

Annual Governance Report

September 2007



Annual Governance Report

Salford City Council

Audit 2006/07

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

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.

Copies of this report

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Purpose of this document

- 1 In accordance with the Audit Commission's Code of Audit Practice (the Code), this report provides a summary of the work we have carried out during our 2006/07 audit of accounts, the conclusions we have reached and the recommendations we have made to discharge our statutory audit responsibilities to those charged with governance at the time they are considering the financial statements. For Salford City Council the body constituting 'those charged with governance' is the Accounts Committee.
- 2 In preparing our report, the Code requires us to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance', by reporting to you matters relating to the audit of the financial statements. Other auditing standards require us to communicate with you in other specific circumstances including:
 - where we suspect or detect fraud;
 - where there is an inconsistency between the financial statements and other information in documents containing the financial statements; and
 - non-compliance with legislative or regulatory requirements and related authorities.
- 3 We are also required to communicate to you the Audit Commission's requirements in respect of independence and objectivity, and these are set out at Appendix 2.
- 4 This report has been prepared for presentation to the Accounts Committee on 24 September 2007. Members are invited to:
 - consider the matters raised in the report before the financial statements are approved;
 - approve the representation letter on behalf of the Authority and those charged with governance before we issue our opinion; and
 - consider amending the financial statements for significant qualitative aspects of financial reporting and any recommendations for improvement in the action plan.
- 5 Our work during the year was performed in line with the plan that we have previously agreed with the Council. A summary of the outputs from this work is listed in Appendix 3. There have been no special reports issued under the auditors powers set out within the Audit Commission Act 1998.
- 6 The Council has taken a positive and constructive approach to our audit and we would like to take this opportunity to express our appreciation for the Authority's assistance and co-operation.

Key messages

Accounts

- 7 Our work on the accounts is now substantially complete. There are a number of amendments which are required to the accounts which are summarised in Tables 1 and 2 of this report.
- 8 Subject to the satisfactory resolution of any outstanding matters and agreement on the amendments to the accounts we anticipate being able to issue an unqualified opinion by 28 September 2007. A draft report which includes this unqualified opinion is attached at Appendix 4.

Use of resources

- 9 Our work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources is now complete. We propose issuing an unqualified conclusion on these arrangements by 28 September 2007. A draft report which includes this unqualified conclusion is attached at Appendix 4.

Accounts and Statement on internal control

Status of the Audit

- 10 Our work on the financial statements is now substantially complete. Before an audit report is finalised auditors are required to obtain written confirmation of certain representations from management and those charged with governance such as acknowledgement of responsibility for the fair presentation of the financial statements in accordance with the applicable financial reporting framework and responsibility for the design and implementation of internal control to prevent and detect error.
- 11 The auditor should also obtain written representations from management on matters material to the financial statements when other sufficient appropriate audit evidence cannot reasonably be expected to exist.
- 12 We have discussed the above with officers and the final draft of the Management Representation Letter is attached at Appendix 5. The Accounts Committee is invited to approve this Letter.

Unadjusted misstatements

- 13 Excluding those misstatements that are 'clearly trivial' (as defined in professional auditing standards), our audit has not identified any misstatements in the financial statements that management has decided not to adjust.

Adjustments to the financial statements

- 14 We are also required to bring to your attention misstatements that we have agreed should be corrected by management where we consider them relevant to your wider governance responsibilities. These are summarised in Table 1. Further background and detail on the adjusted misstatements is provided by the City Treasurer in his report to the Accounts Committee.

Table 1 Adjusted misstatements in the financial statements

Details of material and/or significant adjustments required to the financial statements.

Issue	Value of mis-statement	Impact on the balance sheet
Fixed assets Land relating to Manchester Airport (Note: This adjustment also applies to all the other Greater Manchester authorities, except Manchester City Council).	£7.663m	Fixed assets (investment properties) and fixed asset restatement account, both understated.
Debtors Debtors incorrectly offset against creditors	£1.901m	Debtors and creditors, both understated
Investments Expenditure on infrastructure assets misclassified as an investment	£638k	Long term investments overstated / fixed assets (infrastructure) understated
Schools reserve Prepayment of Direct Schools Grant incorrectly allocated to schools reserve	£616k	General reserve (schools element)/debtors and prepayments, both understated
Long term debtors Loan misclassified as a deferred charge	£509k	Long term debtors and capital financing account, both understated
Insurance fund provision Provision misclassified as a creditor	£497k	Insurance fund understated/creditors overstated

- 15 The schools reserve adjustment is the only one which has an impact on the Council's balances. The amount of the General Fund Balance held by schools under local management schemes has increased as a result of this adjustment from a surplus of £297k to £913k.

Recommendation

R1 The Accounts Committee should approve the adjustments to the accounts (referred to in Table 1) which have been agreed with officers and are set out in more detail in the City Treasurer's accompanying report.

Accounting practices

- 16 Our audit includes consideration of the qualitative aspects of the financial reporting process, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. Matters that we would like to bring to the attention of the Accounts Committee are summarised in Table 2 below. A complete list of all amendments has been agreed with officers.

Table 2 Qualitative aspects of accounting practices and financial reporting

Area	Issue	Impact
Disclosure notes to the balance sheet	Several of the disclosure notes required amendment because the detail was inaccurately reported (for example, long term debtors, creditors and debtors).	Improved accuracy in disclosing classification of balances.
Disclosure notes which provide further information	Additional notes have been agreed to improve various disclosures (for example, deferred liabilities / credits, short term borrowing, dividend income and schools' PFI schemes).	Improved disclosure of aspects of the Council's financial management.
Collection Fund and Housing Revenue Account	Relatively minor errors have been agreed to these statements.	There is no impact on the balances on these accounts.

Recommendations

- R2 The Accounts Committee should approve the changes to the financial statements and disclosure notes (referred to in Table 2) which have been agreed with officers and are set out in more detail in the City Treasurer's accompanying report.*
- R3 Ensure sufficient time and resources is built into the accounts closure programme to carry out a qualitative review of the accuracy and completeness of the disclosure notes in the financial statements.*

Systems of internal control

- 17 Our audit has not identified any material weaknesses in systems of accounting and financial control which we should report to you. We have also reviewed whether the Council's Statement on Internal Control has been prepared in accordance with proper practice specified by CIPFA and is consistent with the findings from our audit. There are no matters arising from this review.
- 18 We should emphasise that we have not provided a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made, but have addressed only those matters which have come to our attention as a result of the audit procedures we have performed.

Other matters of governance interest

Treasury management issues

- 19 For the past three years we have drawn the Accounts Committee's attention to an issue which is of national relevance and applies to other authorities as well as Salford concerning the treatment of interest on LOBO (lender offer/borrower option) loans and amortisation of premiums on debt rescheduling. The Head of Finance updated the Accounts Committee on the latest position with regard to these matters when it met to approve the accounts in June 2007.
- 20 We have discussed the current position and in view of the further guidance and regulations that is still awaited it has been agreed that an additional contingent liability note should be added to the financial statements. The City Treasurer refers to this issue in his accompanying report.

School balances

- 21 The net surplus on school balances has reduced from £1,625k at 31 March 2006 to £913k at 31 March 2007. At the end of the 2006/07 financial year there were 33 schools which were reported in deficit, totalling £4.2m (£3.3m the previous year). The Council needs to ensure that there are clear plans in place to reduce school deficits. We are currently discussing this issue with the City Treasurer and we plan to undertake further work in this area as part of our agreed plan for 2007/08.

Recommendations

R4 The City Treasurer should assess any further guidance and regulations which may be forthcoming on the accounting treatment of LOBO loans and take action as appropriate.

R5 The Council needs to ensure that there are clear plans in place to reduce school deficits.

Next steps

- 22** We are drawing the matters in this report to the Accounts Committee's attention so that:
- you have the opportunity to agree the adjustments to the accounts referred to above (in Tables 1 and 2) before the financial statements are finally approved and certified, and
 - the representation letter can be signed on behalf of the Authority and those charged with governance, before we issue our opinion on the financial statements.
- 23** Subject to the satisfactory resolution of any outstanding matters and agreement on the amendments to the accounts we anticipate being able to issue an unqualified opinion by 28 September 2007. A draft report which includes this unqualified opinion is attached at Appendix 4.
- 24** The recommendations in this report are summarised in the Action Plan at Appendix 1. We will issue a more detailed final accounts memorandum which we will agree with officers in due course.

Use of resources

Work performed

- 25** The Code requires us to reach a conclusion on whether we are satisfied that the Council has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources – the value for money (vfm) conclusion. In meeting this responsibility, we review evidence that is relevant to the Council's corporate performance management and financial management arrangements across a range of criteria specified by the Audit Commission.
- 26** The specific criteria set by the Audit Commission which we have assessed in drawing our conclusion for 2006/07 are summarised in Appendix 6. Our assessment of these criteria draws on various sources including the following elements of our work.
- Use of resources assessment.
 - Data quality work.
 - The best value performance plan.
 - The Direction of Travel Statement (reported in the Annual Letter in March 2007).
- 27** We are satisfied from our assessment that the Council has met each of the specified criteria for 2006/07. There are therefore no matters which we wish to draw to the attention of the Accounts Committee.
- 28** Our work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources is now complete. We propose issuing an unqualified conclusion on these arrangements by 28 September 2007. A draft report which includes this unqualified conclusion is attached at Appendix 4.

Audit fee update

- 29 We reported our fee proposals as part of the Audit Plan for 2006/07. The table below reports the outturn fee against that plan.

	Plan 2006/07 (£)	Actual 2006/07 (£)
Financial statements and Statement on Internal Control	150,600	150,600
Use of resources	164,900	164,900
Total audit fee	315,500	315,500
Inspection	21,500	21,500
Total audit and inspection fee (see note 1)	337,000	337,000
Grants certification work (see note 2)	92,000	92,000
Other work (see note 3)	-	14,913

Notes:

(1) The analysis above shows that our audit and inspection fee has been contained within the totals already agreed.

(2) The 'actual' for grant claims is an updated estimate because the grant claim certification programme is not due to be completed until March 2008.

(3) Other work relates to the Audit Commission's work on the National Fraud Initiative (fee £1,175) and two pieces of additional work agreed with the Council. These relate to:

- Helping the Council with its change management agenda and building staff capacity in managing performance (fee £4,238); and
- Providing challenge to culture and leisure services with a view to identifying opportunities for improvement across these services (fee £9,500).

Appendix 1 – Action plan

Page	Recommendation	Priority 1 = Low 2 = Medium 3 = High	Responsibility	Agreed	Comments	Anticipated implementation date
7	R1 The Accounts Committee should approve the adjustments to the accounts (referred to in Table 1) which have been agreed with officers and are set out in more detail in the City Treasurer's accompanying report.	3	Accounts Committee	Subject to meeting on 24/9/07		24 September 2007
8	R2 The Accounts Committee should approve the changes to the financial statements and disclosure notes (referred to in Table 2) which have been agreed with officers and are set out in more detail in the City Treasurer's accompanying report.	3	Accounts Committee	Subject to meeting on 24/9/07		24 September 2007

Page	Recommendation	Priority 1 = Low 2 = Medium 3 = High	Responsibility	Agreed	Comments	Anticipated implementation date
8	R3 Ensure sufficient time and resources is built into the accounts closure programme to carry out a qualitative review of the accuracy and completeness of the disclosure notes in the financial statements.	3	Chris Hesketh	Yes		January 2008
9	R4 The City Treasurer should assess any further guidance and regulations which may be forthcoming on the accounting treatment of LOBO loans and take action as appropriate.	3	John Spink	Yes		Subject to further guidance and/or regulations
9	R5 The Council needs to ensure that there are clear plans in place to reduce school deficits.	3	Members, the LEA and relevant schools' governors	Yes		January 2008

Appendix 2 – The Audit Commission’s requirements in respect of independence and objectivity

- 1 We are required to communicate the following matters to those charged with governance.
 - The principal threats, if any, to objectivity and independence identified by the auditor, including consideration of all relationships between the Authority, directors and the auditor.
 - Any safeguards adopted and the reasons why they are considered to be effective.
 - Any independent partner review.
 - The overall assessment of threats and safeguards.
 - Information about the general policies and processes for maintaining objectivity and independence.
- 2 We are not aware of any relationships that may affect the independence and objectivity of the audit team and which are required to be disclosed under auditing and ethical standards.

Appendix 3 – Audit reports issued

Planned output	Planned date of issue	Actual date of issue	Addressee
Audit and inspection plan 2006/07	March 2006	March 2006	Management
Use of resources assessments	November 2006	November 2006	Management
Joint report on data quality	November 2006	November 2006	Management
BVPP report	December 2006	November 2006	The Authority
Supporting People - Inspection	July 2007	July 2007	Management
Annual governance report	September 2007	September 2007	Accounts Committee
Opinion on financial statements	28 September 2007		The Authority
Use of resources conclusion	28 September 2007		The Authority
Performance work on Human Resources	September 2007	July 2007 (draft)	Management
Performance work on Housing Stock Options	September 2007	September 2007 (draft)	Management
Final accounts memorandum	November 2007		Management
Annual letter	March 2008		Management

Appendix 4 – Independent auditor’s report to the members of Salford City Council

Opinion on the financial statements

I have audited the financial statements of Salford City Council for the year ended 31 March 2007 under the Audit Commission Act 1998, which comprise the Income and Expenditure Account, the Housing Revenue Account, the Collection Fund, the Balance Sheet, the Statement of Movement on the General Fund Balance, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Group Accounts and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Salford City Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the City Treasurer and auditors

The City Treasurer’s responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements 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 financial statements presents fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

I review whether the statement on internal control reflects compliance with CIPFA’s guidance, ‘The Statement on Internal Control in Local Government, Meeting the Requirements of the Accounts and Audit Regulations, 2003’. I report if it does not comply with proper practices specified by CIPFA 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 statement on internal control covers all risks and controls. I am also not 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 financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority and its Group as at 31 March 2007 and its income and expenditure for the year then ended.

Clive Portman
District Auditor

September 2007

Audit Commission,
2nd Floor,
Aspinall House,
Aspinall Close,
Middlebrook,
Horwich,
Bolton
BL6 6QQ

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 to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority’s assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority’s best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in August 2005, in all significant respects, Salford City Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

Best value performance plan

I issued my statutory report on the audit of the authority’s best value performance plan for the financial year 2006/07 on 24 November 2006. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Clive Portman
District Auditor

September 2007

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Appendix 5 – Draft management representation letter

Clive Portman,
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Salford City Council - Audit for the year ended 31 March 2007

I confirm to the best of my knowledge and belief, having made appropriate enquiries of officers within the Council the following representations given to you in connection with your audit of the Council's financial statements, including those that relate to the group accounts, for the year ended 31 March 2007.

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements which present fairly the financial position of the authority and for making accurate representations to you.

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.

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 meetings, have been made available to you.

Related party transactions

I confirm the completeness of the information provided 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.

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;
- 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.

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 Authority.

Assets

Where appropriate the following have been properly recorded and adequately disclosed in the financial statements.

- Losses arising from sale and purchase commitments.
- Agreements & options to buy back assets previously sold.
- Assets pledged as collateral.

Irregularities

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

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.

Post balance sheet events

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

Compensating arrangements

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

Signed on behalf of Salford City Council

**Councillor J. Dawson,
Chair of the Accounts Committee**

24 September 2007

**John Spink CPFA,
City Treasurer**

24 September 2007

Appendix 6 – Value for money conclusion

The Audit Commission has published, in accordance with the Code of Audit Practice, 12 criteria on which auditors are required to reach a conclusion on the adequacy of an audited body’s arrangements for economy, efficiency and effectiveness in its use of resources.

Eight of the Code criteria (numbers 5-12) are linked to the use of resources assessment (UoR) key lines of enquiry (KLoEs). Three of the other four criteria (numbers 1-3) relate to performance management arrangements and the remaining criterion (number 4) relates to data quality. A score of Level 2 or higher under the KLoEs will result in an assessment that the Authority has adequate arrangements in place for the purposes of the Code criteria. The Code criteria and the linked KLoEs are shown in the table below.

The final column confirms our assessment for each of the criteria for Salford City Council.

Code criteria	Description	Associated KLoE	VFM conclusion for Salford City Council
1	The body has put in place arrangements for setting, reviewing and implementing its strategic and operational objectives.	N/A	Adequate
2	The body has put in place channels of communication with service users and other stakeholders including partners, and there are monitoring arrangements to ensure that key messages about services are taken into account.	N/A	Adequate
3	The body has put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to members.	N/A	Adequate
4	The body has put in place arrangements to monitor the quality of its published performance information, and to report the results to members.	Data Quality KLoE	Adequate

Code criteria	Description	Associated KLoE	VFM conclusion for Salford City Council
5	The body has put in place arrangements to maintain a sound system of internal control.	4.2	Adequate
6	The body has put in place arrangements to manage its significant business risks.	4.1	Adequate
7	The body has put in place arrangements to manage and improve value for money.	5.2	Adequate
8	The body has put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities.	2.1	Adequate
9	The body has put in place arrangements to ensure that its spending matches its available resources.	3.1	Adequate
10	The body has put in place arrangements for managing performance against budgets.	2.2	Adequate
11	The body has put in place arrangements for the management of its asset base.	2.3	Adequate
12	The body has put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business.	4.3	Adequate