

Progress Report

London Borough of Tower Hamlets

Audit 2008/09

Audit Committee 31 March 2009

(Written 12 March 2009)

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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

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 January 2009 and to inform the Committee of work currently being planned or undertaken. In addition, we draw to Members attention recent relevant Audit Commission publications.

2007/08

Since the last Audit Committee, in respect of the 2007/08 audit, we have:

- issued the certificate on the 2007/08 audit;
- issued our Annual Audit and Inspection Letter, incorporating the Direction of Travel results (separate item on the agenda); and
- issued our final report on the Procurement review.

In addition, we have now certified all the 2007/08 government grant claims and issued our final report on the Grant Claims audit.

All work in respect of 2007/08 is now complete.

2008/09

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

- issued our supplementary opinion plan (separate item on the agenda);
- issued our final report on the Data Quality audit;
- issued our draft report on the Decent Homes Standard follow-up review;
- set-up the all-staff IT risk survey; and
- progressed our work on reviewing the key financial systems of the Council.

Appendix 1 shows all work included in the 2008/09 Audit and Inspection Plan.

Assurances from the Audit Committee

In order to comply with International Standard on Auditing (UK&I) 240, we are required to obtain an understanding of how those charged with governance, the Audit Committee, exercises oversight of management's processes for identifying and reporting the risk of fraud and possible breaches of internal control in the Council. Under International Standard on Auditing (ISA(UK&I)250), we are also required to understand how those charged with governance gain assurance that the Council has complied with all relevant laws and regulations.

We will shortly be writing to the Chair of the Audit Committee requesting details as to how these functions are discharged. A copy of the standard letter is attached at Appendix 2.

2009/10

As part of our initial 2009/10 planning, we have had discussions with officers on the issues that may impact on our work for that year. We will issue our 2009/10 initial Audit Plan by 30 April 2008.

The 2009/10 Audit Plan will cover the Use of Resources assessment that we will be delivering this summer. We have been liaising with officers to highlight the key changes in the new Use of Resources approach and to support the preparation of the Council's self-assessment. The receipt of the self-assessment in early April will be the starting point for our work.

Recent Audit Commission publications

Our progress reports have previously included summaries of recent national reports issued by the Audit Commission. In March 2009, the Audit Commission launched the inaugural edition of Councillors' Update.

This e-mailed newsletter aims to keep councillors up to date with the Commission's current work, such as CAA, national reports and studies. News stories containing details of specific tools and case studies will direct councillors to information that they can use in their work.

The first issue includes details of Comprehensive Performance Assessment and CAA and brief summaries of the most recent Commission reports that the Audit Commission thinks councillors would find useful in their work. Our progress report will therefore no longer contain a section on recent Audit Commission publications.

If you have not automatically received your copy of Councillors' Update, please subscribe via the following link:

<http://www.audit-commission.gov.uk/councillorupdate/issue1/mar09.asp>

Appendix 1 - Progress on 2008/09

Table 1 Progress on 2008/09 outputs

Product	Tower Hamlets lead	Audit Commission lead	Timing	Current position
The Accounts				
Work on financial systems	Alan Finch	Sharon Martin/ Malcolm Cox	December 2008 – June 2009	Detailed work in progress
Financial statements; <ul style="list-style-type: none"> • opinion; • ISA 260 report; and • opinion memorandum 	Chris Naylor/Alan Finch	Jon Hayes/Sharon Martin/Malcolm Cox	July - October 2009	
Use of resources				
Homelessness	Jackie Odunoye	Vipul Thacker/ Sharon Martin	December 2008 - March 2009	Council providing results of internal reviews in this area
Decent Homes Standard	Jackie Odunoye	Vipul Thacker/ Sharon Martin	September 2008 – January 2009	Draft report issued
Your Business at Risk IT survey	Jim Roberts	Paul Whelan/ Sharon Martin	February 2009 – April 2009	Survey scheduled

Appendix 1 - Progress on 2008/09

Use of resources (Contd)				
Governance arrangements in partnerships	To be confirmed	Pam Hamilton	April - July 2009	To be incorporated into our Use of Resources assessment
Value for money conclusion	Martin Smith/ Chris Naylor	Jon Hayes/ Sharon Martin	August 2008 - September 2009	Fully integrated with the Use of Resources Assessment
Data quality arrangements Performance Indicators	Lucy Sutton	Steve Lucas/ Neil Whalley	June - November 2008	Final report issued.
Use of resource judgements	Chris Naylor/Alan Finch	Jon Hayes/ Steve Lucas/ Rama Krishnan/ Paul Jacklin	August - November 2008	Final report issued.
Inspection and CPA				
CPA/ Direction of Travel	Martin Smith/ Alan Steward	Adewale Kadiri/ Jon Hayes / Neil Foss	October 2008 - January 2009	CPA score and Direction of Travel report now issued.
Overall				
Annual Audit and Inspection Letter	Martin Smith/ Chris Naylor	Adewale Kadiri/ Jon Hayes / Steve Lucas	February - March 2009	Final report issued.
Grant claims				
Claims for year ended 31 March 2009	Alan Finch/Akrom Miah	Sharon Martin/Malcolm Cox	May - December 2009	

Appendix 2 – Assurances from the Audit Committee

Compliance with International Auditing Standards

This is a request for your assistance as Chair of the Audit Committee with our current work on the Council's accounts for 2008/09.

In order to comply with International Standard on Auditing (UK&I) 240, we are required to obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and reporting the risk of fraud and possible breaches of internal control in the Council. I should be grateful if you would confirm:

- (i) how the Audit Committee oversees management processes to identify and respond to such risks, and
- (ii) whether you have knowledge of any actual, suspected or alleged frauds affecting the Council.

Management's processes may include:

- undertaking an assessment of the risk that the financial statements may be materially mis-stated due to fraud;
- identifying and responding to risks of fraud in the organisation;
- communication to employees of views on business practice and ethical behaviour; and
- communication to those charged with governance the processes for identifying and responding to fraud.

A second International Standard on Auditing (ISA(UK&I)250) requires that auditors understand how those charged with governance gain assurance that all relevant laws and regulations have been complied with.

A brief response by letter (or e-mail), by 30 April 2009 will suffice. Please call me if you wish to discuss anything in relation to this request.

Yours sincerely

Jon Hayes
District Auditor

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.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

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