



**Haringey** Council

Agenda Item:

**Audit Committee**

**On 3 February 2008**

Report Title: **Comprehensive Performance Assessment (CPA)**

**Use of Resources and Data Quality – Auditor's Report 2008 – The Council's Action Plan**

Report of: **Chief Financial Officer**

Wards(s) affected: **All**

Report for: **Non-key decision**

**1. Purpose**

1.1 To inform the Committee of the Auditor's report on the CPA Use of Resources and Data Quality audits undertaken during 2007/08. The audits were designed to provide our external auditors; Grant Thornton, with assurances that contribute to their annual Value for Money (VfM) conclusion.

**2. Recommendations**

2.1 To note the CPA Use of Resources and Data Quality scores for 2008, the auditors' recommendations and the action plan in response.

Report Authorised by: **Gerald Almeroth, Chief Financial Officer**

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**Eve Pelekanos, Corporate Head of Performance & Policy**

### **3. Executive Summary**

- 3.1 The report sets out the auditors' CPA Use of Resources and Data Quality scores and associated audit recommendations for 2008 and outlines the Council's proposed response. Included in this report are our management responses and proposed implementation actions.
- 3.2 Good progress continues to be made since the first CPA assessment in 2005; the overall score of 3 (performing well) achieved in both 2006 and 2007 has been maintained again in 2008. The Council has now managed to improve the only remaining '2' theme score in financial reporting in which we have achieved a '3' in 2008, resulting in all themes now scoring a '3'.
- 3.3 The Council's CPA UoR and Data Quality action plan is now a joint document produced by Grant Thornton and responded to by the Council. This plan is attached to Grant Thornton's report as Appendix A. Particular attention is given to areas that need strengthening and improvement.

### **4. Reasons for any change in policy or for new policy development (if applicable)**

- 4.1 This report develops existing policy.

### **5. Local Government (Access to Information) Act 1985**

- 5.1 Background documents used in the preparation of this report:

London Borough of Haringey Council – Grant Thornton's Use of Resources and Data Quality 2008 report, dated December 2008.

### **6. Background**

- 6.1 The CPA Use of Resources and Data Quality scores by our appointed external Auditors, Grant Thornton, assesses how well the Council manages and uses its financial resources. It focuses on the importance of having sound and strategic financial management to ensure that resources that are available support the Council's priorities and improve services.
- 6.2 Grant Thornton described in their Annual Report to those Charged with Governance in September 2008, the areas of audit work that provide them with the assurance that contributes to their annual VFM conclusion. The attached report sets out their findings from two of these pieces of work:
- Their assessment of the Council's Use of Resources, using the Audit Commission's five themes and key lines of enquiry ('KLoE') criteria; and,
  - Their assessment of the Council's Data Quality management arrangements, using criteria prescribed by the Audit Commission.

6.3 The Audit Commission scored the Council 3 out of 4 for the use of resources in 2006 and 2007. We have maintained that score in 2008 along with Data Quality. This is very much in line with expectations and contributes positively to the Council's overall achievements.

6.4 Grant Thornton have provided some specific feedback and recommendations for improvement which are incorporated in the attached action plan.

6.5 The Use of Resources assessment is set out in five key themes and the scores achieved are as follows:

<b>Use of Resources Theme</b>	<b>Assessment 2007 (out of 4)</b>	<b>Assessment 2008 (out of 4)</b>
Financial Reporting	2	3
Financial Management (including asset management)	3	3
Financial Standing	3	3
Internal Control (including Risk Management and Governance Arrangements)	3	3
Value for Money	3	3
<b>Overall score</b>	<b>3</b>	<b>3</b>

6.6 The themes set out in the above table are further sub-divided into more detailed key lines of enquiry ('KLoE' criteria). Three specific KLoE scores showed a marked improvement above 2007 scores:-

- Financial Reporting: Annual Accounts scored a 3 (up from 2);
- Financial Management: Managing performance against budgets scored a 4, the highest score possible (up from 3); and,
- Internal Control: Managing significant business risks scored a 3 (up from 2).

6.7 In External Reporting, however, the score dropped from a 3 to a 2; this reduction in score was entirely due to a one-off error in that the newspaper advertisement to publicise the Council's accounts was not placed on time. This is disappointing as, without this error, a score of 3 would have been achieved.

6.8 For future reference, in order to achieve an overall score of 4, the Council must receive no elements with scores of 2 and at least two elements with scores of 4.

## **7. Data Quality**

7.1 The council's auditors, Grant Thornton, have carried out a detailed assessment of the council's arrangements for securing data quality. This assessment has resulted in recommendations which have been used to produce an action plan to address the issues raised.

- 7.2 The auditors state that: 'Overall, the council is performing well measured against the standards set out by the Audit Commission. There is a clear commitment and strategic approach to securing good data quality, with good leadership and accountability from top management.'
- 7.3 The data quality audit considers that the new performance framework has clear expectations and requirements, and that systems for recording, analysing and reporting corporate performance data are effective. In addition it states that the council is effective in assigning responsibility for data quality and that the organisation has a strong performance management culture.

## **8. Action plan**

The action plan attached at Appendix A to Grant Thornton's report sets out the key areas identified for further development and improvement. Set down below are examples of areas of specific attention:-

- External challenge of the accounts: The Council will ensure that it publishes information enabling electors to understand and exercise their rights in respect of the Council's accounts as set out in the Accounts & Audit Regulations 2003. To ensure this, the deadline within the Council's final accounts timetable for the public advert will be brought forward. A second check process will also be implemented for all key requirements such as this. In addition, the item is part of the specific improvements action plan that has already been produced and is being monitored.
- Medium Term Financial (MTFS): The revised and updated version of the Council's MTFS to be produced by the end of March 2009, for the period 2009 to 2012, will show an increase in the number of joint plans described and evaluated in financial terms.
- Applying depreciation to assets: The SAP Asset Accounting module is being implemented for the first time in Haringey and is planned to 'go live' in March 2009. This will ensure that depreciation is charged on the most recent asset values and the process will be automated.

- 8.1 The area of value for money is difficult to judge as no set criteria are published for scoring and no benchmark data is available in respect of previous years or with other authorities. The need for managers in the organisation to focus clearly on planning to demonstrate and improve value for money within their own services has been emphasised and is already embedded. This is being carried out through the business planning process, at senior manager seminars and with a rolling programme of value for money reviews within the Council's Achieving Excellence programme.

## **9. Consultation**

- 9.1 This is a corporate issue for the Council and there will be consultation with partners where it is necessary.

## **10. Summary and Conclusion**

- 10.1 Overall the assessment is pleasing in that we have made improvements in key areas and these have been recognised. As outlined above, in one area the assessment was lower than in 2007 but this was clearly a one-off error which will not be repeated. An enhanced checking procedure within the final accounts programme has already been agreed to ensure this.
- 10.2 The Council is committed to continuing improvement and is confident even more progress can be made in readiness for the 2009 CAA process.

## **11. Recommendation**

- 11.1 To note the CPA Use of Resources and Data Quality scores for 2008, the auditors' recommendations and the action plan in response.

## **12. Head of Legal Service Comments**

- 12.1 The Head of Legal Services has read the report. The report considers improvements to governance arrangements. The use of resources and data quality assessments includes a strong element of improving the ethical governance of the organisation. There are no specific legal implications.

## **13. Equalities Implications**

- 13.1 The improvements detailed will enhance the aspects of considering equalities included in corporate processes.

## **14. Use of Appendices / Tables / Photographs**

- 14.1 Appendix 1 – Grant Thornton's Use of Resources and Data Quality Report dated December 2008