

Annual Governance Report

Shropshire County Council

Audit 2008/09

September 2009

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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.
-

Ladies and Gentlemen

2008/09 Annual Governance Report

I am pleased to present the draft version of my report on the results of my audit work for 2008/09.

The audit is substantially complete and the content of the draft report has been discussed and agreed with the Director of Resources and Finance Manager (Corporate Finance). There are currently no matters that need to be resolved but if this position should change I will report these at the Audit Committee on 17 September 2009.

The report sets out the key issues that you should consider before I complete the audit. It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 6 to 23);
- take note of the adjustments to the financial statements which have been reported by the Director of Resources; and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 2).

Yours faithfully

Grant Patterson

Officer of the Audit Commission

Opus House
Priestly Court
Staffordshire Technology Park
Beaconside
Stafford
ST18 0LQ

9 September 2009

DRAFT

Key messages

This report summarises the findings from the 2008/09 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess how well you use and manage your resources to deliver value for money and better and sustainable outcomes for local people.

Financial Statements	Results	Page
Unqualified audit opinion	Yes	6
Financial statements free from material error	Yes	7
Adequate internal control environment	Yes	7
Use of resources	Results	Page
Use of resources judgements	No	8
Arrangements to secure value for money	Yes	8

Audit opinion

- 1 I plan to issue a report on the Council's financial statements that includes an unqualified opinion on the accounts. Appendix 1 contains a copy of my draft audit report.

Financial statements

- 2 The financial statements produced for audit were complete, contained no material errors and were supported by very detailed working papers.

Value for money conclusion

- 3 I intend to issue an unqualified conclusion stating that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.

Audit Fees

- 4 The audit fee for the 2008-09 was agreed as £220,836. The Audit and Inspection Plan was agreed by the Audit Committee in May 2008. I do not propose to increase the agreed audit fee.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

5 I ask the Audit Committee to:

- consider the matters raised in the report before approving the financial statements (pages 6 to 23);
- take note of the adjustments to the financial statements which are set out in the report provided by the Director of Resources.
- take note of the VFM Conclusion (page 9);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 2).

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Shropshire Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

- 6** Subject to satisfactory clearance of any outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements by 30th September 2009. Appendix 1 contains a copy of my draft audit report.
-

Errors in the financial statements

- 7** Amendments were required to the Financial Statements to reflect the correct classification of long term loans which should have been correctly classified as short term liabilities and to reflect the impairment of government grants deferred. These amendments, whilst having no overall effect on the accounts, have resulted in a large number of amendments to the statements and the supporting notes. These were actioned by the Director of Resources and her staff during the course of the audit. Therefore no further action is required at this stage.
- 8** Minor typographical changes were also required to disclosure notes in respect of leasing, publicity expenditure on local government reorganisation and the value of assets under construction. These were actioned by the Director of Resources and her staff during the course of the audit. Therefore no further action is required at this stage.
- 9** As part of my audit responsibilities I am also required to report all items that are 'non trivial' that we have identified during our audit before I issue my opinion. Our definition of 'trivial' has been revised this year and I am reporting any issues above £9,400 (on a comparable basis it would have been £93,800 last year).
- 10** There is one trivial item in relation to part payment for the building of a demountable unit at Baschurch Village Hall for an amount of £100,000. This is currently shown as revenue expenditure when it should be capital. This has been acknowledged by officers and will be corrected in 2009/10. I bring them to your attention to assist you in fulfilling your governance responsibilities. If you decide not to adjust for these please tell us why in the representation letter. If you believe the effect of the uncorrected errors, individually and collectively, is immaterial, please reflect this in the representation letter.
-

Material weaknesses in internal control

- 11** We have not identified weaknesses in the design or operation of an internal control which might result in a material error in your financial statements of which you are not aware.
-

- 12 We have not provided a comprehensive statement of all weaknesses which may exist in internal controls, nor of all improvements which may be made. We only report those matters which come to our attention because of the audit procedures which we have performed.

Letter of representation

- 13 Before I issue my opinion, auditing standards require me to obtain appropriate written representations from you and management about your financial statements and governance arrangements. Appendix 2 contains the draft letter of representation I seek to obtain from you.

Key areas of judgement and audit risk

- 14 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit. My findings are set out in Table 1

Table 1 Key areas of judgement and audit risk

Issue or risk	Finding
LGR is a significant risk to all councils in Shropshire. The pressures arising as a consequence of LGR may create circumstances where risks are generated that could impact on our Code responsibilities.	The Council put in place risk management arrangements that sought to identify risks as they arose. A series of project streams to address the risks identified as part of the transition process were developed. No further risks were identified which required further work.
Prior to the creation of the Unitary Authority, each District Council managed the IT systems to produce their own Housing Benefit Claim. With effect from 1st April 2009 all processing combined to the Northgate System, with data being migrated from the legacy systems to the new system during 2008-09. This was a significant risk as potential impediments may have arisen which would have resulted in incorrect data and subsequently incorrect grant claims.	A review of the implementation of the process was undertaken by Audit Commission staff and reported to the Audit Committee in July 2009. The Council had made good progress with the implementation of the IT systems within relatively short timescales. Where areas of concern were identified an agreed Action Plan has been put in place to address these concerns. The risk has been addressed by the Council and steady progress is being made to continue addressing the issues.

Accounting practice and financial reporting

- 15 I consider the qualitative aspects of your financial reporting. There are no issues I want to raise with you.

Formal audit powers

- 16** We have received an objection from a member of the public in relation to value for money obtained by the Authority in respect of the Demand Response Transport system. We have been asked to consider the issues raised by the member of the public.
- 17** The matter raised is being investigated and will shortly be responding to him. We are currently of the view that the issue raised will not impact upon our opinion. The formal certification and closure of the 2008-09 accounts may have to be delayed in accordance with the statutory rights of appeal to any decision we may reach.

Use of resources

I am required to consider how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and give a scored use of resources judgement.

I am also required to conclude whether the Council 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

- 18** In forming my scored use of resources judgements, I use the methodology set out in the use of resources framework. Judgements are 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.
- 19** I also take into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work. At this time my judgements are still in the Audit Commission's national quality assurance process and I will report separately upon them to you in my Annual Audit Letter. I do however have sufficient evidence to support my value for money conclusion as outlined in paragraphs 16 and 17.

Value for money conclusion

- 20** I assess 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 3.
- 21** I intend to issue an unqualified conclusion stating that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains the wording of my draft report.

Appendix 1 – Independent auditor’s report to Members of Shropshire Council in respect of Shropshire County Council's accounting statements for the financial year ended 31 March 2009

Opinion on the Authority accounting statements

I have audited the Authority and Group accounting statements and related notes of Shropshire County Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Income and Expenditure Account, the Authority Statement of the Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement, and the related notes. The Authority and Group accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Shropshire Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Director of Resources and auditor

The Director of Resources’ responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the Authority and Group accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority and Group accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the:

- Authority and its income and expenditure for the year; and
- the Group and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

I read other information published with the Authority and Group accounting statements and related notes and consider whether it is consistent with the audited Authority and Group accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority and Group accounting statements and related notes. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority and Group accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority and Group accounting statements and related notes.

Opinion

In my opinion:

- The Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended; and
- The Group financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Group as at 31 March 2009 and its income and expenditure for the year then ended.

Appendix 1 – Independent auditor’s report to Members of Shropshire Council in respect of Shropshire County Council's accounting statements for the financial year ended 31 March 2009

Opinion on the pension fund accounts

I have audited the pension fund accounts for the year ended 31 March 2009 under the Audit Commission Act 1998. The pension fund accounts comprise the Fund Account, the Net Assets Statement and the related notes. The pension fund accounts have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Shropshire Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Director of Resources and auditor

The Director of Resources’ responsibilities for preparing the pension fund accounts, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the pension fund accounts and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the pension fund accounts present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the pension fund during the year and the amount and disposition of the fund’s assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I read other information published with the pension fund accounts and related notes and consider whether it is consistent with the audited pension fund accounts. This other information comprises the Explanatory Foreword published in the financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the pension fund accounts and related notes. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the pension fund accounts and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the pension fund accounts and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed. I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the pension fund accounts and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the pension fund accounts and related notes.

Opinion

In my opinion the pension fund accounts and related notes present fairly, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the Pension Fund during the year ended 31 March 2009, and 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.

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

Authority's Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, I am satisfied that, in all significant respects, Shropshire County Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Certificate

The audit cannot be formally concluded and an audit certificate issued until I have completed my consideration of matters brought to my attention by local authority electors. I am satisfied that these matters do not have a material effect on the financial statements.

Grant Patterson
District Auditor

Appendix 1 – Independent auditor’s report to Members of Shropshire Council in respect of Shropshire County Council's accounting statements for the financial year ended 31 March 2009

Audit Commission
Opus House
Priestly Court
Staffordshire Technology Park
Beaconside
Staffordshire
ST18 0LQ

September 2009

This is an electronic copy of the opinion without an electronic signature. The original was signed as dated above and a copy can be obtained from the Director of Resources.

Appendix 2 – Draft letter of representation

To: Grant Patterson

District Auditor
Audit Commission
Opus House
Priestly Court
Staffordshire Technology Park
Beaconside
Staffordshire
ST18 0LQ

Shropshire County Council - Audit for the year ended 31 March 2009

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors and officers of Shropshire County Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2009. All representations cover the Council's accounts, Group Accounts and Pension Fund accounts included within the financial statements.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which present fairly the financial position and financial performance of the Council and for making accurate representations to you.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Going Concern

In 2009/10 the unitary authority for Shropshire, Shropshire Council, is in existence. Shropshire County Council is the continuing authority for the unitary council and therefore I am satisfied that it is appropriate to adopt the going concern basis in the preparation of the financial statements and that the financial statements include, such disclosures, if any, relating to going concern.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

Appendix 2 – Draft letter of representation

There have been no:

- Irregularities involving management or employees who have significant roles in the system of internal accounting control;
- Irregularities involving other employees that could have a material effect on the financial statements; or
- Communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- My knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- My knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

In all material respects, the expenditure and income recognised in the financial statements has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Group entities

Group Accounts have been prepared to include the authority's interest in West Mercia Supplies. For the purpose of Group Accounts, West Mercia Supplies has been treated as a joint venture and so has been consolidated using the Gross Equity Method. There are no specific issues relating to the activities of West Mercia Supplies or the authority's interest in the company which would impact on the accounting treatment used in the financial statements.

Assets

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

- Losses arising from sale & purchase commitments;
- Agreements & options to buy back assets previously sold; and

- Assets pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- There is no significant pending or threatened litigation, other than those already disclosed in the financial statements; and
- There are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- No financial guarantees have been given to third parties, other than those already disclosed in the financial statements.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements.

Post balance sheet events

Since the date of approval of the financial statements by the Council, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Uncorrected misstatements

I confirm that I believe that the effect of the uncorrected financial statements misstatement in relation to the non-capitalisation of expenditure on Baschurch Village is not material to the financial statements. These misstatements have been discussed with those charged with governance within the Authority and the reasons for not correcting these items are due to their immaterial nature and the correction will be made in 2009/10.

Specific representations:

There have been no significant changes to the PFI contracts entered into by the Council which could impact upon their accounting treatment.

There are no other material amounts relating to unfunded liabilities, curtailments or settlements of past service costs relating to pension provision other than those which have been properly recorded and disclosed in the financial statements.

Appendix 2 – Draft letter of representation

Signed on behalf of Shropshire County Council

I confirm that this letter has been discussed and agreed by the Audit Committee on 16 September 2009.

Signed

Name

Position and Date

Appendix 2 – Value for money conclusion

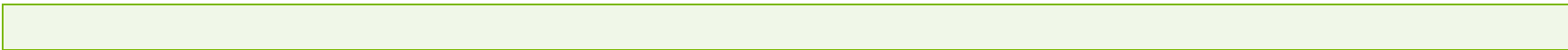
The following tables summarise the key findings and conclusions for each of the three use of resources themes.

Managing finances

KLOE 1.1 (financial planning)	
VFM criterion met	Yes
The Council has good arrangements to plan its finances effectively to deliver strategic priorities and secure sound financial health.	
The Council:	
<ul style="list-style-type: none">• continues to perform consistently above minimum standards in planning for financial health.• has a good, clear process for linking financial planning with strategic and service planning and the medium term financial strategy clearly identifies the amounts that are allocated to achieve each of the Council's priorities.• has a MTFP that is robust and realistic• has a capital programme which is also well linked to priorities.• can demonstrate a good process of consultation with local people over the development of the financial strategy.	

Appendix 2 – Value for money conclusion

<p>KLOE 1.2 (understanding costs and achieving efficiencies)</p> <p>VFM criterion met</p>	<p>Yes</p>
<p>The Council has a good understanding of its costs and performance and achieves efficiencies in its activities.</p>	
<p>The Council:</p> <ul style="list-style-type: none"> • continues to perform consistently above minimum standards in understanding costs and performance. • carries out extensive benchmarking of costs and performance and this data is used to make decisions designed to improve services. • has a range of other management processes designed to improve value for money such as the lean service review process, the value for money review process and discussions with partners over levels of both spending and performance in the LAA. • has a very good record of achieving efficiencies. It has exceeded its three year efficiency savings target and is on track to deliver £13.55m against a target of £12.6m. 	
<p>KLOE 1.3 (financial reporting)</p> <p>VFM criterion met</p>	<p>Yes</p>
<p>The Council's financial reporting is timely, reliable and meets the needs of internal users, stakeholders and local people.</p>	
<p>The Council:</p> <ul style="list-style-type: none"> • performs above minimum standards. The Council can demonstrate financial planning contributes to improved outcomes in relation to priorities. • produces information which is timely, and the variance reporting to cabinet of amounts over £10k is clear with managed adjustments to budgets being made to take account of prospective overspends. • produces excellent statutory accounts backed by clearly and fully referenced working papers which are robust. They are fully compliant with statutory requirements and keep exactly to the closedown timetable which is fully resourced. 	



Governing the business

KLOE 2.1 (commissioning and procurement) VFM criterion met	Yes
The Council has a good record of basing its commissioning and procurement activities on thorough needs assessment.	
The Council: <ul style="list-style-type: none">• continues to perform consistently above minimum standards in commissioning and procurement despite the more challenging assessment criteria .• has a strong approach to involving local people, stakeholders and staff in commissioning and procurement decisions.• has a good record of working with local suppliers to manage and improve markets.• makes a key contribution to the healthy aging of people in Shropshire.• has a good approach to using a wide range of procurement activities, including e-procurement, block contracts, framework agreements, post-tendering negotiations and purchasing cards.	
KLOE 2.2 (data quality and use of information) VFM criterion met	Yes
The Council produces relevant and reliable data and information to support decision making and manage performance	
The Council has a good record of developing its approach to data quality in a way which has led to improved performance. It has worked with partners to improve the collection of data in mental health services to enable better focusing of resources. A specific	

Appendix 2 – Value for money conclusion

issue between the Council, the PCT and the local hospital in understanding the data around delayed discharges was resolved. The Council has good arrangements to ensure that timely and relevant performance information is provided to decision-makers. The performance management reporting timetable and processes provide various channels for keeping members and senior officers informed of performance issues: portfolio holder briefings, CE/portfolio holder/leader meetings, scrutiny chair briefings and leadership board meetings.

The Council has arrangements in place for ensuring data security. It has a corporate information security policy which includes information on security requirements of systems and validation rules for data input. The Council also has a data quality strategy and, as part of the move to unitary, work has been done to ensure that county and district data is secure with a unitary data migration plan being put in place.

From our review and testing of the DQ arrangements on PI information, it was found that the systems are adequately designed to ensure that data is accurate, valid, reliable, timely , relevant and complete.

KLOE 2.3 (good governance)

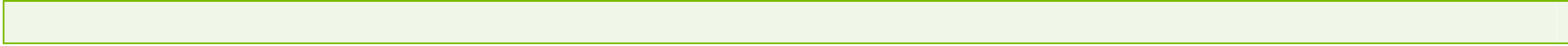
VFM criterion met

Yes

The Council promotes and demonstrates the principles and values of good governance.

The Council can demonstrate:

- that it has a good approach to promoting good governance.
- that it has invested well in training around governance and ethical standards for members – both from the County Council and Parish Councils. This has led to no complaints or investigations against County Councillors in 2008/09.
- that in addition to developing internal governance arrangements, the Council works well with its partners to improve governance and, as a result, makes impact on local people.
- Members have worked with officers in the consultation process for rolling out customer access points and have worked with some Parish Councils to improve the liaison between parish and county services.
- that it has worked with older people’s groups to improve their governance and, as a result, enabling them to engage more effectively with policy formulation.



Appendix 2 – Value for money conclusion

KLOE 2.4 (risk management and internal control) VFM criterion met	Yes
The Council manages its risks and maintains a sound system of internal control.	
The Council: <ul style="list-style-type: none">• has put in place a robust and effective approach to risk management. The risk management strategy and policy clearly set out the roles, responsibilities and processes that managers, members and staff are required to follow in order to identify and address strategic and operational risks.• has a sound approach to manage the risk of fraud and corruption• works with contractors to inform them of its approach to fraud and corruption and it has improved the insurance claim forms to reduce the number of fraudulent claims made against the Council. In addition, it works with the Audit Commission on the NFI project and has come up with very few matches. Finally, it closely monitors the use of the internet by its staff.• has developed a sound system of internal control led by a strong audit committee which has knowledgeable members who have had training to fully understand their roles. They have been supported by an effective internal audit service that has helped to develop a strong assurance framework with clearly defined roles in the authority and ownership by individual directorates of their own assurances to go into the annual Governance Statement (AGS).	

Managing resources

KLOE 3.1 (strategic use of natural resources) VFM criterion met	Yes
The Council is making effective use of natural resources	
<p>The Council has a good level of awareness both of its use of energy and natural resources, and the impact it has on the local environment. Energy consumption and CO2 emissions data is collected and analysed to produce league tables of building energy performance and CO2 emissions. These are used to prioritise energy audits and this leads to actions being taken to improve consumption.</p> <p>The Council has a number of plans and strategies which are designed to reduce its environmental impact. As well as understanding the impact it makes on the environment, there are a number of examples where the Council is seeking to combine good management of the environment with improve outcomes for local people. The Council requires contractors to reduce their environmental impact by, for example, using more fuel efficient vehicles and reducing the amount of waste they produce.</p>	
KLOE 3.2 (strategic asset management) VFM criterion met	Yes
The Council manages its assets effectively to help deliver its strategic priorities and service needs.	

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

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

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