

# Progress Report

**London Borough of Tower Hamlets**

Audit 2008/09

**Audit Committee 6 January 2009**

**(Written 15 December 2008)**

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## **Status of our reports**

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.
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# Summary

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## Introduction

The purpose of this progress report is to brief the Audit Committee on work completed by the Audit Commission since the Audit Committee meeting in September 2008 and to inform the Committee of work currently being planned or undertaken. In addition, we draw to Members attention recent relevant Audit Commission publications.

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## 2007/08

We prepared and agreed the 2007/08 Audit and Inspection Plan with officers in April 2007 and presented it to the Audit Panel in July 2007. Since the last Audit Committee, in respect of the 2007/08 audit, we have:

- Signed an unqualified audit opinion on the financial statements;
- Signed an unqualified value for money conclusion; and
- Issued and finalised our opinion memorandum (separate item on the agenda).

There are three items to be completed in respect of the audit and inspection plan and these are:

- The audit certificate has not yet been issued due to questions raised by a local elector - we have responded to the questions raised by the local elector and have given them a timeframe to raise any further questions;
- Our review of procurement is in progress and an initial draft report on the first stage of the review has been issued; and
- Our Annual Audit and Inspection Letter will be produced in February summarising our findings for the year including the Direction of Travel results where the work is currently in progress.

In addition, the work on government grant claims is well progressed and we have completed ten of the eleven claims with three of them receiving qualified audit certificates.

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## 2008/09

Our work on the 2008/09 audit is progressing well and since the last Audit Committee we have;

- Issued unreserved opinions on the four Performance Indicators we audited;
- Completed our work on data quality which fed into our unqualified value for money conclusion;
- Agreed project specifications for our follow up work on moving towards Decent Homes standards and also our work on temporary accommodation arrangements;

- Completed our Use of Resources assessment and issued our report (separate item on the agenda);
- Started the detailed work on the Direction of Travel assessment; and
- Commenced our work on the key financial systems of the Council.

Appendix 1 shows details of all work planned in respect of 2008/09.

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### 2009/10

Over the next few weeks we will be starting to plan the 2009/2010 audit and inspection programme. This will include exploring our initial thoughts and ideas with officers. We would be interested if Members had any views on where it might be beneficial to the Council for audit to consider and this can be feedback to ourselves either directly or via officers.

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### Recent Audit Commission publications

#### **Clarifying joint financing arrangements A briefing paper for health bodies and local authorities**

This briefing aims to demystify pooled funds and Section 75 of the NHS Act 2006 and reviews the current range of joint financing arrangements between NHS bodies and local authorities across health and social care. It is the first in a series of publications relating to a national study which is due to be published in spring 2009

#### **Are we there yet? Improving governance and resource management in children's trusts (October 2008)**

This report examined the progress local councils and their partners are making in developing children's trusts. The report concludes that the 'children's trusts' created by the government after the death of Victoria Climbié have been confused and confusing. Five years after the green paper Every Child Matters and eight years after the child's death, 'there is little evidence of better outcomes for children and young people' resulting from the requirement that local areas in England set up arrangements to coordinate children's services. A third of directors of children's services say that their partner organisations are 'unclear' of the purpose of children's trusts, and the uncertainty is hampering their efforts to deliver better services. However the study did find that progress has been made in bringing professionals together, but sometimes by navigating around the 'centrally-directed approach'. Local agreements worked better than external direction.

## Summary

### **National school survey results 2008 - The School Survey, England (October 2008)**

The School Survey is a collaborative tool developed by the Audit Commission in partnership with Ofsted, Estyn, Wales Audit Office, councils, and headteacher and governor associations. The survey has been in operation as a national annual online exercise since summer 2002. The primary purpose of the school survey is to act as a source of evidence about schools' perceptions of the support provided by their council and the services provided locally for children and young people.

### **Back to Front Efficiency of back office functions in local government**

Councils in England have made significant steps to improve their internal efficiency. Between 2005 and 2008, following the 2004 Spending Review, £4.3 billion efficiency gains were diverted to improve services and manage the level of council tax back office activity - the behind-the-scenes work that supports services for the public - is an important source of efficiency gains. This report reviews how councils made back office efficiency gains and identifies lessons for the future.

### **Well Disposed: responding to the waste challenge (September 2008)**

This report looks at how English councils are responding to the challenge of finding new ways to dispose of the country's waste which has traditionally been buried in landfill sites. The study reviews progress against meeting targets and allowances, models the costs to councils under different scenarios, and evaluates the quality of strategic planning and local decision-making.

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## **Comprehensive Area Assessments (CAA)**

CAA looks at how well local services are working together to improve the quality of life for local people. It will make straightforward independent information available to people about their local services, helping them make informed choices and influence decisions.

For the first time, local public services will be held collectively to account for their impact on better outcomes. This means that CAA will look across councils, health bodies, police forces, fire and rescue services and others responsible for local public services, which are increasingly expected to work in partnership to tackle the challenges facing their communities.

The latest consultation ended in October 2008 and the final framework will be published in the New Year with the first results issued in Autumn 2009.

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## Use of resources

The assessment has been revised to meet the needs of CAA; it assesses use of resources in a broader way than previously, embracing the use of natural, physical and human resources. It also places new emphasis on commissioning services for local people and achieving value for money.

Auditors will produce a judgement for each of the following three themes:

- managing finances - focusing on sound and strategic financial management;
- governing the business - focusing on strategic commissioning and good governance; and
- managing resources - focusing on the effective management of natural resources, assets and people.

Guidance for auditors was issued in November 2008 and this has been made available to councils. Consultation on the scoring model has recently been closed and will be finalised in the New Year. The first assessments will be carried out during the summer of 2009.

# Appendix 1 Progress on 2008/09

**Table 1 Progress on 2008/09 outputs**

Product	Tower Hamlets lead	Audit Commission lead	Timing	Current position
<b>The Accounts</b>				
Work on financial systems	Alan Finch	Sharon Martin/ Malcolm Cox	December 2008 – July 2009	Planning undertaken and detailed work due to start in January
Financial statements; <ul style="list-style-type: none"> <li>• opinion;</li> <li>• ISA 260 report; and</li> <li>• opinion memorandum</li> </ul>	Chris Naylor/Alan Finch	Jon Hayes/Sharon Martin/Malcolm Cox	July - September 2009	
<b>Use of resources</b>				
Homelessness	Jackie Odunoye	Vipul Thacker/ Steve Lucas	December 2008 - March 2009	Set up meeting held 15 September 2008 - work delayed to fit in with other workstreams.
Housing arrangements	Jackie Odunoye	Vipul Thacker/ Steve Lucas	September 2008 – January 2009	On site visit and interviews held, additional documents being supplied by officers.
Governance arrangements in partnerships	To be confirmed	To be confirmed	To be confirmed	

<b>Use of resources (Contd)</b>				
Value for money conclusion	Martin Smith/ Chris Naylor	Jon Hayes/ Sharon Martin	August 2008 - September 2009	
Data quality arrangements Performance Indicators	Lucy Sutton	Steve Lucas/ Neil Whalley	June - November 2008	Work completed and key messages feedback on data quality - report to be issued early in January 2009. Performance indicators audited as required and unqualified opinion given on the four indicators tested in detail.
Use of resource judgements	Chris Naylor/Alan Finch	Jon Hayes/ Steve Lucas/ Rama Krishnan/ Paul Jacklin	August - November 2008	Use of Resources scores and report issued.
<b>Inspection and CPA</b>				
CPA/ Direction of Travel	Martin Smith/ Alan Steward	Adewale Kadiri/ Jon Hayes / Neil Foss	October 2008 - January 2009	Work currently in progress with draft 180 words and Direction of Travel score due in January 2009.
<b>Overall</b>				
Annual Audit and Inspection Letter	Martin Smith/ Chris Naylor	Adewale Kadiri/ Jon Hayes / Steve Lucas	February - March 2009	
<b>Grant claims</b>				
Claims for year ended 31 March 2009	Alan Finch/Akrom Miah	Sharon Martin/Malcolm Cox	April - December 2009	



# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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