

Annual Audit Letter

Hereford and Worcester Fire and Rescue Authority

Audit 2008/09

December 2009



audit
commission

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Key messages

This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work we have undertaken to assess the way you manage your performance and your arrangements to secure value for money in your use of resources.

Overview

- 1** Hereford and Worcester Fire and Rescue Authority manages performance well, because it is providing an effective and improving fire and rescue service to communities and provides value for money. There was a significant improvement in 2007/08 in its key performance indicators (PIs) which ranked the Authority sixth out of 48 Fire Authorities for improvement and showed that 80 per cent of PIs had improved. This trend has continued in 2008/09 and the Authority is maintaining its track record as a high performing organisation.
- 2** Improved outcomes continue to be delivered in line with the national framework and you are making steady progress on changes related to the deployment of resources. You are among the best services in the country for promoting equality and diversity. There is engagement with your partners and communities and the service is championing wider agendas such as road safety, anti social behaviour, youth work, flooding and urban search and rescue. Financial arrangements are effective and the 2008/09 accounts were completed, audited and approved well in advance of the required date of September. During the auditing of the 2008/09 accounts some errors were found all of which were adjusted for and I was able to issue an unqualified opinion on 7 August 2009.
- 3** You are aware of where you can get better. For example, by continuing to take action on reducing sickness levels and further reducing attendances to unwanted fire calls. There are also a few staff new to their current posts and therefore grappling with new areas of responsibility. Despite these minor shortcomings, which you are tackling, you are well positioned and have the capacity to make further improvements.

Use of resources

- 4** This is the first year in which you have been assessed using the more demanding and more outcome focused approach. Overall for 2008/09 I assessed you as 'performing well' in your arrangements for Managing Finance, Governing the Business and Managing Resources.
- 5** I am required to use this work to help me conclude whether you put in place proper arrangements for securing economy, efficiency and effectiveness in your use of resources. This is known as the value for money conclusion. I issued an unqualified opinion stating that you had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.

- 6** As this is the first year no comparisons can be made with previous years' scores. However, my overall conclusion is that you have continued to improve and performed well against the new and more demanding assessment.
- 7** The key areas for you to address are improving:
- the levels of sickness absence;
 - the training of Members, including the introduction of individual personal development plans;
 - be able to demonstrate evidence of a strong ethical framework and culture delivering outcomes; and
 - the quality of the financial statements by thorough supporting documentation and analysis.

Financial statements

- 8** Your financial statements were presented for audit on 20 May 2009, significantly before the statutory deadline of the 30 June. Following the period when the public can ask me questions on the accounts I issued an unqualified opinion on your annual accounts on 7 August 2009, significantly before the statutory deadline for publishing your accounts of 30 September.
- 9** Whilst there was a major improvement from last year I identified significant errors and uncertainties in the draft accounts, primarily in relation to the accounting treatment of fixed assets (ie property plant and equipment) to reflect reductions in values as a result of the global economic downturn. All these errors were amended for in the Authority's accounts which had the effect of reducing the value of your fixed assets £3.5 million.
- 10** Your Treasurer is taking the necessary actions to address the weaknesses. It will be important to improve these areas not only for 2009/10 but looking towards 2010/11 when, in line with sector accounting the basis of the Authority's financial statements will change from being on UK GAAP (Generally accepted accounting principles) to IFRS (International Financial Reporting Standards).
- 11** We have monitored your progress on this and are satisfied that you are on track to meet these challenges. You have set up a project team and have a clear timeline and have conducted a risk assessment. We have been engaged with the project and will continue to work alongside you to ensure a successful transition.

Actions

- 12** Recommendations are shown within the body of this report and have been agreed with the audited body.

Organisational Assessment and Managing Performance

- 13** A new output of the area assessment process is an Organisational Assessment which draws upon a Managing Performance element and the findings of auditors from their work on Use of Resources (UoR) and elsewhere. The UoR and Managing Performance assessments are combined to give an overall organisational assessment judgement for the Authority. The Audit Commission has determined that the organisational assessment judgement for Hereford and Worcester Fire and Rescue Authority is that it performs well.

Table 1 Organisational assessment (performing well)

	Scored judgement
Managing performance (performing well)	3
Use of resources (performing well)	3

Description of scores:

1. An organisation that does not meet minimum requirements, Performs Poorly
2. An organisation that meets only minimum requirements, Performs Adequately
3. An organisation that exceeds minimum requirements, Performs Well
4. An organisation that significantly exceeds minimum requirements, Performs Excellently

Managing Performance (performing well)

- 14** The Audit Commission also assesses how well the Authority manages and improves its services and contributes to wider community outcomes. The assessment considers how successful the Authority is in delivering its corporate priorities. The priorities have been drawn from what matters most to local people.
- 15** The Authority scores 3 out of 4 for managing its performance (the scoring mechanism is as for Use of Resources).
- 16** Hereford and Worcester Fire and Rescue Authority manages performance well, because it is providing an effective and improving fire and rescue service to communities and provides value for money. It is also well placed to make further improvements. There was a significant improvement in 2007/08 in its key performance indicators (PIs) which ranked the Authority sixth out of 48 Fire Authorities for improvement and showed that 80 per cent of PIs had improved. This trend has been maintained in 2008/09 and the Authority is maintaining its track record as a high performing organisation.

- 17 People in Herefordshire and Worcestershire are comparatively safer than compared with other areas from the dangers of fire and last year the FRA attended the lowest number of fires ever recorded in the two counties. Accidental House Fires, fire deaths and injuries have been reducing rapidly for a few years – at one of the fastest rates nationally.
- 18 It works closely with other agencies on a wide range of community issues. For example, while ensuring vulnerable individuals and families are safe from the dangers of fire it helps to ensure they can live independently in their own homes. Youth work includes a Young Firefighter Association and talks to schools about arson and malicious calls as well as fire safety. This is helping to improve levels of home fire safety, reduce arson and anti-social behaviour (ASB). The FRA is improving safety on the local roads where deaths and serious injuries are fairly high.
- 19 The FRA is aware of where they can get better. For example, by further reducing attendances to unwanted fire calls which, although improving, are rather high. Sickness levels are also high and levels rose and fell over recent years. There are also a few staff new to their current posts and therefore grappling with new areas of responsibility. Despite these minor shortcomings which the FRA is tackling, is well positioned and has the capacity to make further improvements.

Value for money and Use of resources

I considered how well the Authority is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and gave a scored use of resources judgement.

I also assessed whether the Authority put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 20** This is the first year of the new Use of Resources (UoR) Key Lines of Enquiry (KLOE). These are more broadly based than previously and embrace wider resource issues such as people and workforce planning, and the use of natural resources. The KLOEs are now focussed around three themes; managing finances, governing the business and managing resources. They focus more on value for money achievements, outputs and outcomes rather than on processes, and are therefore more strategic and less criteria driven.
- 21** In forming my scored use of resources judgements, I have used the methodology set out in the use of resources framework. Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at Level 2.
- 22** Overall for 2008/09 I assessed the Authority as 'performing well' (Level 3) in its arrangements for Managing Finance, Governing the Business and Managing Resources (Table 2). My conclusions on each of the areas are set out in Appendix 2.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances How effectively does the organisation manage its finances to deliver value for money?	3
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?	3
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

Overview

- 23** The FRA is providing value for money in the way it provides and improves services to communities and it is achieving safer communities. You are low cost and high performing. You are good at making savings and have made above average levels of efficiency savings some from more efficient staffing arrangements at stations.
- 24** Opportunities to reduce costs are actively sought by buying essential equipment with others and you have made many efficiency savings over recent years. You manage your finances well and link money to your priorities such as community safety. This approach is improving performance and budgets are well managed. You have been successful in getting extra money for yourselves and Worcestershire by meeting your targets to reduce arson in high risk areas.
- 25** Financial arrangements are effective and the 2008/09 accounts were completed and I was able to issue an unqualified opinion on your annual accounts on 7 August 2009 well in advance of the statutory deadline of 30 September.
- 26** You are in a good position to improve further through displaying leadership, by influencing partners and supporting a wide range of community activities. You are clear about what is important to local people and what needs improving. You plan well for the future, and regularly check and manage how you are improving.

Managing Finances (performing well)

- 27** The FRA has a history of clearly integrating financial and corporate planning processes. Its strategy and financial plans are strongly driven by its desire to improve community safety and well being. Resources have been redirected towards prevention in the area of community safety and there has been refocusing of an existing budget of funding to extend the Home Fire Safety check service to target vulnerable people to support a Local Area Agreement priority. As a low grant high performing service the Authority has historically and continues to understand its costs and how they link to performance. The 2008/09 accounts were audited and approved before 30 June well in advance of the statutory September requirement.
- 28** Areas identified within the Managing Finances theme where there is scope for further improvement include:
- improving the quality of the financial statements by thorough supporting documentation and analysis;
 - the seeking of stakeholders views to enable improved and better focussed external reporting of the Authority's financial performance in an accessible and understandable format; and
 - the inclusion of the Authority's environmental footprint and the work undertaken to support diversity in the communities it serves when reporting environmental and social information.

Governing the Business (performing well)

- 29** The Authority has a clear vision of outcomes for local people based on an ongoing analysis and understanding of needs. It considers costs alongside quality in projects, such as the relocation of its workshop facility, and works well with partners and community groups to deliver wider community outcomes. The Authority has a strong approach on equalities and the service continues to display a strong commitment to Diversity and Equality, access to services and customer care. It has successfully retained the Charter Mark standard for excellence in customer service. It has a robust framework to oversee data quality and members provide robust scrutiny of performance. There is a counter fraud and corruption strategy and the Authority participates in the National Fraud initiative exercise.
- 30** Areas identified within the Governing the Business theme where there is scope for further improvement include:
- consider individual personal development plans for Members to identify skill gaps, to inform training plans for the year ahead and increase the take up of training and development opportunities (Member attendance at centralised training events is currently 28 per cent);
 - ensuring clarity, through regular review, of the respective roles of members and senior officers;
 - be able to provide evidence of a strong ethical framework and culture delivering outcomes;
 - assessing counter fraud arrangements against best practice to strengthen systems and processes; and
 - improving the system of internal control through the effective use of internal audit and the Audit committee is able to demonstrate effective challenge across the organisation.

Managing Resources (performing well)

- 31** The Authority has a skilled and productive work force. The skills of the workforce are constantly assessed against the requirements for delivering its priorities through an annual process with six monthly reviews with all its employees to limit the skills gap. These reviews cover how organisational objectives have been met and identifying any gaps in training together with interest in promotions. Training and development systems are in place and ensure that the Authority has the right people with the right skills. It has an inclusive and effective approach to organisational change and has a strong track record in relation to diversity and equality.

Recommendation

- R1** Ensure action plans are in place to address the key improvement areas from my Use of Resources review.

VFM conclusion

- 32** I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 2.
- 33** I issued an unqualified conclusion stating that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Financial statements and annual governance statement

The Authority's financial statements and annual governance statement are an important means by which the Authority accounts for its stewardship of public funds.

Audit opinion

34 I issued an unqualified opinion on the Authority's accounts on 7 August 2009, significantly before the September statutory deadline. In my opinion the:

- accounts presented fairly the Authority's financial position and its income and expenditure for the year; and
 - the firefighters' pension fund accounting statements presented fairly the amount and disposition of the fund's assets and liabilities as at 31 March 2009, other than liabilities to pay pensions and other benefits after the end of the scheme year.
-

Significant issues arising from the audit

35 The financial statements were presented for audit on 20 May 2009, significantly before the statutory deadline of the 30 June. The early closure of accounts is in line with good practice however it does present challenges for the Authority in having robust preparation and quality assurance processes in place.

36 The financial statements and working papers presented for audit were a significant improvement upon those made available in 2007/08. However, I identified errors and uncertainties in respect of the accounting treatment of fixed assets (ie property plant and equipment). All of the errors have been amended in the approved set of financial statements but as a result the value of your fixed assets was reduced by £3.5 million.

37 The items were as follows.

- The Betony Road workshops were brought into the financial statements at cost rather than at valuation in accordance with the Authority's accounting policy.
 - The Authority's arrangements to assess the impact of the economic downturn on the valuation of its assets were not sufficiently developed resulting in large changes to impairment charges in the draft financial statements.
 - The valuations of the HQ building and the Betony Road workshops did not separately identify land and buildings resulting in errors in the depreciation calculations.
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Weaknesses in internal control

- 38** We did not identify any material weaknesses in internal control. However we found a number of control and process weaknesses that have impacted upon the efficiency of our audit and have required additional audit testing.
- 39** The weaknesses identified are as follows.
- The reporting of data to the Government's Actuary's Department (GAD) was being worked on by only one member of the finance team prior to its submission to GAD without being subjected to any other check or peer review. Procedures have now been put in place to address this and we have been able to perform additional tests on these procedures to satisfy ourselves that no material error had occurred.
 - Failings identified in the testing of some controls within the debtors, creditors and pension systems resulted in the need for additional audit work to satisfy ourselves that no material errors had occurred.
 - Ten journals were processed through the ledger to the value of £497k which had been created and authorised by the same person. This is a failing in the control that would have been provided by segregation of duties. We were able to satisfy ourselves that these journals have not given rise to a material misstatement in the accounts.
- 40** The Authority has a relatively small finance team and this can present challenges to ensure that the key accounting internal control of segregation of duties can be present to enable the proper accountability of monies.

Looking forward

- 41** The weaknesses in both the accounts preparation process and internal control are being addressed by the Treasurer but it has resulted in an increase in the audit fee for this year as shown in Appendix 1. It will be important to improve these areas not only for 2009/10 but looking towards 2010/11 when, in line with sector accounting the basis of the Authority's financial statements will change from being on UK GAAP (Generally accepted accounting principles) to IFRS (International Financial Reporting Standards).
- 42** We have monitored your progress on this and are satisfied that you are on track to meet these challenges. You have set up a project team and have a clear timeline and have conducted a risk assessment. We have been engaged with the project and will continue to work alongside you to ensure a successful transition.

Recommendations	
R2	Ensure that my agreed Annual Governance report recommendations are implemented by the agreed deadlines.
R3	Monitor progress towards the implementation of the International Financial Reporting Standards for the 2010/11 financial statements in accordance with the requirements of the SORP.

Other matters

Financial Standing

- 43** The last year has seen the country enter a significant economic recession. The consequence locally, is an increasing demand for public services and the likelihood of reduced levels of central government funding. Together, these provide a significant challenge for local government as they seek to continue to provide services to local residents, whilst maintaining a sound financial position.
- 44** The Authority approved the budget for 2009/10 in February 2009 which identified that back office efficiencies of £211K would be needed to balance the expenditure requirement with the likely available resources. The forecast for 2009/10 reported to the November 2009 Budget Committee is an underspend of £124k.
- 45** The impacts of the recession will continue to present a challenge to the Authority in the coming financial year. I will continue to monitor the Authority's response and actions in this key area.

Treasury management

- 46** We have undertaken an overview of the Authority's Treasury Management arrangements. The Authority invests its surplus monies only with Worcestershire County Council (WCC). The Terms of reference of the Budget committee include the making of recommendations to the Authority on financial matters. This committee reviewed the Authority's Treasury Management framework in November 2008 and in January 2009. The Authority concluded that no changes were required to its Treasury Management policy and strategy.
- 47** The Authority has delegated the Treasury Management function to its Treasurer in its scheme of delegation and in its Financial Regulations. The Treasurer of the Authority is also the Treasurer of WCC. A Service level agreement is in place between the Authority and WCC which clearly states where roles, responsibilities and liabilities on the event of a default lie which has been noted by the Budget committee.

Follow up of previous years' work

- 48** We have followed up the actions identified as needed by the Authority made in the previous year and satisfactory progress is being made.

National Fraud Initiative 2008

- 49** The arrangements in place to investigate and report the findings arising from the National Fraud Initiative 2008 have been reviewed and we have concluded that these arrangements are satisfactory. The Director of Finance has taken periodic reports to the Audit Committee on its findings together with the results of investigations carried out on all the data matches reported.

Comprehensive Area Assessment

- 50** Comprehensive Area Assessment (CAA) is a new way of assessing local public services in England. It examines how well local government and other public bodies work together to meet the needs of the people they serve. The results of these assessments have been made available from December 2009 on the Audit Commission's Oneplace website.

Comprehensive Area Assessment

- 51** For the first time, local public services will be held collectively to account for their impact on better local outcomes. CAA provides a mechanism to ensure that the needs of the local population are met through agencies working closely together to deliver improved outcomes.
- 52** The area assessment takes the single tier and county council boundary as the starting point and will focus on the prospects for better outcomes (including health outcomes) for the people living in that area. The review will draw on a range of sources of evidence and will carry out additional investigation where analysis highlights this is necessary. This could involve any of the partners.
- 53** As part of the approach to CAA new Key Lines of Enquiry (KLOE) have been developed together with a new approach to Use of Resources (UoR) judgements. These judgements are broader than previously and have been applied consistently across all sectors. The CAA Lead has been discussing emerging findings with public sector bodies in Herefordshire and Worcestershire as part of this process.
- 54** The findings for Worcestershire are that over the last ten years roads have become much safer, with a reducing number of serious accidents or deaths as a result of road accidents. The number of deaths from fires is the lowest on record. There are fewer fires, with far fewer people getting injured. The economy of Tenbury Wells is at risk from flooding and will continue to be with the lack of funds available to carry out defence schemes to protect the town.
- 55** In Herefordshire the number of people dying on rural roads is a major concern however organisations are working to reduce the number.
- 56** The Authority is fully engaged with the local strategic partnerships on these issues. They cannot be addressed by one partner alone. However, as part of its contribution the Authority's response plan for possible flooding in Tenbury has been updated in December 2009 and it is specifically working to improve road safety and reduce the numbers of fires through directing resources to home safety checks.

Closing remarks

Independence

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

Audit fees

- 58** The audit fees have been reported within the Annual Governance Report and the detail is included within Appendix 1.

Reporting

- 59** I have discussed and agreed this letter with the Chief Fire Officer and the Treasurer. I will present this letter at the Audit Committee in January 2010 and will provide copies to all members of the Authority.
- 60** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Authority during the year as listed in Table 3.

Table 3

Report	Date issued
Audit Plan	October 2008
Opinion Audit Plan	March 2009
Report to those charged with governance	June 2009
Opinion on financial statements	August 2009
Value for Money Conclusion	August 2009
Use of Resources - Feedback to management	August 2009
Annual Audit Letter	November 2009

- 61** The Authority has taken a positive and constructive approach to our audit. I wish to thank the Authority's staff for their support and co-operation during the audit.

Grant Patterson
District Auditor
November 2009

Appendix 1 – Audit fees

Audit fees

62 The audit fees have been reported within the Annual Governance Report and the detail is shown in Table 4.

Table 4 Audit fees

	Actual £	Proposed £	Variance £
Financial statements and annual governance statement	56,949	48,249	8,700
Value for money	21,539	21,539	0
Total audit fees	78,488	69,788	8,700
Non-audit work	0	0	0
Total	78,488	69,788	8,700

Appendix 2 – Use of resources key findings and conclusions

The following tables summarise the key findings and conclusions for each of the three Use of resources themes.

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

Theme score 3	
Key findings and conclusions	
<p>The authority has a good robust framework for the integration of its financial and corporate planning processes, a track record of operating within budget whilst maintaining good service performance. The Integrated Risk Management Plan (IRMP) process is led by the Chairman of the Authority with extensive consultation in numerous forms to ensure resources are directed to local priorities. Resources have been redirected towards prevention in the area of community safety and there has been refocusing of an existing budget of funding to extend the Home Fire Safety check service to target vulnerable people to support a Local Area Agreement priority. As a low grant high performing service the Authority has historically and continues to understand its costs and how they linked to performance. The 2008/09 accounts were audited and approved before 30 June well in advance of the statutory September requirement.</p>	
KLOE 1.1 (financial planning) Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health? Score VFM criterion met	3 Yes

Appendix 2 – Use of resources key findings and conclusions

Key findings and conclusions	
<p>The authority has a good robust framework for the integration of its financial and corporate planning processes. The budget is set in the context of a three-year horizon following completion of consultation on the IRMP. The consultation on IRMP effectively involves stakeholders and local people with attendance at community and fire service events, use of the internet, mailshots, stakeholder panels and group sessions. Resources have been redirected towards prevention in the area of community safety aligned with the Local Area Agreement and the IRMP. There has been refocusing of an existing budget of funding to extend the Home Fire Safety check service to target vulnerable people. The Authority has a track record of operating within its budget whilst maintaining good service performance. There is routine challenge of financial assumptions and performance with transparency about the financial position.</p>	
<p>KLOE 1.2 (understanding costs and achieving efficiencies)</p> <p>Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
Key findings and conclusions	
<p>As a low grant high performing service the Authority continues to understand its costs and how they link to performance. The cost per head of providing the service is one of the lowest per head for grant settlement but relatively high precept level which is aligned to high performance in relation to priorities. Investment decisions are based on an investment appraisal process which included whole life costs and benefits including wider social and environmental factors. For example Redditch fire station, vehicle procurement and major equipment purchases such as personal protective equipment and breathing apparatus. Vehicles procured have been fitted with compressed air foam systems which use ten times less foam concentrate and less water than the standard. Investments have been made in workshops and the Urban Search and Rescue facility at Droitwich. The IRMP identified efficiencies of £1.3million over the next three years. The Rising to the Challenge data tool shows that total savings are about national average but well above the family group average.</p>	
<p>KLOE 1.3 (financial reporting)</p> <p>Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>

Appendix 2 – Use of resources key findings and conclusions

Key findings and conclusions
There are adequate reporting arrangements in place and quarterly performance and finance reports are produced. Performance is highlighted through tables and a traffic light system together with commentary. The 2008/09 accounts were audited and approved by 30 June well in advance of the statutory September requirement. The audit of the 2008/09 accounts found material errors within the Authority's accounting for fixed assets and the non disclosure of intangible assets as a separate fixed asset category as requirement by the SORP.

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?

Theme score	3
Key findings and conclusions	
The Authority has a clear vision of outcomes for local people based on an ongoing analysis and understanding of needs, evidenced in its IRMP. It considers costs alongside quality in projects such as the relocation of its workshop facility. It works well with partners and community groups to deliver wider community outcomes and has a strong approach on equalities. The service continues to display a strong commitment to Diversity and Equality, access to services and customer care. It has successfully retained the Charter Mark standard for excellence in customer service. It has a robust framework to oversee data quality and members provide robust scrutiny of performance. There is a counter fraud and corruption strategy and the Authority participates in the National Fraud initiative exercise.	
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? Score VFM criterion met	3 Yes

Appendix 2 – Use of resources key findings and conclusions

Key findings and conclusions	
<p>The Authority has worked through the Regional Management Board to the establishment of a regional operations team to enhance operational capacity and resilience. Efficiencies have been gained through the use of IT by for example the use of hand held PCs for delivering community safety and collecting information via electronic forms for fire safety work. The authority has collaborated with other authorities and government bodies in order in its procurement for example FireBuy for the forward ordering of appliances and Replacement respiratory protection equipment. The service has procured vehicles fitted with compressed air foam systems which use ten times less foam concentrate and considerably less water than the standard appliance reducing its environmental impact. New ways of delivering services have been implemented to make improvements. The Community Safety strategy is aligned with the Local Area Agreement and the Integrated Risk Management plan and this realignment has freed up resources.</p>	
<p>KLOE 2.2 (data quality and use of information)</p> <p>Does the organisation produce relevant and reliable data and information to support decision making and manage performance?</p> <p>Score</p> <p>VFM criterion met</p>	<p>3</p> <p>Yes</p>
Key findings and conclusions	
<p>The Authority has a robust framework to oversee data quality. Performance data is reviewed by departmental managers monthly and reviewed by principal officers and strategic officers to consider areas of improvement. Performance is reported quarterly to members who provide robust scrutiny of performance. The monitoring and review of data quality has been demonstrated by their award of ISO 9000 at the training centre together with the retention of the Chartermark. The quality of data is maintained and improved through the use of specialised software to analyse data. Performance is monitored against its priorities and it addresses underperformance.</p>	
<p>KLOE 2.3 (good governance)</p> <p>Does the organisation promote and demonstrate the principles and values of good governance?</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
Key findings and conclusions	
<p>The Authority has the basics in place for good governance including Standing orders and a scheme of delegation. The Best Value and Performance committee provides a scrutiny function. Members receive induction training tailored to their role in the Authority however attendance at member training events was 28 per cent. Training on ethics has been provided to staff and bulletins issued to staff informing them of the whistle-blowing arrangements. The standards committee has met on three occasions in the year including training sessions and taken action when required.</p>	

Appendix 2 – Use of resources key findings and conclusions

KLOE 2.4 (risk management and internal control) Does the organisation manage its risks and maintain a sound system of internal control? Score VFM criterion met	2 Yes
Key findings and conclusions	
The Authority manages its risks and the risk management arrangements have led to improved setting of business objectives, strengthening of procedures following incidents at other authorities and managing the impact of economic downturn. The Authority has a counter fraud and corruption strategy. Internal audit is provided by Worcestershire County Council under a Service level agreement providing a schedule of work reported to the Audit Committee. It participates in the National Fraud Initiative reporting results to the Audit Committee.	

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?

Theme score	3
Key findings and conclusions	
The Authority has a skilled and productive work force. The skills gap is limited and is constantly assessed against the requirements for delivering its priorities through an annual process with six monthly reviews with all its employees. These reviews cover how organisational objectives have been met and identifying any gaps in training together with interest in promotions. Training and development systems are in place and ensure that the Authority has the right people with the right skills. It has an inclusive and effective approach to organisational change and has a strong track record in relation to diversity and equality.	
KLOE 3.1 (use of natural resources)	N/A
KLOE 3.2 (strategic asset management)	N/A
KLOE 3.3 (workforce planning) Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?	

Appendix 2 – Use of resources key findings and conclusions

Score	3
VFM criterion met	Yes
Key findings and conclusions	
The Authority has a skilled and productive work force. The skills gap is limited and is constantly assessed against the requirements for delivering its priorities through an annual process with six monthly reviews with all its employees. These reviews cover how organisational objectives have been met and identifying any gaps in training together with interest in promotions. Training and development systems are in place and ensure that the Authority has the right people with the right skills. It has an inclusive and effective approach to organisational change and has a strong track record in relation to diversity and equality.	

Appendix 3 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Annual Audit Letter 2008/09 Recommendations						
9	R1 Ensure action plans are in place to address the key improvement areas from my Use of Resources review.	3	Treasurer	Yes	The recommendations are accepted and we will be working towards achieving the desired improvements.	Jan 2010
12	R2 Ensure that my agreed Annual Governance report recommendations are implemented by the agreed deadlines.	3	Treasurer	Yes	The recommendations are accepted and we will be working towards achieving the desired improvements.	March 2010
12	R3 Monitor progress towards the implementation of the Internal Financial Reporting Standards for the 2010/11 financial statements in accordance with the requirements of the SORP.	3	Treasurer	Yes	The recommendations are accepted and we will be working towards achieving the desired improvements.	March 2010

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 £200 billion spent by 11,000 local public bodies.

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