

# Organisational Assessment:

an element of Comprehensive  
Area Assessment

A presentation for  
Kent County Council



Darren Wells – District Auditor

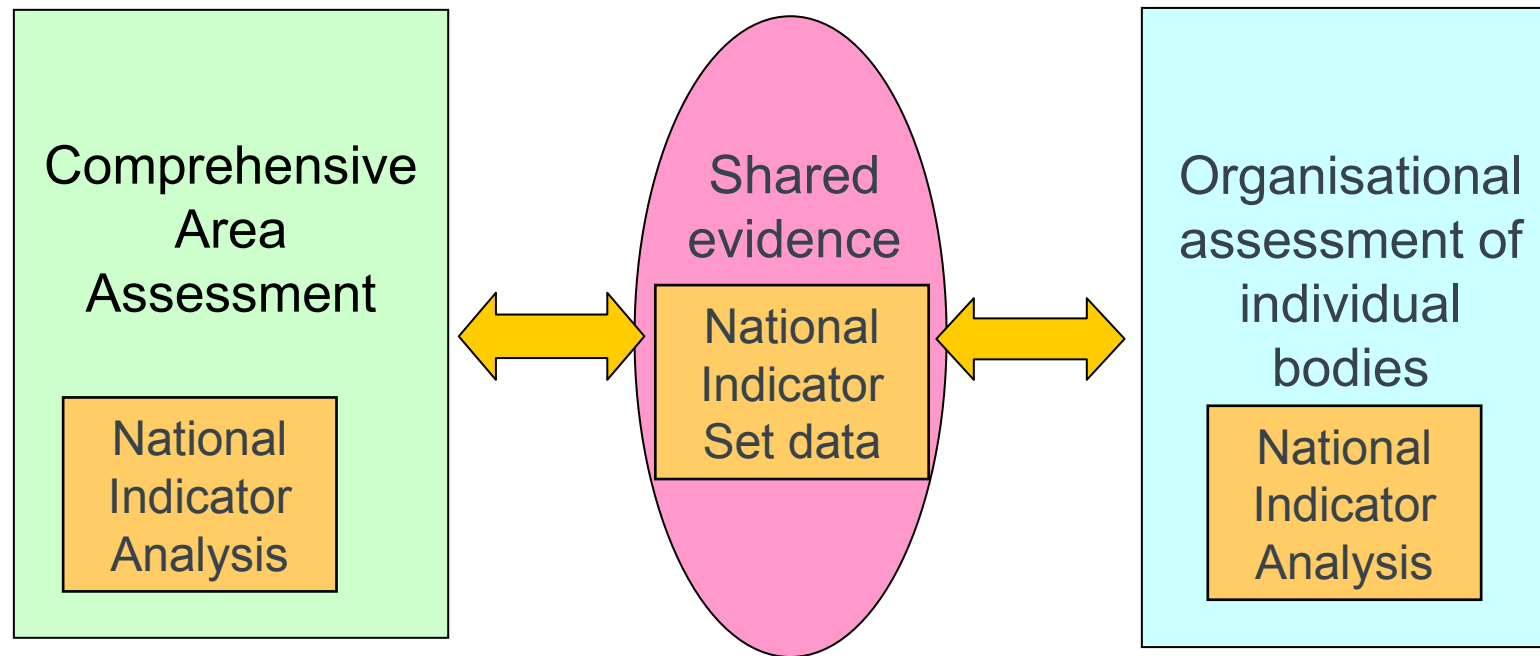
 **audit**  
commission

# Organisational assessment (OA)

---

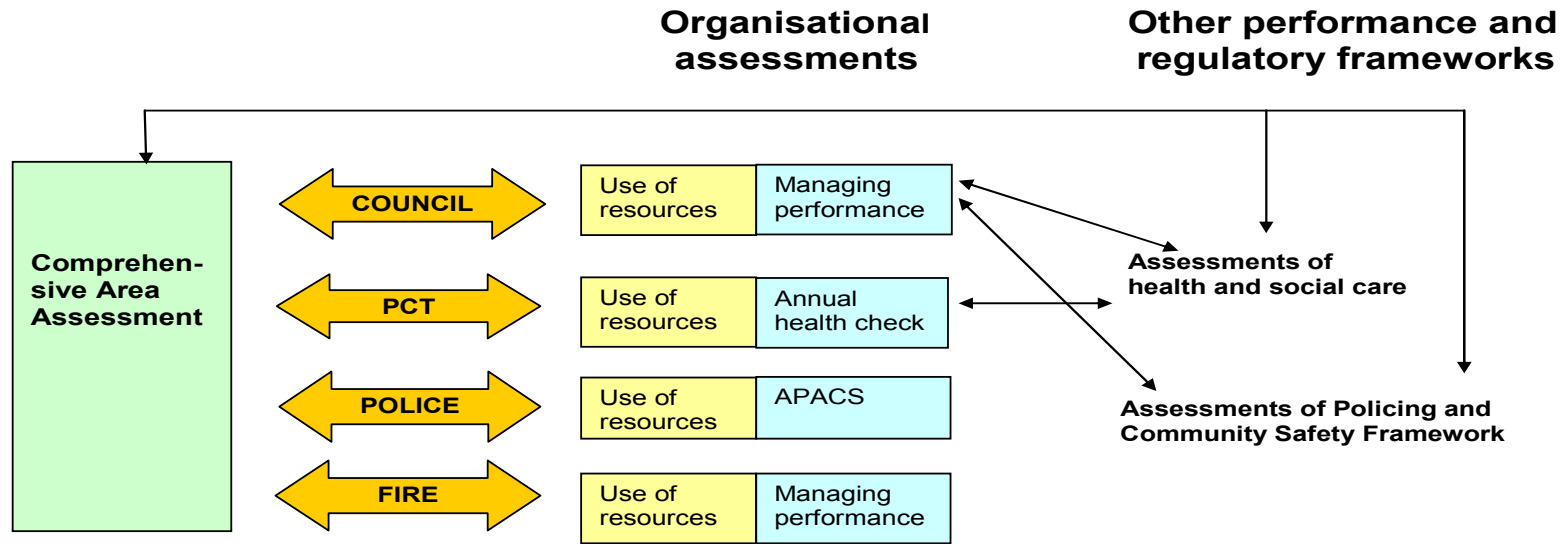
- Use of resources (UoR) 2008 was part of Comprehensive Performance Assessment (CPA)
- The OA is new in 2009 and is part of Comprehensive Area Assessment (CAA)
- The OA consists of a new UoR assessment (made by the Audit Commission) and a managing performance assessment (which is a Joint Inspectorate review)

# Proposed framework for CAA (1)



# Proposed framework for CAA (2)

## How CAA will align with other performance frameworks



\*\* Other local organisations such as housing associations and probation boards are also subject to inspection frameworks but do not receive use of resources assessments.

# Organisation assessment - Managing performance

---

- Joint inspectorate assessment:
  - how well is the Council is delivering its priority services, outcomes and improvements that are important to local people?
  - does the Council have the leadership, capacity and capability it needs to deliver future improvements?
- Focus will be on:
  - effectiveness in identifying and delivering priority services and outcomes
  - improving services and outcomes for which the Council is responsible
  - contributing to wider community outcomes
  - tackling inequality and improving outcomes for people in vulnerable circumstances

# The UoR framework 2008

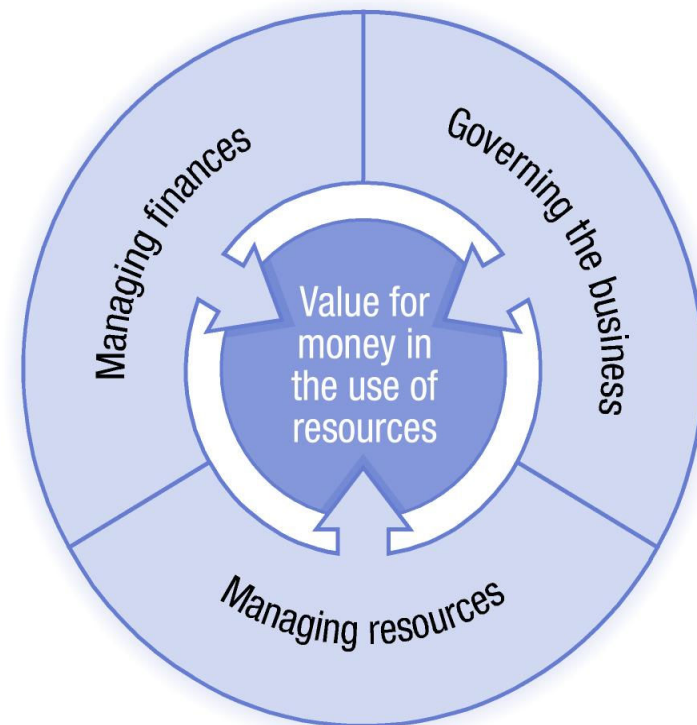
---

	Score
<b>• Five UoR themes in 2008</b>	
– Financial reporting	3 out of 4
– Financial management	4 out of 4
– Financial standing	3 out of 4
– Internal control	3 out of 4
– Value for money	4 out of 4
<b>• Overall UoR score 2008</b>	4 out of 4
<b>• Overall UoR score 2007</b>	4 out of 4

---

# UoR framework 2009

- Audit Commission assessment
- Three themes resulting in an overall judgement on value for money in the way the Council uses its resources
- Scored on a 1 to 4 scale
- First judgments reported as part of CAA in Autumn 2009



# Use of resources assessment in 2009

---

- **Managing finances:**

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

- **Governing the business:**

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

- **Managing resources:**

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

# UoR 2009- key lines of enquiry (the KLoEs)

Managing finances KLoE	Governing the business KLoE	Managing resources KLoE
1.1 Financial planning & financial health	2.1 Commissioning & procurement	3.1 Natural resources
1.2 Understanding costs & performance	2.2 Data quality & use of information	3.2 Asset management
1.3 Financial monitoring & reporting	2.3 Good governance & ethical behaviour	3.3 Workforce (not applicable to Kent County Council in 2009)
	2.4 Risk management & internal control	

# What's the difference between UoR assessments in 2008 and 2009?

---

- In 2009 the same UoR framework applies to councils, police, fire and PCTs – previously they were different
- Greater focus now on achievements, outputs and outcomes – what difference have the arrangements made?
- More emphasis now on effective partnership working
- Increased focus now on natural and human resources as compared to financial resources
- A more challenging process for audited bodies and auditors

# UoR scoring - key principles

## Level 2

**At minimum requirements**

**Consistent with professional practice & guidance**

**Operating effectively**

**Minimum acceptable level of performance**

## Level 3

**Consistently above minimum requirements**

**Forward looking and pro-active**

**Outputs & outcomes demonstrate impact**

**Effective partnership working**

## Level 4

**Innovation**

**Best practice**

**Strong outcomes for the community including through partnership working**

**Excellent VFM**

# Some possible Outcomes for KLOE

## 1.1 – financial planning

---

- The council can demonstrate financial planning contributes to improved outcomes in relation to priorities
  - a sustained focus on achieving priorities by shifting resources from low-to high-priority areas, showing achievement of improvements in relation to priorities along with exit strategies for areas with reduced funds
  - effective communication and briefing on how the council sets charges for services, how they compare to other authorities' and how charges support the delivery of priorities to ensure a good understanding by members, staff, partners and other stakeholders.
  - The council consults local people and communities effectively on significant spending decisions and any charging policies as appropriate.
  - The council has a track record of operating within its budget while maintaining good service performance.
-

# OA scoring

---

- UoR overall and managing performance themes are scored between 1 (performs poorly) and 4 (performs excellently)
- We are consulting on three scoring options for the OA
  - combination of the two theme scores?
  - allow ‘professional’ considerations in the way the two theme scores are brought together?
  - keep the two theme scores separate?
- The overall OA is subject to the Commission’s quality assurance processes and can be challenged by the Council

# National timelines

---

- Finalisation of the CAA framework (expected in early 2009)
- Auditors to deliver assessments in March and April 2009
- Reporting of final scores:
  - UoR to Council in Sept 2009 in Annual Governance Report
  - OA in late Nov 2009 as part of CAA reporting

# How might the Council prepare for the new OA?

---

- Clear leadership is needed in preparing for the assessment
- Is the Council's OA 'champion' at an appropriate level of seniority and is the champion in a position to coordinate across the Council?
- Need to show that the Council has made real differences in its area
- Need to supply the assessment team with good quality and focused evidence to demonstrate the outputs and outcomes

# Where to find more information

---

UoR web pages

<http://www.audit-commission.gov.uk/useofresources/index.asp>

UoR guidance

<http://www.audit-commission.gov.uk/useofresources/2009guidance.asp>

CAA web pages

<http://www.audit-commission.gov.uk/caa/index.asp>