

# Annual Audit Letter

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**Herefordshire Council**

**Audit 2009/10**

**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.**

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# Key messages

**This report summarises my findings from the 2009/10 audit. My audit comprises two elements:**

- **the audit of your financial statements; and**
- **my assessment of your arrangements to achieve value for money in your use of resources.**

**I have included only significant recommendations in this report. The Council has accepted these recommendations.**

## Overall message

**1** Major changes have been made, and are continuing to be made, to the way the Council and NHS Herefordshire operate. Significant work has taken place to plan better ways of delivering health and social care across the County and to jointly procure support services. It is, though, too early to see the results from these changes. The Council has made significant changes to its planning services and these have resulted in better and more efficient decision making.

**2** The Council generally manages its finances well but is well aware that current and future cost pressures such as an ageing local population and reductions in central government funding, will mean that the short and medium term financial position will be very difficult. There are continuing spending pressures in the integrated commissioning directorate which will need to be urgently addressed. This all means that ways of reducing expenditure will need to be robustly pursued and the implementation closely monitored by Members.

## Audit opinion and financial statements

**3** I gave an unqualified opinion on the Council's financial statements in September 2010. The audit of your financial statements went well. Good quality statement of accounts and supporting papers were produced and Officers gave priority to ensuring the audit went smoothly.

## Value for money

4 I issued an unqualified conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources.

## Current and future challenges

### Waste disposal

5 There has been much work with partners to secure a waste disposal solution which will reduce the amount of waste going to landfill but this remains a high risk project and it will continue to be so for some time. Not all of the costs of the project are known making it difficult to assess its value for money. In particular, the end of contract costs and other risks associated with timescales and potential legal challenges are not known. The proposed waste plant is currently the subject of a planning application and there is no certainty that permission will be granted or, if it is, when. Future costs and timescales depend on this to a large extent.

6 The key decisions relating to value for money cannot be made until after planning permission and it is important that these decisions are fully documented at that time. Failure to secure waste disposal by some means other than land fill is likely to result in increased costs due to the escalating government financial penalties. Given the potentially long process to provide the new facility and the financial implications of delay, the Council needs to do everything it can to find a solution. In this letter I provide a full summary of conclusions from my work in response to the level of public interest in future waste disposal arrangements.

### Support for Older People

7 Demand for the services that support older people in Herefordshire is increasing. The Council predicts a 55 per cent increase in the number of older people needing help with essential activities by the year 2020. The service continues to overspend annually. The Council and PCT recognise that to meet the potential demand for their services is going to be a real challenge requiring the best use of resources. Work has been going on for some time to address this and I concluded that there are now appropriate arrangements in place but these will take some time to make a difference.

### Transforming services

8 Herefordshire Council is aiming to transform the way services are delivered to radically reduce costs and make them more accessible and responsive to customers. This transformation programme includes sharing services with NHS partners. I found that the transformation programme was being redefined to ensure it will be delivered and the Council was working on delivering an action plan to improve the programme. The Council is rightly continuing to invest in modernising IT and processes to enable service improvements and efficiencies.

## Regeneration

9 My review of the Council's management arrangements for the development of the Edgar Street Grid (ESG) confirmed that they are sound overall. There has been a change of focus from the regeneration of the ESG site to the wider regeneration of Hereford, now known as Hereford Futures.

### Recommendations

- R1** Address the issue of overspending in Adult Social Care.
- R2** Continue to implement the agreed action plan from our work on the transformation programme.
- R3** Continue to actively pursue a satisfactory and prompt solution to waste management. Ensure that when the key decisions are made on whether the preferred solution delivers value for money, these are fully evidenced.
- R4** Develop arrangements to gauge whether the Council's contribution to the Hereford Futures JVC is securing value for money.

# Financial statements and annual governance statement

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

**I gave an unqualified opinion on the Council's 2009/10 financial statements in September 2010.**

## Overall conclusion from the audit

**10** The audit of your financial statements was completed efficiently with the help of good working papers and officers being responsive to requests for additional information. I reported my findings from this audit to the Audit and Governance Committee in September 2010 and gave an unqualified opinion on these accounts in the same month. During the audit, management agreed to make a number of adjustments to the statement of accounts, mainly to improve the notes to the accounts. The main recommendation in my Annual Governance Report was that the balance sheet in 2010/11 should include three non material household waste sites which were excluded in 2009/10.

**11** The Council did well to comply with the complex requirements of the CIPFA's Statement of Recommended Practice 2009 which substantially changed the way of accounting for privately financed (PFI) and similar contracts and collection fund balances in 2009/10.

**12** Officers are making good progress in preparing for 2010/11 which will be the first year of financial statements prepared under International Financial Reporting Standards (IFRS). This progress will need to be sustained to produce skeleton financial statements with restated 2009-10 balances by the end of December 2010. The Audit & Governance Committee receives regular reports on progress.

**13** I did not identify any significant weaknesses in your internal control arrangements. The main recommendation in my interim review related to my testing of the physical existence of plant and equipment on the Council's asset register. This identified minor errors of both inclusion and omission in the register and the Council responded positively by carrying out a review of this area before closing down the accounts.

# Value for money

**I considered whether the Council is managing and using its money, time and people to deliver value for money.**

**I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.**

## **2009/10 use of resources assessments**

**14** At the end of May 2010, the Commission wrote to all chief executives to inform them that following the Government's announcement, work on CAA would cease with immediate effect and the Commission would no longer issue scores for its use of resources assessments.

**15** However, I am still required by the Code of Audit Practice to issue a value for money conclusion. I have, therefore, used the results of the work completed on the use of resources assessment up to the end of May to inform my 2009/10 conclusion.

## **VFM conclusion**

**16** I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the VFM conclusion at each type of audited body.

**17** This is a summary of my findings overleaf.

Criteria	Adequate arrangements?
<b>Managing finances</b>	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial reporting	Yes
<b>Governing the business</b>	
Commissioning and procurement	Yes
Use of information	Yes
Good governance	Yes
Risk management and internal control	Yes
<b>Managing resources</b>	
Strategic asset management	Yes
Workforce	Yes

**18** I issued an unqualified conclusion stating that the Council had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources. I also issued a value for money conclusion report to Officers with recommendations where improvements were possible.

### **Managing Finances including financial standing**

**19** The Council has generally good financial management arrangements. It has well established medium term financial planning and budgeting processes to support the delivery of corporate and community plans. The economic downturn and the Government's spending review mean that strong financial management and resilience will be more important than ever. The Council has adequate reserves and balances, but these are likely to come under increasing pressure and may not be sufficient to cover major over spending, should that occur.

**20** The Council set a comprehensive and balanced budget for 2009/10 which resulted from the Medium Term Financial Strategy (MTFS). The budget was soundly based on reasonable assumptions and savings targets. The 2009/10 outturn expenditure of directorates was £2.595m (1.7 per cent) above budget but the impact on the General Fund balance was neutralised by under budget spending on treasury management and pay awards and the use of contingency reserves established for this purpose. The main pressure point was again in the area of demand led adult social care services. Spending in 2010/11 is again over budget with the main pressure points being in Adult Social Care.

**21** The MTFS reflects the financial consequences of the economic downturn and funding cuts. The strategy aims to mitigate the impact of income reductions on front line services by savings from the shared services strategy and surplus asset disposals. Key assumptions on savings from these and other efficiency projects will need to continue to be founded on robust information. The detailed results of the Government's spending review to be announced in December 2010 are likely to significantly increase pressure on service budgets.

**22** To strengthen its position in this area, the Council needs to demonstrate improvements and positive outcomes in the following areas:

- address over-spending or under-budgeting in adult social care;
- allow for all of the costs associated with shared services and transformation projects in the MTFS;
- ensure that other planned savings included in the MTFS are realistic and achievable; and
- maintain adequate contingency reserves and balances.

**23** The Council has good budget monitoring and internal financial reporting arrangements. However, the increasing pressure on finances will increase the risk that budgets are not delivered. Historically financial monitoring to Cabinet has been part of the overall quarterly performance management arrangements, However the Council could be better placed to manage this risk if financial reporting to Cabinet was to follow the best practice in other organisations which present up to date information every month.

**24** Information on costs and efficiencies is increasingly being used to inform decision making and some management cost savings have been achieved. Some gaps remain in the information on costs that are provided to decision makers.

## **Governing the business**

**25** The Council's governance arrangements are effective and continue to be strengthened.

**26** The quality of local needs information underpinning the Council's decisions on commissioning and procurement is improving, but the quality of cost information supporting large scale commissioning and improvement exercises is still inconsistent.

**27** The Council continues to deliver a programme of improvements to its arrangements for data quality. Some key systems are not yet delivering the expected improvements and there are still gaps in the data available for managing and making decisions on key services.

**28** The Council is continuing to make improvements to its decision making and scrutiny processes. The Standards and Audit and Governance Committees are playing high profile and effective roles.

**29** The Council has made progress in strengthening its risk management framework and in embedding risk management at directorate and business process levels.

**30** The Council carries out some good proactive fraud work particularly in benefits and has been successful in subsequent prosecution and recovery. The Council has identified savings of over £380,000 following up the Audit Commission's National Fraud Initiative's data matching exercise. The Audit Commission has recently published a report 'Protecting the Public Purse: Fighting Fraud against Local Councils and Local Taxpayers'. In this report the Commission describes what has happened in the field of fraud detection and prevention since 2009 and set out the findings from its recent fraud survey. The report identifies more fraud risks and urges local councils and related bodies to focus on them. The report also describes the action taken by some councils to tackle fraud and provide links to tools to help councils improve their counter-fraud defences. An updated checklist gives Herefordshire Council another opportunity to consider how effective it is at responding to the risk of fraud.

### **Managing resources**

**31** The Council is making progress in managing its physical assets. It is developing a comprehensive set of plans to make the best use of its and its partners' assets. As these plans are necessarily long term they have not as yet resulted in significantly improved outcomes for the public.

**32** The Council is still developing its arrangements for managing its workforce and managing organisational change to meet priorities. It is working closely with the PCT to prepare and deliver plans for the Herefordshire Public Services future organisation and it is committed to involving staff in managing change and supporting them through it. Some gaps in information on current workforce remain and adherence to HR practices is not yet consistent across the organisation.

### **Risk-based performance reviews**

**33** To support my review of the value for money conclusion criteria I undertook reviews of waste disposal arrangements, support for older people, the transformation programme and following a number of public comments, regeneration. I also followed up my review of planning services carried out last year.

### **Waste disposal**

**34** The Worcestershire and Herefordshire Waste Private Finance initiative (PFI) contract with Mercia Waste Management Ltd was set up in December 1998 with the intention to develop a waste disposal facility that would come on stream early in the contract. It was predominantly based around a waste to energy facility for which planning permission was subsequently not obtained. Since planning permission was refused in April 2001, alternative technologies and ways forward have been explored. The Councils are now 12 years into the contract, and while there are proposals currently in development, the contract has not yet moved on.

**35** So far my predecessors and I have maintained a watching brief over the waste contract PFI and have reported on this in previous audit letters. However, because of the delays referred to above and in response to the level of risk involved, I have reviewed the current situation as part of my audit programme. There is a high level of public interest in future waste disposal arrangements and I have received a number of enquiries from members of the public. I provide below a full summary of my conclusions from the work in response to this level of interest.

**36** The Council is seeking with its partner Worcestershire Council to vary its privately funded contract for waste management which will allow both parties to meet newer national targets for recycling and reduce the amount of waste which ends up in landfill sites. Whilst the Councils have been involved in lengthy discussions with partners to try and reach a solution which will reduce the amount of waste going to landfill, my overall conclusion is that the work to secure a solution remains high risk and will continue to do so for some time. This is because planning permission is awaited and tenders need to be obtained. Therefore there remain a number of unknowns relating to the costs of the project, the end of contract costs, and other risks associated with timescales and potential legal challenges. Future government policy on landfill penalties (LATs) and the future funding of privately financed schemes (PFI) will also have an impact. The proposed waste plant is currently the subject of a planning application and there is no certainty that permission will be granted or, if it is, when.

**37** Failure to secure waste disposal by some means other than land fill is likely to result in increased costs and put pressure on the Council's medium financial strategies. Also until the discussions with the contractor are finally concluded, there remains a risk that the contract could terminate. Contract termination could have a significant impact on the finances of both Councils.

**38** The Councils do not yet have a clear view about whether the project will deliver value for money or what the actual costs will be. This is due to the many variables involved. These include the processes that need to be followed (the most significant being procuring the facility), construction costs, taxes, commodity prices and the euro exchange rate. Some modelling of costs has been undertaken by consultants and based on current known facts the waste to energy plant would according to the Council's evaluation provide better value for money than other options, such as doing nothing. However, it will only be at the time that planning consent is granted that the total likely contract costs can be identified to establish cost, affordability and VFM. It is important that when the key decisions relating to value for money are made they are fully evidenced.

**39** There has been a thorough evaluation of options as part of the review of the Joint Municipal Waste Management Strategy (JMWMS). Members were consulted, focus groups were held and there was engagement with businesses. A large postal survey was undertaken from which there was a 20 per cent response. The consultation was made available on-line, so anyone could respond and give their views.

**40** The consultation identified that a key focus for the public was climate change and that informed the strategy and final decisions. Value for money and waste prevention were also issues raised through the public consultation. The options appraisal was undertaken by consultants with expertise in this type of work, using a recognised and supported analysis model. A wide range of options were initially identified and a set of criteria used to identify the preferred option. The option chosen is not the cheapest but has benefits which others did not, including that it was tried and tested technology which was identified by the Councils as being a critical factor.

**41** Project management has been strengthened. A detailed project plan has been developed which links with the contractor's plan. The Councils understand the risks associated with the project which fall into land use, planning, procurement, and contractual risk. External advice is sought to understand and mitigate risks although some, such as the decision on the planning application and timescales remain a risk. The Councils recognise the need to bolster its commercial knowledge and expertise. Risk management has improved and the register comprehensively reviewed. The Councils are aware of the commercial sensitivities around this work, and needs to continue to manage them carefully so that information that should be transparent is transparent.

### **Support for Older People**

**42** Demand for the services that support older people in Herefordshire is increasing. The Council predict that the number of older people that need care services will increase significantly, year-on-year. Council Officers expect an extra 55 per cent of older people will need help by 2020. The service continues to overspend annually.

**43** The Council and PCT understand that meeting this increase in demand will have a major impact on the way they deliver services to older people in Herefordshire. They realise that to meet this demand they must make best use of the resources.

**44** I agreed to work with the Council to review how it has changed its services for older people to deliver better Value for Money.

**45** I undertook the work in two phases.

- I completed phase one (which looked at how the Council charge for care services and how it managed the cost of its care services) in August 2008 and agreed my findings with the Council. The most important finding reported to the Council was that there was not an effective commissioning strategy.
- I initially completed phase two (which looked at joint commissioning) and met with senior officers to discuss our findings in December 2008. My conclusions included that Herefordshire Council had a traditional commissioning process, with older people commissioning only developing in specific areas, such as daycare. Social services commissioning lacked direction, with a limited focus on proactive commissioning.

**46** In February 2009 the Council and PCT told us they had agreed to set up a new 'Integrated Commissioning Directorate' and that the new Directorate would be in place by 31 March 2009. Until restructuring had been completed I could not say if it would deliver improvement. I therefore agreed to review what improvement had been delivered, after allowing sufficient time for the changes to make a difference.

**47** I completed my follow-up review in August 2010. I found that Herefordshire Integrated Commissioning Directorate is setting in place changes designed to deliver improvement, but some elements of the change process are still in the early stage of development. I said:

- The Directorate has produced strategies for key service areas, such as a dementia care strategy that is designed to provide a holistic response to Dementia services, but it is near the beginning of its development. The Directorate has set up a home care improvement project designed to identify how it can enhance delivery of domiciliary care services.
- The Directorate has put in place arrangements designed to improve the value for money it achieves from commissioning social care services and has reviewed key older person care pathways jointly with NHS providers. New care pathways are being designed. It has acted to improve relations with independent sector service providers, working with the local provider forum to agree new service specifications and co-produced market development plans.

**48** I concluded that work has been going on for some time to address this and that there are now appropriate arrangements in place but these will take some time to make a difference.

### **Transformation programme**

**49** In June 2010 I carried out a review of the Council's progress with the Shared Services programme, a key part of the Council's plans to transform the way its services are delivered.

**50** My team has fed back the findings to Officers at regular intervals culminating in a presentation to the Chief Executive and other key staff in September. At that stage the transformation programme was being re-defined to ensure it will be delivered. There is still a need to continue to invest in modernising IT and processes enabling service improvements and efficiencies. Examples include in-house scanning of planning documents, the ability of customers to submit on-line planning applications and a commitment accounting module for Frameworki (Social Services system) to drive resource allocation.

**51** My main recommendations were to learn the lessons from the previous transformation programme, Herefordshire Connects and:

- provide a renewed focus on standardising and streamlining processes and ensuring clarity over the expected level of benefits from planned investment;

- review the business case for shared services, especially the changing external circumstances; and
- ensure corporate change plans are better coordinated, benefits are captured and decision makers always get full and accurate information.

**52** Work was already underway to address these before the review concluded in September 2010. The Council's action plan addresses all my recommendations but will take time to implement.

## **Regeneration**

**53** The large scale redevelopment of the Edgar Street Grid (ESG) area of Hereford is the biggest regeneration programme in the county and is one of Advantage West Midlands' (AWM) and other regional agencies' key priorities. It is a long term project to develop a 100 acre site in the city centre for retail, business, housing, leisure, civic and other uses, having been accorded the status of top 20 'impact investment locations' in the West Midlands. To date I have maintained a watching brief over the ESG's development but as the project is now at a key stage of its development and in response to a range of concerns and questions raised with me by members of the public, I agreed with the Council to carry out a review of the Council's governance arrangements for the ESG project as part of the 2010/11 audit plan. ESG has now become Hereford Futures Limited with a change of focus from the regeneration of the ESG site to the wider regeneration of Hereford.

**54** I focused my work around the relevant value for money criteria which were managing finances, governing the business and managing resources.

**55** A financial model has been developed to map overall costs. Capital and revenue monitoring is an ongoing process with the Council providing high level information to councillors via regular reports. The Council and Hereford Futures should consider how their work on improving communication can find ways to use the range of financial information to reiterate key messages to the public and stakeholders.

**56** It is clear that the Council considered a range of options for delivering the project and took expert advice which was presented to Councillors as part of the decision making process.

**57** The plans for the regeneration of the area have been regularly updated as a result of consultation and other activity. However, until the recent changes that resulted in the replacement of the ESG board by Hereford Futures, there have been no reviews of whether the Joint Venture Company (JVC) remained the right model. Given the complexity of the project and the turnover of Councillors, the Council needs to consider whether its reports are clear enough to enable all councillors to query whether arrangements remain fit for purpose.

**58** There has been a consistent strategic vision for the outcomes intended from the ESG and this has been agreed with and supported by regional partners. However, until recently, communication to the public of the work programme has lacked co-ordination. This is beginning to improve. Lessons from previous consultation and involvement exercises have been used to shape ongoing work.

**59** The ESG (now Hereford Futures) Board was properly constituted and Internal Audit work has confirmed that governance arrangements are satisfactory. The Council needs to consider if the information presented to Councillors is sufficient to enable them to respond to queries from the public and to ask probing questions.

**60** Strategic risks are covered by the registers for the Council, and for ESG. However the Council could consider whether the inclusion of more specific statements in its strategic register could aid Officers and Councillors work on policy development and challenge.

**61** The Council does not have arrangements to gauge whether its contribution to the JVC is securing value for money. It needs to develop methods to enable it to do this including benchmarking.

**62** The Council should shortly complete an action plan to address the four recommendations in my detailed report.

### **Planning Services Follow-up**

**63** Eighteen months ago I completed and reported the results of my review of the Council's planning services. My report concluded that the roles of Officers and Members in planning decision making and the processes they followed were overly complicated and lacked transparency. Since then the Council has worked quickly, responding to the challenges set out in my review and to the recommendations made in the Council's own Environmental Scrutiny Review. The new arrangements were established and operating fully by July 2010.

**64** One year on, I conclude that the Council has made substantial progress in addressing most of the recommendations agreed by the Cabinet in July 2009. There are strong signs that the new committee arrangements introduced in January 2010 are having a positive impact on the quality of planning decision making and on the efficiency and effectiveness of the planning service.

**65** The revised roles of Members and Officers have greater clarity and the impact is noticeable within the conduct of the Planning Committee meetings. Planning Committee Members and also non-committee Members coming to Committee in their capacity as local ward members have risen to the challenge of their new roles. Debate is enhanced and there is more transparency to decision making.

**66** Fewer applications are coming to Committee but those that do are the more complex, more unusual applications and of significance across a wider area.

**67** Good outcomes can be seen across the extensive set of recommendations arising from the Council's scrutiny review. Particularly of note is the improved focus on enforcement and forward planning coming from the reorganisation of resources across the planning services. This has led to good progress in local plan making, with increasing levels of engagement in the process by stakeholders. Also there is now a dedicated enforcement service with revised procedures.

**68** A further area of progress is the strengthening of the arrangements to negotiate, monitor and manage the delivery of Section 106 (Planning Obligations) agreements, following the appointment of a dedicated S106 planning officer.

**69** I have produced a brief interim report on my findings. I am also working with one of the Council's accountants to review the impact of the changes that have been made on the economy and efficiency of the service.

## **Approach to local value for money work from 2010/11**

**70** Given the scale of pressures facing public bodies in the current economic climate, the Audit Commission has been reviewing its work programme for 2010/11 onwards. This review has included discussions with key stakeholders of possible options for a new approach to local value for money (VFM) audit work. The Commission aims to introduce a new, more targeted and better value approach to our local VFM audit work.

**71** My work in 2010-11 will be based on a reduced number of reporting criteria specified by the Commission, concentrating on:

- securing financial resilience; and
- prioritising resources within tighter budgets.

**72** I will determine a local programme of VFM audit work based on my audit risk assessment, informed by these criteria and my statutory responsibilities. I will no longer be required to provide an annual scored judgement relating to my local VFM audit work. Instead I will report the results of all my local VFM audit work and the key messages for the Council in my annual report to those charged with governance and in my annual audit letter.

## Closing remarks

**73** I have discussed and agreed this letter with the Chief Executive and the Director of Resources. I will present this letter at the Audit and Governance Committee in January and will provide copies to all Members.

**74** Full detailed findings, conclusions and recommendations in the areas covered by our audit were included in the reports I issued to the Council during the year.

Report	Date issued
Adult Social Care	March 2010
Annual Governance Report	September 2010
VFM Conclusion Report	September 2010
Transformation Programme	September 2010
Edgar Street Grid	September 2010
Final Accounts Memorandum	October 2010
Planning Services Follow up	November 2010

**75** The Council has taken a positive and helpful approach to our audit. I wish to thank the Herefordshire Council staff for their support and cooperation during the audit.

Elizabeth Cave  
District Auditor  
November 2010

# Appendix 1 Glossary

## **Annual governance statement**

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

## **Audit opinion**

On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
- whether they have been prepared properly, following the relevant accounting rules; and
- for local probation boards and trusts, on the regularity of their spending and income.

## **Financial statements**

The annual accounts and accompanying notes.

## **Qualified**

The auditor has some reservations or concerns.

## **Unqualified**

The auditor does not have any reservations.

## **Value for money conclusion**

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of money, people and time.

## Appendix 2 Action plan

### Recommendations

#### Recommendation 1

Address the issue of overspending in Adult Social Care.

<b>Responsibility</b>	Jana Burton
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<b>Priority</b>	High
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<b>Date</b>	April 2011
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**Comments**

#### Recommendation 2

Continue to implement the agreed action plan from our work on the transformation programme.

<b>Responsibility</b>	Dean Taylor
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<b>Priority</b>	High
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<b>Date</b>	May 2011
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**Comments**

#### Recommendation 3

Continue to actively pursue a satisfactory and prompt solution to waste management. Ensure that when the key decisions are made on whether the preferred solution delivers value for money, these are fully evidenced.

<b>Responsibility</b>	Geoff Hughes
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<b>Priority</b>	High
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<b>Date</b>	September 2011
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**Comments**

#### Recommendation 4

Develop arrangements to gauge whether the Council's contribution to the Hereford Futures JVC is securing value for money.

<b>Responsibility</b>	Geoff Hughes
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<b>Priority</b>	Medium
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<b>Date</b>	March 2011
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**Comments**

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