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23 October 2007

To: All Members of the Audit Committee

Dear Member,

Audit Committee - Monday, 29th October, 2007

I attach a copy of the following report for the above-mentioned meeting which was marked '**TO FOLLOW**' on your agenda.

**6. PROGRESS REPORT TO THE AUDIT COMMITTEE FROM THE AUDIT COMMISSION: (PAGES 1 - 12)**

Yours sincerely

Clifford Hart  
Non-Executive Committees Manager

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Audit Summary Report

October 2007

# **Progress Report to the Audit Committee**

**Haringey London Borough Council**

**Audit 2006/2007**

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 to the Council**

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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## Introduction

- 1 Appendices 1 and 2 summarise the progress against our ongoing audit and inspection plans.

## Update since last Audit Committee

- 2 We have continued to consider ongoing correspondence from members of the public in respect of coroners' costs (accepted as an objection to the Council's 2004/05 accounts on 2 May 2006). The District Auditor decided the objection on 10 September 2007. The objection was not upheld. We expect to certify completion of the audits of the 2004/05 and 2005/06 accounts shortly.
- 3 An unqualified opinion and value for money conclusion was issued on the Council's 2006/07 accounts on 16 October 2007. We reported progress on the audit to those charged with governance (the General Purposes Committee) on 11 September 2007 on the issues arising to that date via our annual governance (ISA UK&I 260) report. An update to the conclusion of our work has been issued via a letter in accordance with the delegated arrangements approved at that committee. The District Auditor is currently reviewing the position on certifying completion of the 2006/07 audit.
- 4 Since the last Audit Committee, the Audit Commission published its inspection report on Homes for Haringey (HfH) in August 2007. The report concluded that HfH provides a good, two-star service, with promising prospects for improvement.
- 5 The Benefits Fraud Inspectorate has also published a report on the Council's benefits' security arrangements in October 2007. The assessment was that, overall, the Council had effective measures in place to deal with benefit fraud. A number of recommendations were, however, made to improve the Council's fraud investigation process and benefits' administration.

## 2007/08 audit appointment

- 6 The Committee is aware that Robson Rhodes takes over as the Council's external auditors with effect from 2007/08. We continue to liaise with Robson Rhodes to ensure a smooth handover, in particular with regard to the Use of Resources assessment and Data Quality arrangements 2007 where the detailed work is being done by the Audit Commission.
- 7 The 2007/08 audit and inspection plan was presented to the Audit Committee on 10 July 2007.

## **Recent Audit Commission news**

- 8 The Audit Commission has issued recently a number of national reports. These are summarised in Appendix 3. The Council may wish to consider whether any action is required.

## Appendix 1 – Progress made against 2004/05 audit and inspection plan (contains only outstanding issues)

Area in Audit Plan	Key contact	Start date	Target date for issue of draft report	Date of draft report	Date of final report	Comment
<b>Inspection</b>						
Housing landlord inspection	Dr Ita O'Donovan	October 2007	November 2007			This is the agreed replacement for the streetscene inspection in 2004/05. Team was scheduled to be on-site 15 October 2007.



## Appendix 2 – Progress made against 2006/07 audit and inspection plan

Area in Audit Plan	Key contact	Start date	Target date for issue of draft report	Date of draft report	Date of final report	Comment
Audit and inspection plan	Dr Ita O'Donovan Gerald Almeroth	February 2006	April 2006	April 2006	April 2006	Presented to the Audit Committee on 12 June 2006.
Annual audit and inspection letter	Dr Ita O'Donovan	December 2007	March 2008			
Interim opinion audit review	Gerald Almeroth	January 2007	May 2007	Not applicable	Not applicable	The results of this work will be reported in the report on the audit of the financial statements.
Audit of financial statements	Gerald Almeroth	July 2007	October 2007			

## 8 Progress Report | Appendix 2- Progress made against 2006/07 audit and inspection plan

Area in Audit Plan	Key contact	Start date	Target date for issue of draft report	Date of draft report	Date of final report	Comment
Opinion	Gerald Almeroth	August 2007	September 2007	September 2007	October 2007	Unqualified opinion issued 16 October 2007.
ISA (UK & I) 260	General Purposes Committee; Gerald Almeroth	August 2007	September 2007	September 2007	October 2007	
ALMO inspection	Dr Ita O'Donovan; Stephen Clarke	May 2007	June 2007	August 2007	August 2007	
VFM conclusion	Dr Ita O'Donovan	April 2007	September 2007	September 2007	October 2007	Unqualified VFM conclusion issued 16 October 2007.
Grants audit	Gerald Almeroth	September 2007	December 2007			

## Appendix 3 – Audit Commission news

### CPA: the harder test framework for 2007 (single tier and county councils)

#### Introduction

Comprehensive Performance Assessment (CPA) measures how well councils are delivering services for local people and communities. Since its introduction in 2002, CPA has evolved in response to changes in the operational and regulatory environment, rising public expectations, and the performance of local government itself.

Earlier this year the Audit Commission (AC) produced a consultation document on proposed refinements to the CPA framework. Responses showed strong support for minimal changes to the existing framework and a consolidation of the approach rather than any major changes. The AC has taken these views into account and this document, published in August 2007, confirms the framework for 2007. The AC believe that the revisions will ensure that CPA continues to provide a clear picture of councils' performance and support continuous improvement over the few years prior to the implementation of Comprehensive Area Assessment (CAA) from April 2009.

#### An outline of the document

The document includes a summary of the response to the consultation process and an outline of the main changes from 2006. Key messages include:

- no significant changes to the approach to corporate assessments, however minor changes may be made to update the methodology to reflect changes in legislation or other requirements if necessary
- a rule proposed in previous consultations that would have had the effect of giving more weight to the value for money judgement within use of resources will not be introduced for the remainder of CPA
- no change to the overall approach to the AC service assessments
- a small number of changes to the PI sets were necessary to address issues such as data availability and national consistency
- the approach to the direction of travel assessments remains the same but with an intention to increase the focus on customer and resident satisfaction and engagement within the key lines of enquiry (KLOE).

In addition, consultation responses indicated a desire for results to be published earlier, however, given the need to ensure sufficient time for full consideration of the latest available data in relation to the service assessments and direction of travel assessments the AC have decided that the earliest that reporting can be brought forward is to early February 2008.

The full document can be found at <http://www.audit-commission.gov.uk/cpa/stcc/stccframework.asp>

## Hearts and minds: commissioning from the voluntary sector

### What is this report about?

This report, published by the Audit Commission (AC) in July 2007, notes how the government aspires to develop the role of the voluntary sector in delivering public services. In pursuit of this aspiration it has adopted two broad policy approaches:

- building the capacity of voluntary organisations to contribute to the delivery of public services
- encouraging local public bodies to commission services from the voluntary sector where it can contribute most effectively.

The AC study investigated the impact of capacity-building initiatives at local level; how effectively councils are engaging the voluntary sector in the commissioning process; and what impact current procurement practice is having on the sector, and on councils' ability to secure value for money in service delivery. Key messages from the study include:

- the voluntary sector's involvement in delivering public services is steadily increasing with councils currently spending over £3 billion in this area, and many voluntary organisations receiving most of their income from public bodies, although larger voluntary organisations are more likely to deliver public services than smaller ones
- government initiatives to strengthen the voluntary sector's ability to deliver public services have had limited success with capacity-building programmes not showing substantial local impact, to date, and smaller voluntary organisations remaining sceptical of the potential of these programmes to improve their position
- a few, highly effective commissioners have adopted intelligent commissioning to get the best from the voluntary sector, including involving voluntary organisations in maintaining a detailed understanding of what services their users need, and developing a good understanding of the market
- commissioners need to develop a better evidence base to demonstrate value for money as there is currently little evidence, at national or a local level, on the performance and value for money secured from voluntary sector bodies.

### How does this report affect the council?

The report is aimed primarily at managers in local councils who are responsible for commissioning services and contains recommendations to help councils and other audiences address some of the issues raised. We would also be happy to work with the council in addressing some of these issues. The full report can be found at

<http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=418C38AF-0D97-49dd-95D6-EE7E7BA43773&fromREPORTSANDDATA=NATIONAL-REPORT>

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