



London Borough of Haringey

Use of Resources and Data Quality 2008

January 2009

Contents		Page
1	Executive Summary	1
2	Use of Resources	2
3	Data Quality	9
Appendix A	Action Plan	16
Appendix B	Use of Resources from 2009	30

1 Executive Summary

1.1 Background and purpose of the report

Under the Audit Commission's Code of Audit Practice we are required to reach a conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').

We described in our Annual Report to those Charged with Governance (September 2008) the areas of audit work that provide us with the assurance that contributes to our annual VFM conclusion. This report sets out our findings from two of these pieces of work:

- our assessment of the Council's Use of Resources, using the Audit Commission's five themes and key lines of enquiry ('KLoE') criteria
- our assessment of the Council's Data Quality management arrangements, using criteria prescribed by the Audit Commission.

1.2 Key messages - use of resources

Overall, the Council has good arrangements in place for making economic, effective and efficient use of its resources. This review focuses on processes and procedures that were in place during 2007/8.

- **Financial reporting** - the Council prepared high quality accounts for which we issued an unqualified opinion. There are strong arrangements in place for external accountability, although scores for this year were affected by a failure to advertise public challenge opportunities.
- **Financial management** - the Council has a good medium-term financial plan based on an appropriate mix of local and national drivers, and a robust model of income, expenditure and service demand over a three-year period. Business and financial planning are effectively linked. Arrangements for managing budget performance and extracting value from assets are good.
- **Financial standing** - the Council's financial position is good. We have undertaken additional work to assess this position in the light of the recent Icelandic banking crisis, to which the Council is exposed, and we take the view that the Council acted in accordance with its treasury management policy. However, due to the potential loss of public money, the Council's score was limited to a 3 in this area.
- **Internal control** - there have been improvements to the Council's arrangements for managing significant business risks, including those that it faces in partnership with other organisations. All of the components of a

sound system of internal control are in place, and the council is proactive in attempting to secure high standards of probity and propriety amongst Councillors and officers.

- **Value for money** - External inspections and performance indicators suggest that Haringey provides generally good quality services from a reasonably low cost base. The Council has arrangements in place to address cost and performance issues through, for example, the achieving excellence programme. Processes for managing and delivering value for money are generally good; there is an effective performance management framework in place supported by high-quality data. There is a strong track-record in delivering efficiency gains, and procurement arrangements seek to maximise local and environmental benefits.

The theme scores for 2007 and 2008 are summarised in the table below.

Use of Resources theme	2007 score	2008 score
Financial reporting	2	3
Financial management	3	3
Financial standing	3	3
Internal control	3	3
Value for money	3	3

Explanation of scores			
1	Inadequate - below minimum standards	2	Performing adequately - meeting minimum requirements
3	Performing well - above minimum requirements	4	Performing strongly - standard setting performance

1.3 Key messages - data quality

This is the first data quality review that we have undertaken at LB Haringey. As a result, we have undertaken a detailed assessment of the Council's arrangements for securing high quality data. We would like to thank Haringey's Policy and Performance team, who have provided support and input throughout our review.

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. Good arrangements are in place for monitoring the quality of corporate performance data, with some scope for formalisation.

- The Council's new performance management framework sets out clear expectations and requirements for officers, members and partners in relation to data quality.
- Systems for collecting, recording, analysing and reporting corporate performance data are effective, but the council is aware of a need to increase the efficiency and sophistication of these. To this end, the Council is currently in the process of procuring a new performance management application.
- The Council is working to ensure good data quality within partnerships, but there remain a number of key challenges in this area in order to improve effectiveness and accountability.
- The Council has been effective in assigning accountability and responsibility for data quality throughout the organisation, and there is an internal network of champions who share learning and information and are effective in tackling data quality problems. There is an opportunity to review the provision of data quality skills and training to ensure that these are focussed on the areas that need them the most.
- The Council has a strong performance management culture, and data is reviewed and challenged through a number of different mechanisms. Data is used to drive service improvement, and performance is communicated effectively to all levels. Reports are clear and well designed. The Council should take steps to gain more assurance over some externally reported data.

We are aware that the Council is in discussion with Ofsted about an ongoing investigation into the accuracy of data provided to support an external review of childhood protection services in 2007. The issues raised have not been taken into consideration for the purposes of the 2007/08 review, but we may take the results of this investigation into account when considering the Council's arrangements for data quality in the future. We also recommend that the Council improves arrangements for validating and checking all externally reported data, as set out in appendix A.

1.4 Way forward

We have made a number of recommendations in appendix A. These are intended to help the Council make progress with improvement opportunities identified through our work on Use of Resources and Data Quality.

However, there have been significant changes to the Use of Resources assessment criteria for 2009, as part of the new Comprehensive Area Assessment. The new assessment framework is more demanding than the current one, is broader in scope and embraces wider resource issues such as people and workforce planning, and natural resources. It also places more emphasis on outcomes for local people. The KLoE are more strategic and focus explicitly on outputs, outcomes and achievements rather than processes.

Therefore, in reporting areas for development identified from our 2008 assessment, we have highlighted those where it will be important for the Council to demonstrate clear outcomes in 2009.

We will continue to work with the Council during the year to help prepare for the 2009 Use of Resources assessment.

We would like to take this opportunity to remind the Audit Committee of the need to monitor implementation of the Use of Resources and Data Quality recommendations arising out of this report (see Appendix A).

1.5 Use of this report

This report has been prepared solely for use by the Council to discharge our responsibilities under the Audit Commission Code of Audit Practice and relevant auditing standards and should not be used for any other purpose. No responsibility is assumed by us to any other person.

This report includes only those matters that have come to our attention as a result of performance of the audit. An audit of Use of Resources is not designed to identify all matters that may be relevant to those charged with governance. Accordingly the audit does not ordinarily identify all such matters.

1.6 Acknowledgements

We would like to record our appreciation for the co-operation and assistance provided to us by the Council's management, officers and members during the course of our work.

Grant Thornton UK LLP
December 2008

2 Use of Resources

2.1 Introduction

In carrying out our audit work we comply with the statutory requirements governing our duties, set out in the Audit Commission Act 1998, in accordance with the Code of Audit Practice (the Code). The Code requires us to issue a conclusion on whether the Council has proper arrangements in place for securing economy, efficiency and effectiveness in the use of its resources.

The overall conclusion that we issued, in September 2008, was that the Council has adequate arrangements for ensuring value for money in its use of resources. This was derived from the conclusions that we reached on the Council's management arrangements in a number of areas. We described the components of the use of resources conclusion and reported key messages in our Annual Report to those Charged with Governance.

We summarise in this section matters arising from our Use of Resources key lines of enquiry ('KLoE') assessment for 2008.

2.2 Approach to the audit

The assessment was carried out between July and October 2008. We reviewed the Council's arrangements against eleven KLoEs within the five themes prescribed by the Audit Commission.

Our work was based on review of the Council's self assessment and supporting evidence, meetings with senior management and other key officers. We also considered and updated the findings from our local risk based use of resources work carried out during the year and from our September 2008 value for money conclusion.

2.3 2008 KLoE scores

We have concluded our 2008 KLoE assessment and submitted the scores to the Audit Commission for national quality control. These scores were reviewed by the Audit Commission in late November, prior to them being formally released on 8 December.

The 2008 KLoE scores, with comparative 2007 scores, are shown in the table overleaf.

Theme and KLoE	Score 2007	Score 2008
Financial reporting		
Annual accounts	2	3
External accountability	3	2
Financial management		
Medium term financial planning	3	3
Managing performance against budgets	3	4
Managing assets	3	3
Financial standing	3	3
Internal control		
Managing significant business risks	2	3
Maintaining a sound system of internal control	3	3
Ensuring probity	3	3
Value for money (VFM)		
Current achievement of VFM	3	3
Managing and improving VFM	3	3

The key findings in each of the themes, and areas for improvement, are set out below.

2.4 Financial reporting

Annual accounts

We assessed the Council as meeting level 3 in this area, an improvement from the Audit Commission's assessment last year.

The accounts that were presented for audit were presented fairly and contained only a small number of non trivial errors. The errors identified did not impact on the general fund balance or the material correctness of the balance sheet.

All requests made by the auditor were responded to within a reasonable timescale. The accounts were subject to robust member scrutiny prior to approval as this was clearly demonstrated in the General Purposes Committee Meeting held on the 26 June 2008. The papers submitted also included an explanatory foreword detailing key areas of interest for members. We issued an unqualified opinion on 30 September 2008. The quality of working papers provided was of a good standard.

External accountability

We assessed the Council as meeting level 2 in this area, which is a reduction from the Audit Commission's assessment last year. Our recommendation focuses on the following area;

The Council generally has good arrangements for ensuring external accountability. However, for KLOE 1.2.1 at Level 2 the criteria states that "The council publishes its accounts and publicises how local electors can exercise their rights, in accordance with the requirements of the Accounts & Audit Regulations 2003".

The Council has not fully complied with this as an error occurred that resulted in the advert not being placed in the newspapers by the required date, although this was addressed as soon as this omission became apparent. As a result of this, we have limited the Council's score for KLOE 1.2 to a 2.

2.5 Financial management

Medium term financial planning

We assessed the Council as meeting level 3 in this area, which is consistent with the Audit Commission's assessment last year. Our recommendation focuses on the following area;

- For level 4, authorities have to demonstrate that the "medium-term financial strategy (MTFS) describes in financial terms, joint plans agreed with partners and other stakeholders." There are clearly joint plans in place for the Haringey Strategic Partnership (HSP) in particular around Wellbeing, for example, but the MTFS does not address other key partnerships within the local strategic partnership or with wider stakeholders.

Managing performance against budgets

We assessed the Council as meeting level 4 in this area, which is an improvement from the Audit Commission's assessment last year.

In 2007/08 the Council has clearly satisfied all the Level 3 requirements within this theme as was the case last year. For level 4 the Council has demonstrated that for Executive reports there is a traffic light system in place that identifies where targets are met, nearly met or not met. Action plans are put into place where particular targets that are not being achieved are highlighted and these are subject to thorough monitoring for improvement identified in action plans by officers and members.

The Executive receives accrued financial monitoring reports at appropriate key points during the year and this includes detail on significant revenue account items and balances as demonstrated from review of the report to Cabinet on the Council's performance in February 2008.

A review on the Executive was commissioned by the Leader and the Chief Executive and as part of this review a self assessment was undertaken.

Managing assets

We assessed the Council as meeting level 3 in this area, which is consistent with the Audit Commission's assessment last year. Our recommendations focus on the following areas;

- The Council should demonstrate that it has met its aim of imposing a more stringent test and audit trail on the disposal of RSL's.
- Procedures for applying depreciation to assets should be reviewed, in order to minimise the risk of errors arising. We understand that the Council is intending to bring this process into SAP for 2008/9.
- The Council has not met level 4 requirements around use of performance indicators and benchmarking for assets in order to assess their contribution to corporate and service objectives.
- Through its asset strategy board and achieving excellence programme, the Council is making efforts to integrate asset management at corporate and service level, and to develop clear links between accommodation, ICT, flexible working and customer access strategies. Processes are being put in place to support this, but outcomes arising from these are not yet clear.

2.6 Financial standing

based on the 2007/08 criteria we had originally assessed the Council as meeting level 4 in this area. Key features include a robust strategy for setting reserve levels which are approved by members. Key indicators for debt collection which are monitored regularly. A capital programme which spent over 90% of budget in 2007/08. The Council has kept to within less than 1% of budget for 3 years in a row.

However the Council has some £37m invested in Icelandic banks. In the light of recent events, we noted the following;

- the Council carried out an internal investigation and found it had complied with treasury management policies.
- the Council has commissioned PwC to carry out an independent review of their whole TM and investment strategy'
- all other investments have been reviewed and changes made as necessary including stopping any future investments abroad until further notice.
- the £37m represent 20% of total investments. The Council expects to recover a significant sum back even if there are no wider support measures put in place by international governments.

Having carried out further work in accordance with extra guidance issued by the Audit Commission in respect of Icelandic banks the Council has been scored at level 3. We understand this to be consistent with the treatment of other councils like Haringey who made new investments during 2008 and had significant investments

when the banks went into administration in October 2008 . The issue of Icelandic bank investments will be further considered in the 2008/9 Use of Resources assessment.

2.7 Internal control

Managing significant business risks

We have assessed the Council as meeting level 3 in this area, which is an improvement on the Audit Commission's assessment last year.

The risk management process has become more embedded during the year and there have been improvements in the way that partnerships are managed and governed. Risk management champions have also had an additional year to demonstrate greater embeddedness and this appears to have fed through the organisation in the form of increased awareness amongst staff. Partnerships risks are an integral part of the risk register. The Audit Committee reviews risk management at each meeting in a robust fashion.

Maintaining a sound system of internal control

We assessed the Council as meeting level 3 in this area, which is consistent with the Audit Commission's assessment last year. Our recommendations focus on the following areas;

- The Council is aware of some areas in which the assurance framework could be improved; for example efforts are currently underway to improve the officer scheme of delegation.
- The Council did not provide evidence to show that it has reviewed and / or tested business continuity plans for all significant contractors and key partners.

Ensuring probity

We assessed the Council as meeting level 3 in this area, which is consistent with the Audit Commission's assessment last year. The Council provides ethical governance training to members and staff. There is a whistle-blowing policy in place and the council has good counter-fraud arrangements. Cases where the Council has successfully addressed fraud and corruption are publicised to raise awareness. Our recommendations focus on the following areas;

- The Council needs to be able to demonstrate that members and officers exhibit high standards of personal conduct. A higher proportion of Councillors need to regularly attend training on their code of conduct.
- The Council is aware of areas for improvement within benefits and local taxation, and needs to demonstrate that it is consistently achieving high quality outcomes through its arrangements for fraud and corruption prevention and detection.

2.8 Value for money

Achievement of value for money

We assessed the Council as meeting level 3 in this area, which is consistent with the Audit Commission's assessment last year.

Overall, external inspections and performance indicators suggest that Haringey provides good quality services from a reasonably low cost base. Local contextual and demographic factors may play a disproportionate role when comparing Haringey with nearest neighbours, but these haven't been fully quantified. Our recommendations focus on the following areas;

- Where there are apparent cost / performance issues the Council is aware of these, and has shown that measures are in place to address them. Next year's review will take place under the new UoR framework, but we will still be looking for evidence of the effectiveness of these measures, and the broader impact of the achieving excellence programme;
- Levels of unapportioned central overhead appear relatively high compared with nearest neighbours. The Council has explained the context for this and it seems that this position is being managed, again we will look for progress next year.

Managing and reviewing value for money

We assessed the Council as meeting level 3 in this area, which is consistent with the Audit Commission's assessment last year. Our recommendations focus on the following areas;

- Haringey has good information on service costs and the quality of services, although there may be scope for more sophisticated use of unit and transaction costs. Consistent use of unit and transaction costs was not apparent from the selection of performance reports provided as evidence.
- We will need to understand how the Council's improving understanding of diverse local needs (e.g. through JSNA & development of customer access strategy) is driving improved VfM and outcomes across different sections of the community.
- The Council will need to show that the new VfM review methodology has been embedded effectively, and is leading to improved outcomes
- The Council will need to demonstrate that it is working with LSP partners to improve VfM, especially through joint procurement
- It is clear that the approach to whole-life costing is still developing, although there are a couple of examples of where this has been considered. The Council should demonstrate that this approach is followed where appropriate.

2.9 Use of resources 2009

From 2009, the use of resources assessment considers how well organisations are managing and using their resources to deliver better value for money and better and sustainable outcomes for local people. The assessment is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people.

The assessment will use the Audit Commission's current four point scale and there will be clear expectations around the demonstration of improved outcomes in order to perform well.

Further details of the 2009 framework can be found at Appendix B.

3 Data Quality

3.1 Introduction

Producing data which is fit for purpose should not be an end in itself, but an integral part of a body's operational, performance management, and governance arrangements. Organisations that put Data Quality at the heart of their performance management systems are most likely to be actively managing data in their day-to-day business, and turning that data into reliable information.

Auditors' work on Data Quality supports the Audit Commission's reliance on performance indicators in its service assessments for CPA and this will continue to be the case with the introduction of CAA from 2009.

3.2 Approach to the audit

We use the Audit Commission's three stage approach to the audit of Data Quality, summarised in the table below:

Stage	Description
1	<p>Management arrangements</p> <p>A review to determine whether proper corporate management arrangements for Data Quality are in place, and whether these are being applied in practice. The findings contribute to our VFM conclusion.</p>
2	<p>Analytical review</p> <p>An analytical review of a specified selection of performance indicator results for the year, and selection of a sample for testing based on risk assessment.</p>
3	<p>Data Quality spot checks</p> <p>In-depth review of a sample of performance indicators, most of which are used in CPA, to determine whether arrangements to secure Data Quality are delivering accurate, timely and accessible information in practice.</p>

3.3 Key management arrangements findings

We have assessed the Council's management arrangements as being at minimum requirements or above in each of the five areas covered by our assessment. Key messages are set out overleaf. A more detailed report on management arrangements has been provided to management to assist with improvement planning.

Governance and leadership

KLOE 1.1 – Responsibility for data quality is clearly defined

We assessed the Council as performing well in this area. Responsibility for data quality is clearly assigned at top management level. Data quality issues are considered by senior management through a range of different review and monitoring mechanisms. The Council should consider scope for improvement in the following areas;

- The member lead for performance only has implicit responsibility for data quality. Although member training is undertaken on performance and budget management through their induction process, it is not clear how effectively this addresses data quality issues.
- Data quality considerations are not demonstrably integrated into all planning, monitoring and reporting processes.

KLOE 1.2 – The council has clear data quality objectives and these are formally documented.

We assessed the Council as performing well in this area. The strategic importance of data quality is clearly understood, and is reflected in key corporate documents. Haringey's performance framework highlights the need "to be sure that information on which we base decisions and inform our planning is robust." The Council has a culture that focuses on achieving high-quality performance information. There is scope for improvement in the following areas;

- There is no formal data quality strategy in place, although it is not clear that this is required given the focus in other key corporate documents and clear overall strategic approach.
- Corporate plans and business plans for policy & performance reflect the need to work on data quality, but it is not clear that formal objectives have been set for all individual departments or functions.
- Partnership arrangements for performance management and data quality are developing well, but do not yet include formal data quality objectives.

KLOE 1.3 – The council has effective arrangements for monitoring and review of data quality

We assessed the Council as performing well in this area. Data quality is reviewed and monitored through a number of separate mechanisms, including annual self-assessment and challenge from the corporate performance team. Data quality issues are also identified and addressed through corporate performance processes. The Council should consider scope for improvement in the following areas;

- Although annual risk assessments are undertaken of performance indicators, there is scope to formalise this further, including clear interventions based on the outcome of the risk assessment.

- Arrangements for monitoring data quality within partnership arrangements are developing. The Council has recently completed a new governance structure for the Haringey Strategic Partnership, linked to a refreshed performance management framework. This makes provision for data quality checks to be undertaken from collection to reporting, but is still in the process of being embedded.

Policies

KLOE 2.1 - Organisational policy for data quality has been defined and is supported by a current set of operational procedures and guidance

We assessed the Council as performing well in this area. The new performance management framework sets out a clear policy framework and establishes clear expectations and requirements for officers and members. The Council should consider scope for improvement in the following areas;

- The Council's new performance framework meets the key requirements for level 4 in effect, but was approved just after the end of the financial year (although services have been operating in line with the principles set out for some time). On this basis level 4 not met in this assessment.

KLOE 2.2 - Policies and procedures are followed by staff and applied consistently throughout the organization

We assessed the Council as performing well in this area. The new performance framework is supported by detailed guidance for officers and members, which has been published internally. There is also an internal network of performance specialists who have been effective in tackling data quality issues within services. The Council should consider scope for improvement in the following areas;

- The Haringey local strategic Partnership have recently adopted a new "strategic partnership code of corporate governance", which makes specific provision for "achieving a common purpose with clearly defined functions and roles" and will be the mechanism by which non-compliance with partnerships is pursued and rectified. However, this was formally adopted just after the financial year under review.

Systems and processes

KLOE 3.1 - There are appropriate systems in place for the collection, recording, analysis and reporting of the data used to monitor performance.

We assessed the Council as performing well in this area. Corporate systems for collecting, recording, analysing and reporting performance data are robust and well designed. Processes for collecting and reporting this data are clearly aligned to the Council's priorities and objectives, and the data collected supports review of progress towards these and delivery of business plans.

The Council should consider scope for improvement in the following areas;

- The Council is aware of a need for increased sophistication and efficiency within corporate data collection systems. To this end a procurement exercise is currently taking place for a web-based performance management application.

KLOE 3.2 - The council has controls in place to ensure that information systems produce the quality of data needed to report on performance and to keep top management aware of necessary action in relation to data quality.

We assessed the Council as performing well in this area. There is a well-defined sequence of controls for corporate performance data both at a corporate level and within source systems at service level. The Council's self-assessment process for BVPI and key CPA indicators provides a good level of control on an annual basis. The Council should consider scope for improvement in the following areas;

- The Council's improvement in this area depends upon the successful implementation of a new performance management application. The implementation plan should ensure that controls are designed adequately and proportionally to ensure that high-quality data is recorded on the system (e.g. workflow functionality). Subsequent reviews should assess the effectiveness of these controls.

KLOE 3.3 - Security arrangements for performance information systems are robust, and a business continuity plan is in place.

We assessed the Council as performing well in this area. The Council has good arrangements in place to ensure resilience and continuity for business-critical performance information systems. Manuals and process maps have been developed, and business continuity / disaster recovery plans are in place. The Council should consider scope for improvement in the following areas;

- The Council has provided evidence of a comprehensive range of continuity and resilience measures for key corporate systems, however it is not clear that the same level of discipline has been applied to the corporate system for collecting, recording, analysing and reporting performance data. The Council should take the opportunity to address this as it implements a new web-based performance management application.
- Governance arrangements for partnerships are improving, but it is not yet clear that the Council has robust assurance over all external processes through which information is provided to it.

KLOE 3.4 - Standards are specified for shared data or data supplied by third parties.

We assessed the Council as performing adequately in this area. Developing the Council's approach to data quality within partnerships is a key issue, which cuts across most areas of this review. The Council is already implementing new approaches to governance and performance management within the local strategic partnership. Linked to this, the Council should;

- Put arrangements in place to give HSP organisations confidence in the quality of all of the data that it uses and publishes irrespective of which organisation generated the data originally;
- Develop a formal data sharing protocol which specifies the responsibilities of partners to provide data which is 'fit for purpose' to the Council and, in turn, sets out the Council's own approach to validating the data it shares with external organisations.
- Ensure that where services are contracted out, agreements are in place which specify reporting requirements and the quality of reported data.

People and skills

KLOE 4.1 - The council has communicated clearly the responsibilities of staff, where applicable, for achieving data quality

We assessed the Council as performing well in this area. Performance staff throughout the council have clearly identified roles and responsibilities in their job descriptions and staff are clear about their responsibilities in relation to data quality. The Council has a network of performance representatives for each service and department, and these officers play a key role in championing performance and data quality issues. There are no specific improvement opportunities identified in this area.

KLOE 4.2 - The council has arrangements in place to ensure that staff with data quality responsibility have the necessary skills.

We assessed the Council as performing well in this area. Data quality training is provided to key performance staff through periodic performance workshops and regular network meetings. Data quality is a component of the new staff induction process. The Council operates a range of key performance systems, including SAP, Framework I and Respond. A training programme for users supports each of these systems. The Council should consider scope for improvement in the following areas;

- There is a clear approach to corporate development & learning, with a range of courses, activities and events, but again it is not clear how data quality issues are addressed through these.
- At a corporate level there does not appear to be a clear view on which staff need data quality training and how these needs are being, or should be met.

Data use and reporting

KLOE 5.1 - The council has put in place arrangements that are focused on ensuring that data supporting performance information is also used to manage and improve the delivery of services.

We assessed the Council as performing strongly in this area. Haringey have a sophisticated performance reporting framework, which effectively supports service improvement at a strategic and operational level. No specific improvement opportunities were identified.

KLOE 5.2 - The council has effective validation procedures in place to ensure the accuracy of data used in reported performance indicators.

We assessed the Council as performing well in this area. Audit trails for BVPIs and key CPA indicators are captured through the Council's annual self-assessment process. This requires responsible managers to approve all values before reporting.

The Council has not had any reservations arising from the BVPI audit in recent years, suggesting that definitions are usually applied correctly. This year's PI audit found that all six indicators checked were fairly stated. The Council should consider scope for improvement in the following areas;

- Not clear that there is a risk-based corporate system for proportional verification of all externally reported data.
- A formal, documented procedure for checking externally reported indicators was not provided.

3.4 Key spot-check findings

Following our management arrangements and analytical review work, we selected a sample of 7 indicators, in line with the Audit Commission guidance. Key findings from these spot checks are included in table overleaf.

Performance indicator	Assessment	Summary comments
BV165 - Percentage of pedestrian crossings with facilities for disabled users	Fairly stated	<p>We were unable to complete tests 5 and 6, which aimed to assess the accuracy and completeness of the compliance data held by the Council. Difficulties in this area arose from the nature of the relationship between TfL and London Boroughs, and the quality of the data on TfL crossings.</p> <p>We undertook further meetings with the service, and reached the view that reasonable steps have been taken to validate TfL data, including the completion of a visual inspection of all crossings in 2007. On this basis we are able to record the indicator as fairly stated, although the Council should consider undertaking such inspections on an annual basis to support the audit trail for this indicator.</p>
BV82a&b - proportion of domestic refuse collected which is (a) recycled or (b) composted	Fairly stated	We noted that the survey in use for estimating the percentage of trade waste is out of date and needs to be updated as soon as possible.

Performance indicator	Assessment	Summary comments
BV212 - average time to re-let council housing	Fairly stated	No additional comments
HIP HSSA - repeat homelessness	Fairly stated	No additional comments
BV183b - average time in temporary accommodation (hostels)	Fairly stated	No additional comments
BV78a - benefits: new claims	Fairly stated	The reported PI result was 35.23 days, whereas our extended testing results indicated it should be 34.63 days. As the PI figure published by the DWP is rounded there is no amendment required as the result remains at 35 days.
BV78b - benefits: change in circumstances	Amended	Based on extended testing, we identified an extrapolated error rate of 4.6%, leading to the number of days changing to 13.60 days from 13.00 days.

3.5 Next steps

In Appendix A we have included recommendations for the most significant areas where improvement is required. We have shared a more detailed explanation of our findings with management to assist with other suggested improvements.

The Audit Committee should monitor implementation of the recommendations referred to in this report.

Appendix A Action Plan

In previous years our recommendations have often been linked to levels of achievement within the KLOE framework for each area. For example, if an authority was assessed at level 2, recommendations would target level 3 performance. This year, however, our recommendations reflect the fact that the Audit Commission's approach to assessing use of resources and data quality is changing from 2009, as set out in appendix B of this report. This year's recommendations are intended to help the Council focus on good performance within the new Use of Resources framework.

Recommendation	Priority	Management response	Implementation details
<p>Outcome focus - general recommendation</p> <p>Outcomes arising from the Council's processes, especially where these have been revised, should be evidenced. The quality of outcomes demonstrated by the Council will be a key success factor within the revised UoR assessment for 2009.</p>	HIGH	Recommendation accepted.	<p>The outcomes that the Council is committed to achieving are set out in the Council Plan under each priority, within each of the business plans and in the key Council Strategies.</p> <p>Within the end of year review of the Council Plan we will be able to demonstrate achievement against each of our priorities.</p>
KLOE 1 - Financial Reporting			
External challenge of accounts	HIGH	Recommendation accepted	The deadline within the Council's final accounts timetable for the public advert

Recommendation	Priority	Management response	Implementation details
<p>The Council should ensure that it publishes information enabling electors to understand and exercise their rights in respect of the Council's accounts. This should be done in accordance with the requirements set out in the Accounts & Audit Regulations 2003</p>			<p>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.</p>
<p>KLOE 2 - Financial Management</p>			
<p>MTFS addresses joint plans The Council should demonstrate that the medium-term financial strategy describes and evaluates joint plans agreed with partners and other stakeholders in financial terms</p>	<p>MEDIUM</p>	<p>Recommendation accepted.</p>	<p>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 increase the number of joint plans described and evaluated in financial terms.</p>
<p>Assets are supporting corporate objectives The Council should be able to describe and evaluate how its assets contribute to the achievement of corporate and service objectives, using performance indicators and benchmarking</p>	<p>MEDIUM</p>	<p>Recommendation accepted. The Council's Asset Management Plan sets out the purpose of holding each of the portfolios and there is an action plan to review performance.</p>	<p>The Asset Management Plan will be revised with an updated plan for 2009-12. The focus of the plan will be; developing service asset planning (to measure and improve contribution to all Council services), drive up contribution to the key Council programmes (in particular Regeneration and Achieving Excellence) and implementing COPROP property performance indicators.</p>

Recommendation	Priority	Management response	Implementation details
<p>Applying depreciation to assets Procedures for applying depreciation to assets should be reviewed, in order to minimise the risk of errors arising. We understand that the Council is intending to bring this process into SAP for 2008/9.</p>	<p>MEDIUM</p>	<p>Recommendation accepted.</p>	<p>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.</p>
<p>Linking asset management to other strategic programmes The Council should show that its efforts to link asset management to accommodation, ICT, flexible working and customer access strategies have led to clear outcomes.</p>	<p>LOW</p>	<p>Recommendation accepted. The Council's Accommodation Strategy has established a clear focus for customer access through four area customer service centres and a dedicated call centre. As part of the implementation the Council recently piloted flexible working including desk sharing and home working and Cabinet has agreed to adopt new space standards to facilitate greater flexible working and enable further rationalisation of the portfolio.</p>	<p>As part of the Achieving Excellence programme a three year Accommodation Plan is being prepared to facilitate SMART working by creating a variety of workspaces, investment in ICT to enable remote access and training, development and change management for staff.</p>

KLOE 4 - Internal Control

<p>Assurance framework The Council should demonstrate that its assurance framework is fully embedded in the council's</p>	<p>LOW</p>	<p>Recommendation accepted.</p>	<ul style="list-style-type: none"> ▪ In 2009 the Council's assurance framework will be improved and strengthened
--	------------	---------------------------------	---

Recommendation	Priority	Management response	Implementation details
<p>business processes.</p>			<ul style="list-style-type: none"> ▪ Quarterly assurance statements will be produced for each business unit requiring service heads to sign-off and/or report in relation to the effectiveness or otherwise of key systems and controls in operation on a day to day basis
<p>Business continuity plans contractors and key partners The Council should review and test business continuity plans for significant contractors and key partners.</p>	<p>MEDIUM</p>	<p>The thrust of the recommendation is accepted. It is agreed that the council should assure itself that significant contractors and key partners have an effective Business Continuity Plan. The report (para 2.7 bullet 2) recommends that the Council “review / test” not “review <u>and</u> test”. It is not appropriate for the Council to test the plans of third parties, and this is not expected in the Business Continuity Management standard BS25999, or in the UoR itself. It is proposed that the Council requests, on a risk basis, evidence that the contractor/partner has tested its business continuity plan.</p>	<ul style="list-style-type: none"> • In April 2009 the Council will require all Business Units to identify their significant partners and contractors. • By October 2009, the Council will require all Business Units to have requested copies of and reviewed the Business Continuity Plans of significant contractors and key partners, and evidence of testing
<p>Ensuring compliance with Code of conduct</p>	<p>MEDIUM</p>	<p>Recommendation accepted</p>	<p>The Council has provided regular opportunities for elected Members to</p>

Recommendation	Priority	Management response	Implementation details
<p>The Council should demonstrate that it's member code of conduct training programme has achieved a good level of coverage.</p>			<p>receive in-house training on ethical governance since the adoption, in May 2007, of the new code of conduct for members. 54 Members out of 57 have so far availed themselves of this training.</p>
<p>KLOE 5 - Value for Money</p>			
<p>Cost / performance relationship</p> <p>Where there are apparent cost / performance issues the Council is aware of these, and has shown that measures are in place to address them. Next year's review will take place under the new UoR framework, but we will still be looking for evidence of the effectiveness of these measures, and the broader impact of the achieving excellence programme.</p>	<p>HIGH</p>	<p>Recommendation agreed.</p>	<p>The Policy & Performance Team will continue with the yearly analysis of cost, performance, perception analysis which will be reported to the Value for Money Stream Board. This should inform any subsequent VfM review programmes. Value for money is also addressed in the Pre-Business and Business Plans.</p> <p>The outcomes of the projects within the Achieving Excellence will be reported appropriately in due course and will continue to prioritise measurable outcomes in line with the performance, efficiency and perception agenda.</p>
<p>Unapportioned central overheads</p> <p>Levels of unapportioned central overhead appear</p>	<p>MEDIUM</p>	<p>It is known that the Council's unapportioned central overheads may</p>	<p>A further review of the methodology for apportioning central overheads will be</p>

Recommendation	Priority	Management response	Implementation details
<p>relatively high compared with nearest neighbours. The Council has explained the context for this and it seems that this position is being managed, again we will look for progress next year.</p>		<p>appear relatively high, but, as explained; the context is understood by the Council.</p>	<p>carried out during 2009-10 with a view to extending the apportionment if appropriate. Additionally the Council's Achieving Excellence programme involves vfm reviews of a number of central services which form part of the unapportioned central overheads. Efficiency savings are likely to result with the consequent knock-on impact of reduced overheads.</p>
<p>Unit and transaction costs The Council generally has good information on service costs and quality, however it isn't clear if or how unit and transaction costs used corporately. This is something that the Audit Commission have also highlighted in previous years.</p>	<p>MEDIUM</p>	<p>The Council do consider unit costs at a corporate level. Recently demand led budgets unit costs have been introduced in Cabinet performance reports.</p>	<p>The use and reporting of this data will be further extended at a corporate level over the 2009-10 financial year as the Council refines production and use of such indicators.</p>
<p>Delivering Vfm across the community We will need to understand how the Council's increasing understanding of diverse local needs (e.g. through JSNA & development of customer access strategy) is driving improved Vfm and outcomes across different sections of the community</p>	<p>HIGH</p>	<p>We are already using our needs analyses to inform the review of our strategies For example, we have used JSNA data and consultation with older people to inform the review of the Older People Strategy. As a result we plan to de-commission some services and commission others to meet newly identified needs.</p>	<p>We will use the JSNA to inform the development of the HSP Commissioning Framework. Phase 2 of the JSNA is to undertake detailed assessments of the following areas: Mental Health, Sexual Health, Responding to changing population and Children & young People. In turn this work will inform the</p>

Recommendation	Priority	Management response	Implementation details
<p>VFM review methodology</p> <p>The Council will need to show that the new VFM review methodology has been embedded effectively, and is leading to improved outcomes</p>	<p>MEDIUM</p>	<p>The Council has been carrying out VFM reviews for a number of years. The review methodology provides a formal framework by which the reviews are carried out and seeks to examine council services in terms of Performance, Efficiency and Perception (PEP).</p> <p>In terms of seeking to ensure that resources are being adequately directed, the review process tries to establish some fundamentals in terms of</p> <ul style="list-style-type: none"> • The reasons why a service exists • The levels at which the service should be provided • The options available for alternative provision • The levels of current performance and ways in which they may be improved • The available resources and whether these are being 	<p>delivery of services to ensure cost effectiveness and appropriate service.</p> <p>The VFM programme is part of the Achieving Excellence programme of improvement. Additional resources have been put in place to support services through the review process</p> <p>Strong governance arrangements have been put in place. The VFM board is chaired by the Chief Finance Officer and includes a good representation of senior council officers.</p> <p>Each review is sponsored by an officer at a senior level who is further supported by a member of the Senior Management Team (SMT).</p> <p>Regular progress reports are made to CEMB through the overall highlight report.</p> <p>The recommendations from the first round of reviews using the methodology have been reported to Cabinet and are subject to review by Scrutiny.</p> <p>Responsibility for implementing</p>

Recommendation	Priority	Management response	Implementation details
<p>Partnership approach to procurement The Council will need to demonstrate that it is working with LSP partners to improve VFM, especially through joint procurement</p>	HIGH	<p>maximised</p> <ul style="list-style-type: none"> • The efficiency of process • Internal and external perception of the service <p>Each of the first reviews that have taken place using the framework has identified areas for improvement in terms of PEP.</p> <p>The extent to which the reviews can lead to improved outcomes is dependent upon the way recommendations are implemented. While implementation will be the responsibility of service Directorates, we will continue to monitor progress and service outcomes through SMT and the VFM Stream Board.</p> <p>The Council has an ongoing programme of reviews that will take place over the next three years.</p>	<p>recommendations will remain with service Directors. Detailed action plans are being developed and progress with implementation will be monitored through the VFM board. SMT will have a role in challenging the implementation of the plan.</p> <p>The implications for outcomes will also be captured in the authority's regular finance and performance monitoring processes</p> <p>In tandem to the VFM programme, a cross council review of Central Support Service functions will be carried out using the framework.</p> <p>We will continue to review the framework and governance arrangements to ensure that they remain relevant and up to date.</p>
<p>Partnership approach to procurement The Council will need to demonstrate that it is working with LSP partners to improve VFM, especially through joint procurement</p>	HIGH	<p>Recommendation partly accepted.</p> <p>LBH undertakes significant joint procurement where appropriate e.g. through the pan London social services contracts, the LCSCG, NLWA. We use a</p>	<p>CPU is due to meet with the PCT to discuss working together in the future; the outcome of this depends on potential benefits to the Council.</p>

Recommendation	Priority	Management response	Implementation details
<p>Whole-life costing</p> <p>It is clear that the approach to whole-life costing is still developing, although there are a couple of examples of where this has been considered. The Council should demonstrate that this approach is followed where appropriate.</p>	<p>MEDIUM</p>	<p>variety of frameworks e.g. OGC, and also lead a collaborative solution to energy procurement in London. We also work with HfH as a partner of the LSP (we have a pooled capital budget).</p> <p>If this is specifically about partnering with the HSP then we accept that this is currently limited, but this is because the business case for such approaches is yet to be seen.</p>	<p>Consultants will continue to adopt WLC where appropriate. E.g. Initial WLC exercises are occurring on projects at Broadwater Farm and Rhodes Avenue, in the options appraisals stage. Once option is confirmed, more detailed WLC exercises will be applied.</p> <p>We are in discussions with BSI to further develop the WLC standards used.</p> <p>The maintenance strategy (AMP) will prioritise capital investment (planned and preventative) to reduce the overall cost of maintenance by avoiding repetitive reactive maintenance.</p>

Recommendation	Priority	Management response	Implementation details
<p>Data Quality</p> <p>Manage risks associated with DQ Improve the way in which the risks associated with poor data quality are managed and mitigated. This means ensuring that risks are reflected in appropriate service-level risk registers, and ensuring that the annual risk-assessment of PIs is focussing on the right areas, and leads to a clear set of risk-based interventions.</p>	<p>MEDIUM</p>	<p>Recommendation accepted. We will ensure that the both the departmental and corporate risk registers address data quality risks. The Strategic Partnership Risk Registers already address data quality issues.</p>	<p>Implementation of the accommodation strategy includes capital investment within the buildings proposed to be retained with the aim of reducing the life time maintenance and running costs.</p> <p>Business planning guidance for 2009/10 to be strengthened to ensure that data quality issues are addressed in each business plan and updated departmental risk registers. A rolling year programme of data quality audits will be undertaken by the Policy & Performance Team across all services for high risk indicators. This has already started. Results of the data quality audits will be reported to the relevant directorate management teams and the Chief Executive's Management Board at year end as part of the yearly review of the Council's Data Quality Strategy action plan</p>

Recommendation	Priority	Management response	Implementation details
<p>Embed new performance management arrangements</p> <p>The Council should demonstrate that its new performance management framework for 2008/9 has been fully and effectively embedded, and that staff across the organisation and partners are complying with it in practice. Mechanisms for non-compliance within partner organisations should be clear (see also recommendation 6)</p>	<p>MEDIUM</p>	<p>Recommendation Accepted. We will further embed the performance management framework both within the council and the strategic partnership</p>	<ul style="list-style-type: none"> • We will continue with the monthly performance review and reporting to CEMB and Cabinet, and quarterly reviews by senior officers and Cabinet Members. • We will continue with the quarterly performance review and reporting to the HSP. Non provision of poor data will be reported to the HSP Performance Management Group and Thematic Boards for action. • We will re-enforce the need for compliance at our quarterly performance management network.
<p>Effective implementation of new performance management application</p> <p>The Council should develop a clear plan for implementing its new web-based performance management application, which takes the following into consideration;</p> <ul style="list-style-type: none"> ▪ Clearly define the expected benefits from the 	<p>HIGH</p>	<p>Recommendation accepted.</p> <p>The procurement and implementation of the new performance management system is a key project within the authority as it forms part of the 'Achieving Excellence' programme. Implementation progress is reported to the Information and Knowledge</p>	<ul style="list-style-type: none"> • The governance structure for the project is well established with monthly reporting to a Project Board and bi-monthly to the Stream Board ▪ The expected benefits of the new system are outlined within the Project Initiation Document ▪ The PCT and the Police along with

Recommendation	Priority	Management response	Implementation details
<p>new system, and give an indication of when and how these will be met</p> <ul style="list-style-type: none"> ▪ System users and, if appropriate, partners should be consulted on expectations and requirements with regard to the new system. ▪ Consider the scope for and value of establishing links with other business-critical performance information systems; ▪ Ensure that system controls are designed to maximise the accuracy of the information recorded on the system, whilst also enabling efficient use; ▪ Mapping key processes and providing user guides / manuals etc. ▪ Review the use of the system, accuracy of reported data and effectiveness of controls after the first full year of operation. 		<p>Management Board.</p>	<p>officers from a range of services were consulted on the specification for the system</p> <ul style="list-style-type: none"> ▪ The long-term strategic solution for the authority will be SAP and links with other business critical systems will be considered as part of SAP ▪ System controls have been assigned through roles of users – these are ‘data in putters’, ‘data validators’ and ‘data managers’ in order to ensure sufficient challenge. ▪ Training is being provided to all users of the system prior to provision of a log-in. All users are provided with a manual. <p>A review of the use of system will be undertaken at the end of 2009/10.</p>
<p>Improve data quality within partnerships</p> <p>The Council should develop it's arrangements for ensuring good data quality within key partnerships. This means;</p> <ul style="list-style-type: none"> ▪ Articulating a strategic approach to data quality for the LSP 	<p>HIGH</p>	<p>Recommendation accepted. The Council is developing a data Quality Strategy which will cover shared data between the Council and its partners.</p>	<ul style="list-style-type: none"> • Develop and implement a Council wide Data Quality Strategy to complement our current Performance Management

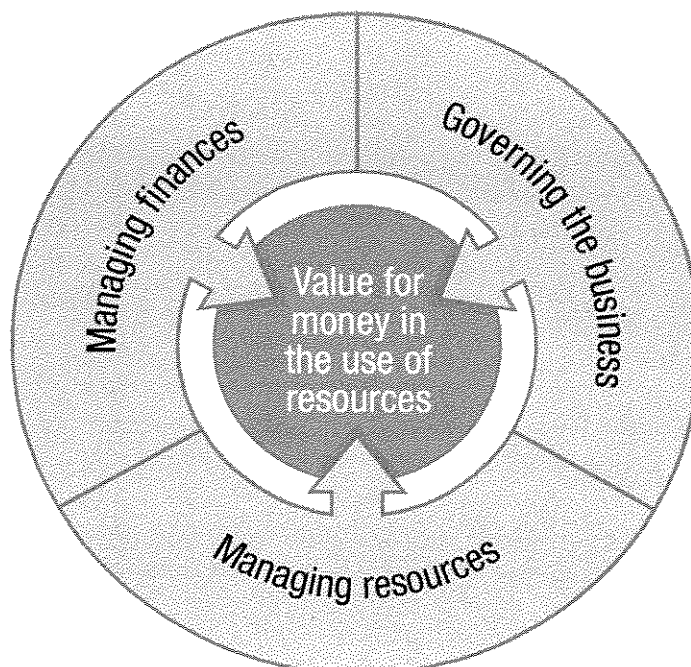
Recommendation	Priority	Management response	Implementation details
<ul style="list-style-type: none"> ▪ Developing shared arrangements for monitoring data quality and tackling problems where identified. ▪ Developing a formal data sharing protocol, which sets out clear expectations and requirements for partner organisations and the Council itself. ▪ Showing that key partnerships are compliant with this protocol. ▪ Obtaining assurance from partner organisations about the security of processes that supply information to the Council through partnership arrangements. ▪ Where services are contracted out, ensuring that clear standards of data quality are specified 	HIGH	<p>There are data sharing protocols for the Community Safety Partnership and Homes for Haringey. In partnerships where such protocols do not exist, thematic boards will be asked to develop them.</p>	<p>Framework</p> <ul style="list-style-type: none"> • Thematic Boards to develop data sharing protocols where these do not exist. • Compliance with partnership data sharing protocols to be reviewed as part of the annual review of the HSP Governance Framework. • Carry out joint data quality audits of joint indicators with key partners to verify the quality of data and security of processes that supply information to the Council. • For all new contracts services the Councils Procurement Unit will ensure that clear standards of data quality are specified in the contract specification.
<p>Validating externally reported data</p> <p>The Council should improve arrangements for validation and checking of externally reported data, ensuring that;</p> <ul style="list-style-type: none"> ▪ Data returns to government departments, 	HIGH	<p>Recommendation accepted. As found by this audit, audit trails for national indicators are captured through the Council's self-assessment process. This</p>	<ul style="list-style-type: none"> • The corporate Performance and Directorate Performance Teams will ensure that self assessments are carried out for all data submitted to

Recommendation	Priority	Management response	Implementation details
<p>their agencies and regulators are supported by a clear and complete audit trail.</p> <ul style="list-style-type: none"> ▪ Data underpinning the information which is used for external reporting, for example to AC, IPF, CLG, DH, is subject to departmental verification checks. ▪ All data is subject to senior management approval before external reporting to regulators and government departments 		<p>requires responsible managers to approve all values before reporting.</p>	<p>external agencies. These will be signed by the relevant Directors and quality assured by the Council's Performance Team prior to submission.</p> <ul style="list-style-type: none"> • The implementation of Covalent will also contribute to the availability of clear audit trails.

Appendix B Use of Resources from 2009

The use of resources assessment forms part of the joint inspectorates' framework for Comprehensive Area Assessment (CAA), which takes effect from 2009. The inspectorates, including the Audit Commission, propose that CAA will consist of two assessments - of the area and of the organisations in an area. The area assessment will look at how well local public services are delivering better results for local people against local priorities and how likely they are to improve in future.

From 2009, the use of resources assessment considers how well organisations are managing and using their resources to deliver better value for money and better and sustainable outcomes for local people. The assessment is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people. The three themes are illustrated below.



The new use of resources assessment framework is more demanding than the previous assessment. It is broader in scope and embraces wider resources issues such as people and workforce planning, and the use of natural resources. It also places more emphasis on outcomes of local people. The KLoE are more strategic and focus much more explicitly on value for money achievements rather than processes. The KLoEs in each of the three themes are set out in the table overleaf.

Managing finances	Governing the business	Managing resources
1.1 Financial planning and financial health	2.1 Commissioning and procurement	3.1 Natural resources
1.2 Understanding costs and performance	2.2 Data Quality and use of information	3.2 Asset management
1.3 Financial monitoring and reporting	2.3 Good governance and ethical behaviour	3.3 Workforce planning
	2.4 Risk management and internal control	

Each theme comprises of a number of underlying KLoE which are common to all organisations subject to a use of resources assessment under the CAA. This promotes consistency and demonstrates that all organisations within and CAA area are assessed in the same way and to the same standards.

The use of resources assessment will use the Audit Commission's current four point scale with 4 representing the highest level of performance, as follows:

Level	Performance and principles implicit in the KLoEs
1	<p>Inadequate</p> <p>Below minimum acceptable levels of performance. Consistent with an "except for / qualified" use of resources conclusion.</p>
2	<p>Performs adequately</p> <p>Consistent with established professional practice, meeting statutory requirements, operating effectively.</p> <p>Sufficient to address the KLoE demonstrating, for example: organisational leadership and commitment, partnership working, appropriate capacity and skills, informed by priorities with supporting action plans as appropriate.</p> <p>Arrangements that achieve minimum accepted levels of performance.</p>
3	<p>Performs well</p> <p>Implemented effective arrangements that are forward looking and proactive in developing improvement opportunities and include more sophisticated measuring and assessment techniques.</p> <p>Outputs and outcomes demonstrate effective arrangements that have the intended impact, and where appropriate show evidence of effective partnership working.</p> <p>Evidence of performing consistently above minimum acceptable levels and achieving value for money.</p>

Level	Performance and principles implicit in the KLoEs
4	<p data-bbox="414 342 694 376">Performs excellently</p> <p data-bbox="414 394 949 427">Demonstrating innovation or best practice.</p> <p data-bbox="414 448 1471 515">Demonstrating strong outcomes for the community including through partnership working.</p> <p data-bbox="414 533 1471 600">Evidence of performing well above minimum acceptable levels and achieving excellent value for money.</p>



Grant Thornton

www.grant-thornton.co.uk

© 2009 Grant Thornton UK LLP. All rights reserved.

"Grant Thornton" means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton UK LLP is a member firm within Grant Thornton International Ltd ('Grant Thornton International'). Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered by the member firms independently.

This publication has been prepared only as a guide. No responsibility can be accepted by us for loss occasioned to any person acting or refraining from acting as a result of any material in this publication