



# **Use of Resources Auditor Judgements**

**East Sussex Fire Authority**

**Audit 2007/08**

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## Introduction

- 1 The use of resources (UoR) assessment evaluates how well fire authorities manage and use their financial resources. This is the second year that we have made a UoR assessment and this report sets out our findings for our assessment of the 2006/07 financial year.
- 2 The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Authority's priorities and improve services, covering five themes.
- 3 Scoring is based on the following scale.

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**Table 1**

1	Below minimum requirements – inadequate performance
2	Only at minimum requirements – adequate performance
3	Consistently above minimum requirements – performing well
4	Well above minimum requirements – performing strongly

- 4 The overall score for Use of Resources was reported to the Authority by the Audit Commission in January 2008. The scores for East Sussex Fire Authority for the five themes are outlined overleaf.

## Summary scores for each theme

**Table 2**

<b>Key lines of enquiry (KLOEs)</b>	<b>Score 2007</b>	<b>Score 2006</b>
<b>Financial reporting</b>	<b>3</b>	<b>3</b>
1.1 The authority produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	3	3
1.2 The authority promotes external accountability.	3	4
<b>Financial management</b>	<b>3</b>	<b>3</b>
2.1 The authority's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	3	3
2.2 The authority manages performance against budgets.	3	2
2.3 The authority manages its asset base.	3	3
<b>Financial standing</b>	<b>3</b>	<b>3</b>
3.1 The authority manages its spending within the available resources.	3	3
<b>Internal control</b>	<b>3</b>	<b>3</b>
4.1 The authority manages its significant business risks.	3	3
4.2 The authority has arrangements in place to maintain a sound system of internal control.	3	2
4.3 The authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	3	3
<b>Value for money</b>	<b>3</b>	<b>3</b>
5.1 The authority currently achieves good value for money.	3	3
5.2 The authority manages and improves value for money.	3	3

## Theme summaries

- 5 The key findings and conclusions for each of the five themes are summarised in the following tables.

### Financial reporting

**Table 3**

<b>Theme score - 3</b>	
<b>Key findings and conclusions</b>	
The accounts are produced in accordance with deadlines and the reporting framework and no material errors were identified in our audit. An unqualified opinion was issued in September 2007. The Authority dealt well with changes in accounting requirements and publishes key financial reporting information on its website. Accountability is an area where the Authority continues to performing well.	
<b>Improvement opportunities</b>	
KLOE 1.1 The authority produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	Our audit highlighted one non-trivial error in the financial statements which was reported in the Annual Governance Report.
KLOE 1.2 The authority promotes external accountability.	None

## Financial management

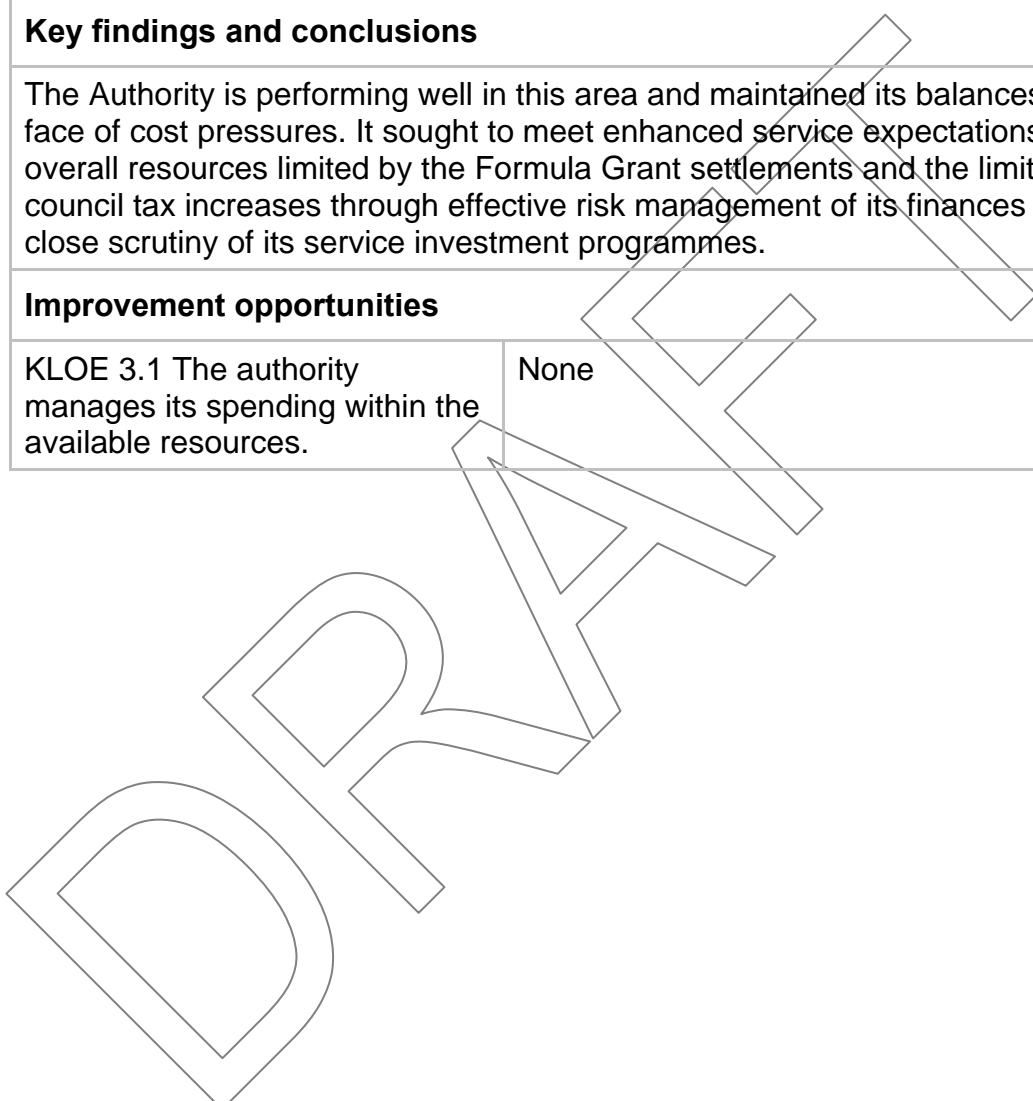
**Table 4**

<b>Theme score - 3</b>	
<b>Key findings and conclusions</b>	
<p>The Authority has taken effective action over the past two years to further ensure that its medium term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities. Performance is actively managed against budgets and the Authority has shown marked improvement in managing its asset base.</p>	
<b>Improvement opportunities</b>	
<p>KLOE 2.1 The authority's MTFS, budgets and capital programme are soundly based and designed to deliver its strategic priorities.</p>	<p>The MTFS needs to include the financial implications of joint plans agreed with partners and other stakeholders.</p>
<p>KLOE 2.2 The authority manages performance against budgets.</p>	<p>The Authority has improved well in this area with several initiatives in place that should begin to show some results in 2007/08. It should be ensured that the results expected are achieved.</p>
<p>KLOE 2.3 The authority manages its asset base.</p>	<p>The use of performance measures and benchmarking in relation to the Authority's asset base should to show measurable outcomes in 2007/08. It should be ensured that the results expected are achieved.</p>

## Financial standing

**Table 5**

<b>Theme score - 3</b>	
<b>Key findings and conclusions</b>	
The Authority is performing well in this area and maintained its balances in the face of cost pressures. It sought to meet enhanced service expectations from overall resources limited by the Formula Grant settlements and the limiting of council tax increases through effective risk management of its finances and close scrutiny of its service investment programmes.	
<b>Improvement opportunities</b>	
KLOE 3.1 The authority manages its spending within the available resources.	None



## Internal control

**Table 6**

<b>Theme score - 3</b>	
<b>Key findings and conclusions</b>	
The Authority is now demonstrating more overt consideration of risks. Areas of weakness in internal control identified in the previous year have been addressed and there is evidence that arrangements in support of an anti-fraud culture are now in place. The Authority is now performing well.	
<b>Improvement opportunities</b>	
KLOE 4.1 The authority manages its significant business risks.	Measurable outcomes should be available in 2007/08 from the arrangements put in place to embed corporate risk management into areas such as performance management.
KLOE 4.2 The authority has arrangements in place to maintain a sound system of internal control.	None
KLOE 4.3 The authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	None

## Value for money

**Table 7**

<b>Theme score - 3</b>	
<b>Key findings and conclusions</b>	
<p>The Authority’s approach to managing and improving value for money is sound but there are opportunities for further development. For example, the system for evidencing strategic financial savings could be extended further to evidence all efficiency savings. A culture of achievement and improvement of value for money is becoming embedded but processes to enable senior managers to regularly review comparative costs and performance are required. It is recognised that the Authority considers the overall geography and demography of the East Sussex county and Brighton and Hove areas are major factors that constrain its ability to deliver achievement of value for money in the provision of its services. Procurement processes have been improved which is linked to the implementation of a new financial management system but further enhancements to the system are required to achieve full efficiencies from all procurement activity.</p>	
<b>Improvement opportunities</b>	
<p>KLOE 5.1 The authority currently achieves good value for money</p> <p>KLOE 5.2 The authority manages and improves value for money.</p>	<p>The evidencing of efficiency savings could be extended.</p> <p>Comparative costs and performance analysis could be further developed.</p> <p>Further procurement efficiencies could be achieved.</p>