

Agenda item:

**[No.]**

**Audit Committee**

**On 5 November 2009**

Report Title: **Comprehensive Area Assessment (CAA)**

**Auditor's Report on the Use of Resources 2008/09**

Report of: **Chief Financial Officer**

Signed :



Contact Officers: **Kevin Bartle, Head of Corporate Finance, 020 8489 3743**

**Eve Pelekanos, Head of Policy and Performance, 020 8489 2508**

Wards(s) affected: **All**

Report for: **Non-key decision**

**1. Purpose of the report**

1.1. To inform the Committee of the auditor's assessment of the Council's Use of Resources and the Council's intended actions to implement auditor recommendations.

**2. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

2.1. The Use of Resources assessment forms part of the annual Comprehensive Area Assessment. The assessment therefore relates to work across the whole Council.

**3. Recommendations**

3.1. That the Audit Committee is asked to note the Use of Resources assessment and scores and the Council's intended actions to implement auditor recommendations (as set out at Appendix 1).

#### **4. Summary**

- 4.1. The report sets out the auditor's CAA Use of Resources assessment, scores and associated recommendations for the 2008/09 period. The full report is at Appendix 1, including management responses to auditor recommendations and proposed implementation details.
- 4.2. Good progress continues to be made since the first Comprehensive Performance Assessment (CPA) in 2005; the overall score of 3 (performing well) achieved for 2005/06, 2006/07 and 2007/08 is maintained against the new Comprehensive Area Assessment framework, which is seen as more demanding.
- 4.3. As a result, the auditors have concluded that "the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, **except for** producing relevant and reliable data and information to support decision making and manage performance." The score of 1 for the data quality KLoE "reflects the findings of the joint area review, the Ofsted review of safeguarding children and mixed results within our data quality spot-checking work."

#### **5. Head of Legal Services Comments**

- 5.1. The Head of Legal Services has read the report. The report considers improvements to governance arrangements, including embedding the new Local Code of Corporate Governance and strengthening partnership governance. There are no specific legal implications.

#### **6. Equalities & Community Cohesion Comments**

- 6.1. Impact on equalities and community cohesion will be factored in to the relevant improvements at a detailed level.

#### **7. Consultation**

- 7.1. Relevant Council officers have contributed to the management responses and implementation actions at pp.26-43 of Appendix 1. The Council's auditors, Grant Thornton, have had advance sight of this.

#### **8. Service Financial Comments**

- 8.1. The actions set out in the appendix will be contained within existing approved budgets.

## **9. Use of appendices /Tables and photographs**

- 9.1. Appendix 1 – Grant Thornton’s Use of Resources Report for 2008/09 and Council Response, dated October 2009

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

- 10.1. The following background paper was used in the production of this report:

Grant Thornton’s Use of Resources Report for 2008/09 and Council Response, dated October 2009

## **11. Background**

- 11.1. As part of the new Comprehensive Area Assessment (CAA), the Council is subject to an organisational assessment. This is comprised of a Use of Resources assessment and a Managing Performance assessment.
- 11.2. Under the previous CPA framework, the Use of Resources assessed how well the Council managed and used its financial resources. The new assessment has been broadened to also consider issues such as commissioning & procurement, performance management, governance, and the use of environmental resources, assets and workforce.
- 11.3. The Use of Resources assessment took place between April and August 2009, with reference to outcomes in the 2008/09 financial year. In their report to those charged with governance in September 2009, the Council’s appointed external auditors, Grant Thornton, concluded that “the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, **except for** producing relevant and reliable data and information to support decision making and manage performance.” The score of 1 for the data quality KLoE “reflects the findings of the joint area review, the Ofsted review of safeguarding children and mixed results within our data quality spot-checking work.” The actions for improvement in this area are set out in the appendix.

## **12. Scores and findings**

- 12.1. The overall score for the Council’s Use of Resources assessment was 3 out of a possible 4. The themes and Key Lines of Enquiry (KLoE) scores are shown in the table below:

Theme / KLoE		Score
<b>Theme 1 - Managing finances</b>		<b>3</b>
1.1	Financial planning	3
1.2	Understanding costs	2
1.3	Financial reporting	3
<b>Theme 2 - Governing the business</b>		<b>2</b>
2.1	Commissioning and procurement	2
2.2	Use of data	1
2.3	Good governance	2
2.4	Internal control	2
<b>Theme 3 - Other resources</b>		<b>3</b>
3.1	Environmental management	3
3.2	Asset management	2
3.3	Workforce management	N/A in 2008/09

- 12.2. Strengths were identified in integrating financial and service planning, based on “an established, bottom up service and financial planning process which includes member scrutiny”. Investment in high priority areas as part of the Council’s Medium Term Financial Strategy was recognised as contributing to improved outcomes for the community, such as improved educational attainment, increased satisfaction with leisure centres and reductions in crime.
- 12.3. The Council’s financial reporting was identified as good, with a high level of integration between presentation of financial, performance, risk and human resources information. Reports to the public were found to be of a high quality and stakeholder consultation in financial planning was also cited as a particular strength.
- 12.4. The overall score of 3 for the managing ‘other resources’ theme was attributable to the underlying score of 3 for managing natural resources, which was identified as an area of strength for the Council. The auditors found that the Council had “detailed measurement and analysis of energy consumption and emissions in particular, and an overall reduction in emissions from last year leading to significant savings in utility bills.”
- 12.5. Auditors found that whilst at a corporate level there are adequate arrangements for ensuring that data and information for decision-making are accurate and reliable, the score of 1 for the data quality KLoE “reflects the findings of the joint area review, the Ofsted review of safeguarding children and mixed results within our data quality spot-checking work.” The Council will continue to implement the Safeguarding Plan for Haringey, which sets out the improvements to be made to inter-agency child protection practice within the Council and across the partnership.

- 12.6. As the workforce management KLoE will be assessed for the first time in 2009/10, the Council is preparing a self assessment of current performance in this area, which will inform improvement actions to be undertaken in the remainder of the year.

### **13. Auditor recommendations and Council response**

- 13.1. The recommendations of the auditors are at pp.26-43 of Appendix 1. In summary, the high priority recommendations are:
- to continue to demonstrate outcomes to deliver strategic priorities (recommendation 1)
  - to articulate and quantify financial and non-financial benefits arising from Haringey Forward and core efficiency programmes (recommendation 2)
  - to demonstrate that arrangements for inter-agency child protection practice are improving in line with the Joint Area Review action plan (recommendation 4)
  - to address identified weaknesses in data quality management and reporting in relation to child protection, in particular reducing the need for manual checking and manipulation in performance reporting (recommendation 8)
  - to continue to develop data quality mechanisms for housing and council tax benefit claims in order to minimise errors (recommendation 9)
- 13.2. Management responses have been prepared for each recommendation, including implementation actions (see pp.26-43 of Appendix 1).
- 13.3. Progress against the improvement actions will be monitored by a Use of Resources officer group, led by the Chief Financial Officer and including the Head of Corporate Finance and Head of Corporate Policy and Performance. This group will continue to provide oversight of all work relating to the Use of Resources.
- 13.4. Progress will be reported to the Audit Committee in February 2010.

### **14. Summary and conclusions**

- 14.1. Good outcomes have been identified, as outlined at paragraphs 12.2 – 12.4, however further work must be undertaken to address the auditor recommendations. These will be given priority by relevant officers and progress will be monitored.