

Progress Report

Brighton and Hove City Council

Audit 2008/09

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.

Summary report

Introduction

- 1 Our audit and inspection plan for 2008/09 was presented to the Audit Committee in June 2008. This report provides a summary of progress to date on this plan. It also summarises the work on 2007/08 audit and inspection plan as this work is nearing full completion.

Background

- 2 The audit and inspection plan for 2008/09 set out the following areas of work:
 - financial statements and Whole of Government Accounts;
 - value for money conclusion;
 - use of resources scored assessment;
 - data quality;
 - the National Fraud Initiative;
 - a joint review with health partners of health inequalities in the City;
 - a review of the impact of migrant workers;
 - an inspection of housing services; and
 - certification of grant claims and returns
- 3 We have agreed with officers since the production of the plan that the housing inspection will not take place in the coming months but there will be further discussions about it as part of the development of the 2009/10 audit and inspection plan.
- 4 These areas are covered in the detailed report section below. Details of work relating to the 2007/08 audit and inspection period are also provided.

Main conclusions

Financial statements and Whole of Government Accounts 2007/08

- 5 Our work on the Council's financial statements 2007/08 is complete and we issued an unqualified audit opinion on 30 September 2008. A summary of the key matters arising from the work was set out in the Annual Governance Report which was presented to the Audit Committee in September 2008.
- 6 Our Whole of Government Accounts work is complete and we certified the required return and despatched it to the Treasury before the deadline set.

Value for money conclusion 2007/08

- 7 We issued a conclusion confirming that the Council had put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources which is known as the 'value for money conclusion'. The conclusion was issued as part of our formal audit report on the financial statements in September 2008 in accordance with the deadline set.

Use of resources 2007/08

- 8 We have completed a scored assessment on the use of resources at the Council which relates to the financial year 2007/08. We used the Audit Commission's detailed framework which focuses on the Council's arrangements to ensure that resources are available to support the Council's achievement of its priorities and ability to improve services. The scores will be published by the Commission in December 2008 and we have presented a draft report setting our detailed findings to officers.
- 9 In our last progress report there were two specific use of resources reviews relating to 2007/08 that have not been completed. The first which was a follow-up on our previous work on workforce planning which had been subject to a number of delays at the request of officers. This has now been completed and our report is included in the agenda papers for the Audit Committee meeting on 16 December 2008.
- 10 The second is a review of the Council's governance arrangements using a guide produced by the Commission. This has also been delayed at the request of officers. Fieldwork is now underway but will not be completed until January 2009 and reporting to follow after this. Our work also includes an online survey to establish how effectively the Council's governance arrangements are promoted and used. We are liaising with officers to ensure our work complements other work by the Council in this area.

Data quality 2007/08

- 11 A review of the Council's management arrangements for data quality has been completed as has detailed testing of a sample of performance indicators. We are in the process of reporting the outcomes of our work to the Council and have concluded that the Council's overall management arrangements for ensuring data quality are consistently above minimum requirements. Of the five indicators subject to detailed testing, four was fairly stated but one was not which related to the percentage of Council-owned dwellings which do not meet the decent homes standard at the start of the financial year. We concluded that the core data held on the dwellings was not accurate in all respects. It is of note that this indicator was also not fairly stated in 2006/07 because the database was considered inaccurate.

Grant claims and returns 2007/08

- 12 Each year we are required to undertake work on behalf of third parties to certify claims and returns submitted by the Council. The 2008/09 audit work is nearing

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completion. There are two outstanding for reasons outside of our control which are the single regeneration budget claim and the new deal for communities claim. There is a risk that they will not be completed by the deadline of 31 December 2008.

Use of resources 2008/09

- 13 A shown in paragraph 2 there were two specific use of resources reviews planned for 2008/09. The joint review of health inequalities across the City has been the subject of a number of discussions with officers from the Council and Brighton & Hove City PCT. We are close to agreeing the specification of the work which builds on the findings from the Council's own analysis of the incidence of inequalities and work undertaken with the PCT last year.
- 14 Our planned work on migrant workers has been cancelled after discussions with officers. We will discuss with officers alternative work to provide information on the new format use of resources assessment that will be undertaken by us in 2009. This is fundamentally different to the scored use of resources assessment used previously and will require a revised approach by the Council to ensure that it focuses on, and provides evidence of, the delivery of its stated priorities and targets.
- 15 In early 2009 we have agreed to undertake work to support housing services, which is outside of our formal audit responsibilities at the Council and is categorised as advice and assistance. A specification for this work has been agreed and we have recently agreed a deferral of one week to the start date which is planned for mid-February 2009. A report will be issued at the conclusion of the work. This work replaces planned work from the 2007/08 audit which was a follow-up on the housing inspection undertaken by the Commission in 2005.

National Fraud Initiative

- 16 The Council participates in the Audit Commission's scheme that matches computerised data and we are discussing the arrangements for 2009 with officers.

Audit fees

- 17 The audit and inspection fee for 2007/08 totalled £294,810, which is split between audit (£270,470) and inspection (£24,340). We expect to deliver the audit and inspection work within the fee set. The fee for our work on grant claims and returns are billed separately depending on the number and complexity of the work required.
- 18 The audit and inspection fee for 2008/09 totalled £394,572 which was split between audit (£323,468) and inspection (£71,104). As the housing inspection planned will not take place, the inspection element will be £24,634 making a revised total of £348,102. As noted in paragraph 14, we will not progress the migrant workers' review and will discuss undertaking alternative work with officers.

Appendix 1 - Audit Commission work programme

- The grid below summarises the main work areas and the progress made to date. It looks forward to March 2009 and includes the preparation of our Audit & Inspection Plan for 2009/10. We will update this for the next meeting to include the name of the lead contact officer for the Council.

Audit Commission (AC) work programme		2008												2009			
		June	July	August	September	October	November	December	January	February	March						
Work stream	Description																
2007/08 audit work remaining as at December 2008																	
Workforce planning follow-up AC lead - Kam Shergill BHCC lead – Janice Millman	Update progress on previous work undertaken in 2005/06				Work starts		Complete work and report findings to BHCC					Final report issued					
Good governance AC lead - Alex Orme BHCC lead – Abraham Ghebre-Ghiorghis	Review of the arrangements in place and how they operate. To include the Commission's online survey 'Your business @ risk'. . .				Work begins		Audit work continues					Audit work continues					Issue report

Summary report

Audit Commission (AC) work programme		2008							2009		
Work stream	Description	June	July	August	September	October	November	December	January	February	March
Audit of accounts including Whole of Government Accounts (WGA) and Value for Money (VfM) conclusion AC lead - Grahame Brown BHCC leads – Richard Szadziwski & Nigel Manvell	Issue Annual Governance Report (AGR) before giving opinion. Give opinion on the 2007/08 accounts. Give VfM conclusion. Certify the WGA return for 2007/08.	Accounts approved by Audit Committee on 26 June 08	Audit work started	Audit work	Issued AGR. Gave audit opinion including VfM conclusion by 30 Sept 08.	Certified WGA return	Final accounts report to officers.				
2008/09 audit work											
Audit and Inspection Plan (AAIP) 2008/09 AC lead - Helen Thompson BHCC leads - Nigel Manvell & Janice Millman	AAIP prepared and discussed with BHCC. Plan to be kept under review as audit year progresses.	AAIP presented to Audit Committee									
Use of Resources (UoR) scored assessment 2008 AC lead - Grahame Brown BHCC leads - Richard Szadziwski & Nigel Manvell	UoR scores are given after assessment of BHCC's arrangements using the Commission's Key Lines of Enquiry 2008.			Audit work starts	Audit work	Prepare draft scores	Issue UoR report to officers	Final scores notified to BHCC			

Audit Commission (AC) work programme		2008						2009			
		June	July	August	September	October	November	December	January	February	March
Data quality AC lead - Grahame Brown BHCC lead – Janice Millman	Management arrangements (stage 1), inclusion check & analytical review (stage 2) and detailed testing of a sample of performance indicators (Plis) (stage3)		Stage 1 started	Stage 1 completed	Stages 2 & 3 started	Stages 2 & 3 completed (except HB) and reported to AC	Completed housing benefit Plis and report to AC	Report issued to officers			
Grant claims and returns AC lead - Grahame Brown BHCC lead – Nigel Manvell	Review claims and returns submitted to us in accordance with certification instructions issued by the AC		Early work on Housing Benefits	Early work on NDR, Teachers' Pensions and Housing Base Data	Certification of claims and returns by deadlines. None missed.	Certification of claims and returns by deadline. None missed.	Certification of claims and returns by deadlines. None missed.	Certification of claims and returns by deadlines.			
Direction of Travel (DoT) 2008 AC lead - Sandra Prail BHCC lead – Janice Millman	DoT assessment led by Comprehensive Area Assessment Lead. Comprehensive Performance Assessment (CPA) to be reported by AC.							Fieldwork in progress	Field work to be completed	DoT to be notified to BHCC. CPA to be published by AC. Present to Cabinet on 12 Feb 09 and Audit Committee on 24 Feb 09.	Formal DoT report to be issued

Summary report

Audit Commission (AC) work programme		2008							2009			
		June	July	August	September	October	November	December	January	February	March	
Work stream	Description											
Waste PFI contract AC lead - Mike Allen BHCC lead – Mark Ireland	Review of renegotiated contract				Works started							
Health inequalities AC lead – Norma Christison BHCC lead – Janice Millman & Tom Scanlon	A review with Brighton & Hove PCT to assess the joint response to incidences of health inequalities in the City.					Issue draft project brief		Project brief agreed	Work starts	Issue draft report to officers		
Other Use of Resources work agreed with BHCC AC lead - Helen Thompson BHCC lead – Janice Millman	Further details will be added as the scope and timetable for individual reviews are agreed.											
Audit of accounts 2008/09 AC lead - Grahame Brown BHCC leads – Richard Szadziwski & Nigel Manvell	Give opinion on the 2008/09 accounts including the VfM conclusion. Certify the WGA return for 2008/09 to the Treasury. Details of dates for the latter stages of this work to be inserted into future progress reports. Broadly these are in the period July to October 2009.							Pre-statements work started	Pre-statements work continues	Pre-statements work continues	Pre-statements work ends	

Audit Commission (AC) work programme		2008												2009		
		June	July	August	September	October	November	December	January	February	March	February	March			
<p>Work stream</p> <p>Annual Audit & Inspection Letter (AAIL)</p> <p>AC leads - Helen Thompson & Sandra Prail</p> <p>BHCC lead – Janice Millman</p>	<p>Description</p> <p>Summarises the key findings from the audit and inspection work undertaken.</p>												<p>Officer meeting (TBC)</p>	<p>Present to Cabinet 12 Feb 09 and to Audit Committee 24 Feb 09.</p>		
<p>Housing support work</p>	<p>This is not within the A&IP 2008/09 but has been agreed with BHCC as part of the AC's powers to undertake assistance and advisory work outside of its statutory audit responsibilities.</p> <p>This work supports BHCC by seeking opportunities to improve its arrangements in its housing revenue account (HRA) business planning, HRA income collection and tenants' participation in the development of housing services.</p>														<p>Fieldwork starts.</p> <p>Report to BHCC.</p>	

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Audit Commission (AC) work programme		2008												2009			
		June	July	August	September	October	November	December	January	February	March						
Work stream	Description																
2009/10 audit work																	
AAIP 2009/10																	
AC leads - Helen Thompson & Sandra Prail																	
BHCC leads - Nigel Manvell & Janice Millman														Meet officers (TBC)			Cabinet 12 Feb 09 Audit Committee 24 Feb 09.

Note - dates in italics are anticipated dates and may be subject to change.

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, covering the £180 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

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