



National Audit Office

**Department for Environment, Food and Rural Affairs**

# Financial Management Report 2011

Detailed methodology

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**NOVEMBER 2011**

# Detailed methodology

1 This document provides a detailed description of the methodology used for the report on financial management at the Department for Environment, Food and Rural Affairs (the Department) (HC 1593, Session 2010–12). A summarised methodology is at Appendix One of the report.

2 The report uses a financial management maturity model developed by the National Audit Office.<sup>1</sup> The five main criteria covered by the model are:

- governance and leadership;
- planning;
- decision-making;
- monitoring and forecasting; and
- financial and operational reporting.

The main elements of our fieldwork, which took place in July and August 2011, were:

## Semi-structured interviews

We conducted interviews with key staff and committee members to establish how governance works and to get their perceptions as to the Department's strengths and areas to improve in relation to financial management. We conducted 20 interviews in all, including:

- nine management committee members, including five non-executive directors;
- finance director;
- financial controller; and
- heads of finance.

## Document review

We collated all existing National Audit Office evidence relevant to financial management to assess the Department's current position. These included reviews of:

- financial audit files and management letters;
- recent value for money studies; and
- performance improvement work.

1 [http://www.nao.org.uk/help\\_for\\_public\\_services/financial\\_management/fmm.aspx](http://www.nao.org.uk/help_for_public_services/financial_management/fmm.aspx)

We conducted a file review of published and internal client documents, including:

- audit committee papers;
- budgets and response to the spending review;
- business plan and strategy;
- business cases for new/stopping/continuing activities;
- change programme documents;
- framework documents in place with arm's-length bodies;
- guidance/documentation on the department's intranet;
- internal audit reports;
- management committee papers;
- management accounts;
- monthly department and arm's-length body financial and performance reporting; and
- risk register.

### **Analysis of financial data**

We analysed the Department's resource accounts from 2006-07 to 2010-11. In addition to these accounts, we examined:

- budgeting and forecasting papers;
- financial reporting to the committee; and
- other internal financial reporting and cost data held by the Department.