them with information that is fit for purpose and is used to support decision making;
- ensures data security and compliance with relevant statutory requirements; and
- monitors performance against its priorities and targets, and addresses under-performance.

2.3 Does the organisation promote and demonstrate the principles and values of good governance?

KLOE focus

The organisation:

- has adopted, promotes and demonstrates, the principles of good governance;
- maintains focus on its purpose and vision;
- demonstrates a strong ethical framework and culture; and
- applies the principles and values of good governance to its partnership working.

2.4 Does the organisation manage its risks and maintain a sound system of internal control?

KLOE focus

The organisation:

- has effective risk management which covers partnership working;
- has a clear strategy and effective arrangements, including allocation of appropriate resources, to manage the risk of fraud and corruption; and
- has a sound system of internal control including internal audit.

Managing resources

How well does the organisation manage its natural resources, physical assets, and people to meet current and future needs and deliver value for money?

3.1 Is the organisation making effective use of natural resources?

KLOE focus

The organisation:

- understands and can quantify its use of natural resources and can identify the main influencing factors;
- manages performance to reduce its impact on the environment; and
- manages the environmental risks it faces, working effectively with partners.

3.2 Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?

KLOE focus

The organisation:

- has a strategic approach to asset management based on an analysis of need to deliver strategic priorities, service needs and intended outcomes;
- manages its asset base to ensure that assets are fit for purpose and provide value for money; and
- works with partners and community groups to maximise the use of its assets for the benefit of the local community.

3.3 Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?

KLOE focus

The organisation:

- has a productive and skilled workforce;
- knows in the medium to longer term what staff it will need, with what skills, and has plans to achieve this;
- engages and supports staff in organisational change; and
- has policies which support diversity and good people management.

Appendix 2 – Specified KLOE for 2008/09 (VFM conclusion and use of resources assessment)

KLOE	Single tier and county councils	Districts	Police	Fire	PCTs
Managing finances					
1.1	Planning for financial health	√	√	√	√
1.2	Understanding costs & achieving efficiencies	√	√	√	√
1.3	Financial reporting	√	√	√	√
Governing the business					
2.1	Commissioning & procurement	√	√	√	X [∞]
2.2	Use of information	√	√	√	√
2.3	Good governance	√	√	√	√
2.4	Risk management & internal control	√	√	√	√
Managing resources					
3.1	Natural resources	√	X	X	X
3.2	Strategic asset management	√	X	X	√*
3.3	Workforce	X	√	√	√#

Note

- ∞ For PCTs, KLOE 2.1 will form a relevant criterion for the purposes of the value for money conclusion but not a scored KLOE for the use of resources assessment. Evidence for the value for money conclusion is expected to be drawn from the World Class Commissioning assurance framework, findings from Auditors' Local Evaluation work in 2007/08 and any other work undertaken locally.
- * For PCTs, KLOE 3.2 will apply only where there is a significant asset base.
- # For the 16 county council fire and rescue authorities, KLOE 3.3 will be assessed for the fire and rescue service only.

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