

MEETING
AUDIT COMMITTEE

DATE AND TIME
THURSDAY, 5 FEBRUARY 2009 AT 7PM

VENUE
BARNET HOUSE, 1255 HIGH ROAD,
WHETSTONE, N20 0EJ

TO: MEMBERS OF THE COMMITTEE (Quorum 3)

Chairman: Councillor Jeremy Davies
Vice Chairman: Councillor Daniel Webb

Councillors:

Danish Chopra	Geof Cooke	Tom Davey
Mukesh Depala	Marina Yannakoudakis	

Substitutes:

Councillors

Wayne Casey	Dean Cohen	Monroe Palmer
Hugh Rayner	Alan Schneiderman	Agnes Slocombe

You are requested to attend the above meeting for which an Agenda is attached.

David Seabrooke, Democratic Services Manager
Democratic Services contact: Nazyer Choudhury 020 8359 2031

CORPORATE GOVERNANCE DIRECTORATE

To view agenda papers on the website: <http://committeepapers.barnet.gov.uk/democracy>

FACILITIES FOR PEOPLE WITH DISABILITIES

Barnet House has access for wheelchair users including lifts and toilets. If you wish to let us know in advance that you will be attending the meeting please telephone Nazyer Choudhury on 020 8359 2031. People with hearing difficulties who have a text phone, may telephone our minicom number on 020 8203 8942. All of our Committee Rooms also have induction loops.

ORDER OF BUSINESS

Item No.	Title of Report	Contributors	Page Nos
1	MINUTES	-	-
2	ABSENCE OF MEMBERS		
3	PUBLIC QUESTION TIME	-	-
4	DECLARATION OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS	-	-
5	MEMBERS' ITEMS – Cllr Chopra		1 - 3
6	External Audit Report on Data Quality	-	4 - 31
7	External Audit Report on Grants Submission Process		32 - 52
8	ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT	-	-

Fire/Emergency Evacuation Procedure

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by Committee staff or by uniformed porters. It is vital you follow their instructions.

You should proceed calmly; do not run and do not use the lifts.

Do not stop to collect personal belongings.

Once you are outside, please do not wait immediately next to the building, but move some distance away and await further instructions.

Do not re-enter the building until told to do so.

AGENDA ITEM: 5

Page nos. 1 – 3

Meeting	Audit Committee
Date	5 February 2009
Subject	Member's Item – Depot Replacement Project
Report of	Democratic Services Manager
Summary	This report informs the Committee of a Member's Item.

Officer Contributors	Nazyer Choudhury – Democratic Services
Status (public or exempt)	Public
Wards affected	N/A
Enclosures	None
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Nazyer Choudhury, Democratic Services – Tel: 020 8359 2031.

1. RECOMMENDATIONS

1.1 That the Committee's instructions are requested.

2. RELEVANT PREVIOUS DECISIONS

2.1 None.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 None in the context of this report.

4. RISK MANAGEMENT ISSUES

4.1 None in the context of this report.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 To allow Members of the Committee to bring a wide range of issues to the attention of the Committee in accordance with the Council's Constitution. All of these issues must be considered for their consideration of equalities and diversity implications.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 None in the context of this report.

7. LEGAL ISSUES

7.1 None in the context of this report.

8. CONSTITUTIONAL POWERS

8.1 Committees and Sub-Committees – Paragraph 7.1 states a Member will be permitted to have one matter only (with no sub-items) on the agenda for a meeting of a committee or sub-committee on which he/she serves.

9. BACKGROUND INFORMATION

9.1 Councillor Danish Chopra has requested that a Member's Item be considered on an internal audit of the Depot Replacement Project at an appropriate time.

9.2 The Acting Head of Internal Audit and Ethical Governance will provide a verbal update at the meeting.

10. LIST OF BACKGROUND PAPERS

10.1 Email from Councillor Danish Chopra dated 15 January 2009.

10.2 Any person wishing to inspect the background paper above should telephone 020 8359 2031.

Legal –
CFO –

AGENDA ITEM: 6

Page nos. 4 - 31

Meeting	Audit Committee
Date	5 February 2009
Subject	External Audit report on Data Quality
Report of	Director of Resources and Chief Finance Officer
Summary	To inform the Committee of the key findings of the external audit data quality review and report on the external auditor's action plan

Officer Contributors	Kari Manovitch, Head of Business Improvement, Shahin Farjami, Deputy Director of Corporate Governance
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 – Grant Thornton Data Quality Audit Report 2007-2008
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	None

Contact for further information: Kari Manovitch, Head of Business Improvement 020 8359 7628 or Isabelle Apcher, Performance Officer 020 8359 7853

1. RECOMMENDATIONS

- 1.1 That the committee note and consider the recommendations of the external auditor's report and the agreed action plan.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 The Annual Report (incorporating the Best Value Performance Plan) was agreed at Council on 18 June 2008.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The setting, monitoring and revision of corporate priorities and policy considerations is supported by decisions based on corporate data. Good quality data is essential to ensure effective decision making. One of the objectives of the 'More Choice, Better Value' priority is to support and challenge the Organisation for Better Use of Resources .Performance management is one of the main ways of ensuring this and robust data quality is a pre-requisite of that.

4. RISK MANAGEMENT ISSUES

- 4.1 Poor data quality opinions from the external auditors may ultimately impact on the council's reputation and rating under various inspectorates. Robust data quality is essential to the council's Use of Resources score.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The auditor's report relates to all key data and specifically considers data in relation to services that support the vulnerable. Poor data quality in such services may lead to decisions that have a negative impact on the most vulnerable in our community. In addition, robust data quality also supports the council in prioritising resources to those people who may be disproportionately affected in the way services are delivered.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 This report provides recommendations for data quality which ensures robust performance monitoring and management across the council. The Use of Resources assessment requires the council to comply with sound data quality principles and forms a key part of the Comprehensive Area Assessment.

7. LEGAL ISSUES

- 7.1 None in the context of this report.

8. CONSTITUTIONAL POWERS

- 8.1 The terms of reference for Audit Committee includes consideration of the external auditor's annual letter, relevant reports, and report to those charged with governance.

9 BACKGROUND INFORMATION

- 9.1 Audit activity on data quality and performance information supports the Commission's reliance on performance indicators in its service assessments for formerly the Comprehensive Performance Assessment (CPA) now the Comprehensive Area Assessment and Use of Resources.
- 9.2 This is the third data quality review that has been undertaken at the council and as a result the stage 1 review this year focused on following up findings and recommendations from previous years.
- 9.3 The external auditors concluded that the council's overall management arrangements for ensuring data quality have been assessed as good for the financial year 2007/08 and that the Council has improved in some key areas since last year, leading to an improved assessment overall. There are still some significant challenges that the Council has yet to meet and these are addressed in the action plan of the external auditor's report.
- 9.4 The Council has a long-term focus on improving data quality and have introduced a number of significant improvements. The external auditors have stated that our focused efforts in this area over the last few years are starting to pay off and real progress is being made.
- 9.5 An analytical review of the Audit Commission's specified Best Value Performance Indicators (BVPIs) and non-BVPIs was carried out. Three of the twelve indicators fell outside the expected range of year-on-year variance. These formed part of the six performance indicators which were reviewed at Stage 3 using a series of detailed spot checks, and the auditors found that all the indicators were fairly stated.
- 9.6 There is an increased emphasis on performance management and data sharing within partnerships and working with partners will be the key area for focus in the 2008/09 assessment of data quality.
- 9.7 Our formal data quality policy will be updated and re-launched. This clearly sets out the council's corporate requirements and expectations in relation to data quality for both internally and externally reported data.
- 9.8 From 2008/09, an annual data quality assessment will be integrated directly into the revised UoR framework. In order to score highly within the new framework, authorities will need to demonstrate positive outputs and outcomes from their data quality arrangements.

- 9.9 The external auditors have made a number of recommendations. These recommendations are being tackled through a planned programme of work which is referred to in the report action plan.

10. LIST OF BACKGROUND PAPERS

- 10.1 None

Legal: MM

CFO: JB



London Borough of Barnet
Data Quality Audit Report 2007/08

December 2008

The Audit Committee
London Borough of Barnet

27 November 2008

Dear Sirs

LONDON BOROUGH OF BARNET - DATA QUALITY AUDIT REPORT 2007/08

This Data Quality Audit Report 2007/08 has been prepared in order to record the key matters arising from our audit. The scope and objectives of this report are further detailed in Section 4.

We would like to take this opportunity to thank Shahin Farjami, Isabelle Apcher, Paul Frost and other staff and directors for the co-operation and assistance afforded to us during the course of our audit.

Yours faithfully

Grant Thornton UK LLP

Contents	Page
1 Conclusions	1
2 Background	3
3 Data quality and Use of Resources	5
4 Scope and objectives	7
5 Management arrangements (Stage 1)	8
6 Analytical review (Stage 2)	12
7 Data quality spot checks (Stage 3)	13
 Appendix	
 A: action plan	 15

1 Conclusions

Stage 1 – Management arrangements

The Council's overall management arrangements for ensuring data quality have been assessed as good for the financial year 2007/08. The Council has improved in some key areas since last year, leading to an improved assessment overall. There are still some significant challenges that the Council has yet to meet, however.

Key improvements from 2006/07 to 2007/08 are as follows;

- The Council has reinforced its commitment to this area and has clearly articulated a strategic approach to data quality. Key corporate documents underscore the importance of good, fit-for-purpose data to measure the achievement of corporate and partnership goals;
- A new risk-based review process has been implemented to assess the quality of key corporate performance indicators;
- The Council has finalised a formal data quality policy;
- The Corporate Plan data collection/monitoring process has been expanded to give increased visibility of and control over a range of strategically important datasets;

- A training and briefing session was undertaken, attended by performance staff from around the Council, key partners and ourselves; and
- The quality of corporate performance management arrangements continues to be strong.

However there are a number of further challenges that the Council has yet to meet;

- Addressing some of the complex issues around performance management and data sharing within partnerships is a key challenge for the Council, and focus on this area will increase as the Audit Commission moves to the Comprehensive Area Assessment model. There is much work to be done to ensure that the LSP uses and publishes high-quality data;
- Some internal reviews and checks of data quality take place, but there is scope to expand these. Some involvement from internal audit was planned for 2007/08, but has been deferred to the following year;
- The new formal DQ policy sets out clear corporate expectations and requirements, but effectively embedding these and ensuring compliance in practice will be a challenge, and sustained effort will be required from corporate performance officers to achieve this;
- Although current arrangements are good, there remains some scope for increased sophistication in data collection and reporting systems, in particular the potential inclusion of partners; and
- There are still some concerns over the quality of checks undertaken in some cases before reporting non-BVPI data to inspectorates or agencies such as the Institute of Public Finance, Department for Communities & Local Government, Ofsted, and Department of Health.

Working with partners will be the key area for focus in the 2008/09 assessment of data quality. More details including links to Audit Commission guidance in this area can be found in section 3. Without being able to demonstrate effective working with partners to secure good quality data, a Council will struggle to obtain more than getting the basics right in the new Use of Resources assessment in respect of data quality. This perceived change in performance would arise from the fact that the new assessment is more partnerships and outcomes orientated, rather than reflect any actual changes in the other arrangements that a council has in place to secure good quality data.

Section 5 of this report shows the detail of how the Council is performing in each of the KLOE headings of Governance and Leadership, Policies, Systems and Processes, People and Skills and Data Use.

Recommendations for improvement have been included in the action plan in the Appendix to this report.

Stage 2 – Analytical review

Our analytical review work at stage 2 identified that some of the PI values reviewed fell outside expected ranges. We sought explanations for these variances from the Council and recorded them on the Audit Commission's Electronic Data Collection (EDC) system. Where appropriate, these indicators were picked for further spot-checking at stage 3.

Stage 3 – Data quality spot checks

Based on our analytical review, we picked seven performance indicators for detailed spot-checking. We found that all seven indicators were fairly stated,

although BV183b (time spent in temporary accommodation) was amended for a non-material misstatement.

2 Background

Public bodies are accountable for the public money they spend: they must manage competing claims on resources to meet the needs of the communities they serve, and plan for the future. The financial and performance information they use to account for their activities, both internally and externally, to their users, partners, commissioners, government departments and regulators, must be appropriate for these purposes, providing the level of accuracy, reliability and consistency required.

Considerable weight is attached to published performance indicators as the basis for reducing the burden of regulation and awarding freedoms and flexibilities. This has made reliable performance information, and the quality of the underlying data, significantly more important. Regulators and government departments need to be assured that reported information reflects actual performance. This will provide confidence that they are focusing on the key areas for improvement.

Auditors' work on data quality and performance information supports the Commission's reliance on performance indicators in its service assessments for comprehensive performance assessment (CPA). This delivers the commitment to reduce significantly the level of service inspection required.

Introducing the comprehensive area assessment (CAA) framework from 2009 will make reliable performance information even more important. The CAA will place greater emphasis on assessments that are proportional to risk. Councils will also be required to use information to reshape services, and to account to the public for performance.

The responsibility for securing the quality of the data underpinning performance information can only rest with the bodies that collect and use the data. 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.

This is the third year in which we have undertaken work on data quality in local government. Our work is complemented by the Audit Commission's paper, Improving information to support decision making: standards for better quality data. This paper sets out standards, for adoption on a voluntary basis, to support improvement in data quality.

The expected impact of our work on data quality is that it will drive improvement in the quality of local government performance information, leading to greater confidence in the supporting data on which performance assessments are based.

3 Data quality and Use of Resources

For the first time in 2008, there is an explicit link between data quality work and our Use of Resources (UoR) assessment. Key Line of Enquiry (KLOE) 5.2 of the 2008 Use of Resources framework relates to processes for managing and delivering value for money. In 2008, this includes the following new descriptors;

Level 2	The Council has adequate arrangements to produce reliable data.
Level 3	The Council has good arrangements in place to produce reliable data.
Level 4	The Council has exemplary arrangements to produce reliable data. It has an agreed approach with partners to produce reliable data.

Therefore, data quality will be one of a number of factors that auditors consider when reaching value for money judgements for each authority. An authority scoring 2 out of 4 for data quality stage 1 would normally be expected to reach level 2 for this element of KLOE 5.2, although auditors are able to use discretion in this area based on a "best fit" principle.

From 2008/09, an annual data quality assessment will be integrated directly into the revised UoR framework. KLOE 2.2 of the new framework asks;

"does the organisation produce relevant and reliable data and information to support decision making and manage performance?"

In order to score highly within the new framework, authorities will need to demonstrate positive outputs and outcomes from their data quality arrangements. For example, this might include demonstrably high levels of accuracy, improved performance or better resource allocation. There is also likely to be an increasing focus on the ways in which authorities use and share data with partners.

The Audit Commission recently consulted on proposals for scoring UoR judgements from 2008/09. This consultation document proposed that KLOE 2.2 should be the "dominant" KLOE within the "managing the business" theme, and could therefore have an overriding impact on the score for this theme under some circumstances. The consultation period has now closed, but proposals are still available at;

<http://www.audit-commission.gov.uk/useofresources/2009consultation.asp>.

More information on is available on UoR 2008/09 at;

<http://www.audit-commission.gov.uk/useofresources/downloads/UoR2009OverallApproach.pdf>

2008/09 will also see the first full-year submission of data for the new National Indicator set using the new Data Interchange Hub. The Audit Commission has not yet described the assurance work to be completed by auditors in this context, although we anticipate clarification in early 2009. More information at;

<http://www.communities.gov.uk/localgovernment/performanceframeworkpartnerships/nationalindicators/datainterchangehub/>.

4 Scope and objectives

The Audit Commission has developed a three-stage approach to the review of data quality comprising:

Table 1

Stage 1	Management arrangements 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 the auditor's conclusion under the Code of Audit Practice on the council's arrangements to secure value for money (the VFM conclusion).
Stage 2	Analytical review An analytical review of 2007/08 BVPI and/ non-BVPI data, and selection of a sample for testing based on risk assessment.
Stage 3	Data quality spot checks In-depth review of a sample of 2007/08 PIs, all of which come from a list of specified BVPIs and non-BVPIs used in CPA, to determine whether

	arrangements to secure data quality are delivering accurate, timely and accessible information in practice.
--	---

This is the third data quality review that we have undertaken at the Council. As a result, our stage 1 review this year focused on following up findings and recommendations from previous years.

For stages 2 and 3, the Audit Commission specified 12 indicators which would form the basis of analytical review and spot-checking work. These were;

- BV 78a Speed of processing new claim to HB/CTB
- BV 78b Speed of processing changes of circumstances to HB/CTB
- BV 82a(i)&(ii) Household waste management (recycling)
- BV 82b(i)&(ii) Household waste management (composting)
- BV 165 Pedestrian crossings with facilities for disabled people.
- BV 183b Average length of stay in hostel accommodation
- BV 184a Proportion of LA homes which were non-decent
- BV 199a-c Local Street and Environmental Cleanliness
- BV 212 Average time taken to re-let council dwellings
- C13 Cost per library visit (IPF)
- H16 Repeat homelessness
- H18 Percentage of total private sector homes vacant for more than six months (H1P HSSA)

5 Management arrangements (Stage 1)

Overall, the council's corporate arrangements for data quality are demonstrating good performance. The overall assessment for 2007/08 has improved since last year's assessment. The Council's focused efforts in this area over the last few years are starting to pay off, and real progress is being made.

Our findings are set out below for each of the five themes of the review. We have made a number of recommendations to support further improvement - these are shown in appendix A to this document.

Governance and leadership

Has the Council put in place a corporate framework for management and accountability of data quality, with a commitment to secure a culture of data quality throughout the organisation?

Although responsibility and accountability for data quality is still not formally defined at a corporate level, the Council has strengthened and clarified arrangements for this to be devolved to service level. The new formal data quality policy, although only recently finalised, sets out clear expectations and guidance for services in assigning responsibility to operational officers. This

includes staff whose day-to-day roles involve inputting, extracting or analysing data, in addition to departmental performance "champions".

The Council still needs to formally assign responsibility for data quality at top management level, and should consider identifying a member lead to champion data quality issues. **See recommendation 2 in appendix A.**

Services are also encouraged to reflect responsibility within job descriptions and appraisals, although this remains at the discretion of service management.

The Council has reiterated a commitment to data quality in the corporate plan for 2006/07 and 2007/08.

Data quality objectives are to;

- ensure all decisions made by the Council and its partners are based on complete, accurate, relevant and reliable data
- ensure that corporate performance data is fit for purpose representing the Council's and its partners activity in an accurate and timely manner
- strike a balance between the use and importance of the information, and the cost of collecting the required data to the necessary level of accuracy

The Council has implemented a new internal review process, which assess data quality within the corporate indicator set on a risk-assessed sample basis. This

has identified some minor data quality issues, which have been fed back to service areas and will be addressed. Increased involvement and input from internal audit was planned for 2007/8 but has been deferred to 2008/9. There is some scope to improve arrangements for monitoring and reviewing data quality. **See recommendation 3 in appendix A.**

Policies

Has the council put in place policies and procedures to secure the quality of the data it records and uses for reporting?

The Council had a robust operational data quality guidance document in place for 2007/08. This set out clear expectations and requirements for operational staff involved in the collection, analysis or reporting of data.

During the year, the corporate performance team has finalised a formal data quality policy, which was approved by the corporate directors team as a delegated decision in May 2008. This document builds upon the operational guidance and addresses a number of related areas such as partnership working and business continuity. Although the formal policy has only recently been approved (May 08), the Council was able to demonstrate that services have been operating in line with the principles of a draft policy throughout the year.

The Council's new formal data quality policy does address partnership working, but only in general terms and specific, planned actions are unclear. Data quality guidance and policies are in their first iteration and at this stage there has been limited involvement from partners in their development. Staff are made aware of the Council's approach to data quality through a number of

mechanisms. The Council has also provided examples to show how it distributes updates on performance indicator guidance and local DQ policy.

Although the Council has shown that it makes staff aware of policies and procedures, mechanisms for ensuring compliance in practice are still developing. **See recommendation 4 in appendix A.**

Systems and processes

Has the council put in place systems and processes which secure the quality of data as part of the normal business activity of the body?

The Corporate plan data collection process continues largely unchanged in 2007/08. One key development for 2008/09 is the expansion of the corporate plan data collection process to cover a wider range of performance information, with corporate plan, national indicators and LAA indicators separately flagged. This goes some way towards addressing our recommendation from last year with regard to the rationalisation and integration of data collection methods, and gives the Council increased visibility of and control over diverse sets of performance data.

However, there is still scope for increased sophistication within the monitors themselves - for example the collection of numerators and denominators for high-risk indicators would give an increased level of assurance of data quality at a corporate level. Variances and direction of travel indicators should be automatically calculated rather than set manually by system users. A self-assessment of data quality based on fixed corporate criteria might also be useful. **See recommendation 5 in appendix A.**

Partners, as yet, are unable to access or interact with the corporate performance information systems. **See recommendation 6 in appendix A.** Addressing issues relating to data sharing between partners remains a key challenge for the council. Key strategic documents such as the Council's data quality policy and partnership toolkit, still under development in the latter case, highlight the importance of developing this area, but it is not clear what action is planned. **See recommendation 1 in appendix A.**

People and skills

Has the council put in place arrangements to ensure that staff have the knowledge, competencies and capacity for their roles in relation to data quality?

The Council has completed its formal data quality policy. This sets out clear corporate requirements and expectations in relation to data quality, as well as clarifying and strengthening guidance for managers in formalising responsibility for data quality.

The latest version of Data Quality guidance is available on the intranet. Guidance is regularly reviewed, at least annually, to ensure it remains pertinent in the national and local context. The corporate performance team is also proactive in distributing updated guidance and information to the relevant staff through the Corporate Plan data collection/monitoring network and other internal communications.

The Council organised another annual performance management and data quality away-day, with representatives from service departments and key partner agencies. Although this event took place outside the assessment year, it

was the outcome of a planned process implemented during 2007/08. In the context of a good level of ad-hoc support available from the corporate performance team and performance network, the Council takes the view that more frequent meetings / training sessions would be superfluous. This session focused on emphasising the strategic importance of data quality and the responsibilities of individual staff in securing this, as well as publicising key local and national policy updates.

Data use and reporting

Has the council put in place arrangements that are focused on ensuring that data supporting reported information are actively used in the decision making process, and are subject to a system of internal control and validation?

There is clear evidence to show that corporate performance data informs business planning at departmental and corporate levels. The corporate plan is data-driven, and is informed by more detailed key priority plans.

Performance data is reviewed and challenged through a number of mechanisms, including First Stat, Finance and Performance Review, ongoing member challenge sessions on an ad-hoc basis, and reports to the cabinet resources and overview and scrutiny committees. These are attended by members where appropriate. Actions arising from First Stat and F&PR are tracked by the business improvement team.

There remain some concerns around the effectiveness of the Council's scrutiny function, arising from the corporate assessment of 2006 and from our follow-up review of Scrutiny this summer. **See recommendation 7 in appendix A.**

All departments are also required to put in place local arrangements for managing budgets and performance.

The Council has adequate procedures for checking the validity of reported performance indicators, although there are some specific weaknesses. All BVPIs are subject to a complete audit trail and sign off by senior managers, but corporate plan indicators are not subject to the same level of control. Although Corporate Plan data inputters are requested to obtain approval from heads of service before submitting figures, it is not clear if or how this is mandated in practice. A sample of BVPIs are subject to pre-audit checks on the basis of a risk analysis, which includes consideration of relevance to CPA performance.

Also, arrangements could be improved for checking the validity of non-BVPI data reported to external inspectorates and agencies such as Department for Communities and Local Government (DCLG), institute for public finance (IPF), department of health (DOH). Non-BVPI information was provided to audit which had not been calculated in accordance with the relevant guidance.

See recommendation 8 in appendix A.

Overall, the Council has a strong track record of acting on, and resolving problems with data quality where these have been identified through internal or external reviews.

6 Analytical review (Stage 2)

An analytical review of the Audit Commission's specified BVPIs and non-BVPIs was carried out. We identified that three of twelve indicators fell outside the expected range of year-on-year variance. Findings are summarised on EDC as per table 1 below;

Table 1

Performance indicator	2007/08 value recorded on EDC	2006/07 value	Absolute variance	Explanation recorded on EDC
BV78a - speed of processing new claims HB / CTB	28.0	78.2	-50.2	Real performance improvement
BV78b - speed of processing change of	13.4	42.7	-29.3	Real performance improvement

Performance indicator	2007/08 value recorded on EDC	2006/07 value	Absolute variance	Explanation recorded on EDC
circumstances HB / CTB				
BV183b - average length of stay in hostel accommodation	16.57	0	16.57	Real performance decline

7 Data quality spot checks (Stage 3)

Six performance indicators were reviewed using a series of detailed spot checks and audit tests in line with the prescribed Audit Commission testing approach. For 2007/08, housing benefits PI's BV78a&b, which measure the time taken to process housing and council tax benefits claims, were assessed across all authorities.

Our findings are shown in Table 2 below.

Table 2

Performance indicator	Assessment
BV 78a Speed of processing new claim to HB/CTB	Fairly stated See comments below
BV 78b Speed of processing changes of circumstances to HB/CTB	Fairly stated See comments below
BV 82a(i) Household waste management (recycling)	Fairly stated
BV 165 Pedestrian crossings with facilities for disabled people.	Fairly stated See comments below

Performance indicator	Assessment
BV 184a Proportion of LA homes which were non-decent	Fairly stated
BV 183b Average length of stay in hostel accommodation	Fairly stated See comments below

For **BV78a&b** we identified 8 fails out of the 80 samples selected for testing; 4 each for new claims and change of circumstances. Of these, 6 failed on the basis that the date stamped on the claim did not match the date of receipt entered on the system (date stamped on new claims and date of receipt of change of circumstances). A further 2 failed because they should not have been included as new claims on the reports. The error rate identified was at the threshold of materiality suggested by the Audit Commission. Having considered the Council's management arrangements in this area, we took the view that the errors identified were likely to be isolated, and recorded both indicators as fairly stated. We communicated our findings to the benefits manager at the time of the review.

For **BV165** 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 Transport for London (TfL) and London Boroughs, and the quality of the data on TfL crossings. 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. We communicated our findings to officers from the transport and highways division.

For **BV183b** we amended the reported figure from 18 weeks to 16.57 weeks after finding a small number of minor errors in supporting data. These led to a non-material misstatement, and we recorded the indicator as fairly stated following amendment. We agreed this amendment with officers from the Community Housing team.

Action Plan

In previous years, our data quality recommendations have been linked to levels of achievement within the stage 1 KLOEs. 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 data quality is changing from 2009, as set out in section 3 of this report. This year's recommendations are intended to target good performance within the new Use of Resources framework KLOE 2.2.

Ref	Recommendation	Priority	Management response	Responsibility	Timescale
General recommendation - data quality and partnerships					
1	<p>Ensuring the quality of data used and shared within partnerships is a consistent theme in the data quality KLOEs for 2008, and is a focus under UoR 2009. The Council should focus its efforts on this area, specifically by;</p> <ul style="list-style-type: none"> Forming an effective data quality working group across key LSP partner organisations and establishing a clear work plan; Establishing clear criteria for the quality of shared data; Sharing best practice to ensure DQ within 	HIGH	<p>A workshop will be held which will cover the findings of this report and partnership working to which partners will be invited.</p> <p>Quarterly working group meetings will be held with the performance leads of the Council and partner organisations where attendance will be recorded and tracked . This will be included in the new performance cycle and partners included in it.</p>	<p>Business Improvement Team</p> <p>and</p> <p>Strategic Hub</p>	<p>By March 2009</p> <p>By March 2009</p>

Ref	Recommendation	Priority	Management response	Responsibility	Timescale
	<p>weaker organisations; and</p> <ul style="list-style-type: none"> Providing clear and consistent audit trails for all LSP / LAA2 indicators, irrespective of source organisation. 		<p>All LAA indicators are now included on the new monitors (see section 5 for details). Partnership organisations own their data and are responsible for data quality and therefore hold the data trails. Our role is to encourage this. Audit sheets will be sent to partners to complete and return to us. The updated Good Practice Guide to Partnerships refers to data quality.</p> <p>Our DQ exercise will include LAA and NI indicators (see section 3) and partners will be sent our audit checklist and will be asked to undertake a self risk assessment from which we will decide which indicators need further investigation.</p>		<p>To be started in February 2009</p> <p>By March 2009</p>
KLOE 1 – governance and responsibility					
2	The Council should formally assign responsibility for data quality at top management level, and ensure that there is effective leadership in place at member level on data quality issues. Member involvement will be a relevant factor when assessing data quality under UoR	LOW	<p>Clive Medlam, Director of Resources & Chief Finance Officer will be the responsible officer for Data Quality.</p> <p>Councillor Cornelius Cabinet Member for Policy & Performance is responsible for performance and data quality.</p>	Business Improvement Team	Ongoing

Ref	Recommendation	Priority	Management response	Responsibility	Timescale
	2009 framework.		Performance data is discussed at F&PR which Councillor Cornelius jointly chairs. Data quality is discussed at these meetings where appropriate.		
3	<p>The Council has implemented a range of mechanisms for reviewing the accuracy of key performance indicators, but there is room for further improvement. The Council should</p> <p>(a) implement an agreed framework for monitoring and review of the quality of data shared between partners.</p> <p>(b) show that reviews of data quality are reported to management and that action is taken based upon them.</p> <p>© show that where risks associated with poor quality data Have been identified, these have fed through to production of the annual governance statement.</p>	MEDIUM	<p>a) Partners will have a copy of the DQ Policy and will be invited to the Workshop. We will look at ways that other councils review shared data such as Haringey.</p> <p>b) We will continue and maintain our current checks including our data quality exercise, our quarterly checks of the corporate plan monitors. A data quality exercise will be undertaken to check the robustness of 3rd quarter data. This will include a mix of Corporate Plan, CPA, LAA and NI indicators based on significance and risk following the process previously used for BVPIs. The results will be fed back to services and raised at the workshop</p> <p>c) The Director of Resources & Chief Finance Officer's role as responsible officer for data quality, risk and Use of Resources will ensure that any data quality issues are captured in the Annual Governance Statement.</p>	Business Improvement Team	<p>By March 2009</p> <p>By March 2009</p> <p>Ongoing</p>

Ref	Recommendation	Priority	Management response	Responsibility	Timescale
			d) The recommendations of our Internal Audit report will be implemented by June 2009.		June 2009
KLOE 2: Policies and procedures					
4	The Council should demonstrate that the formal DQ policy has been effectively embedded and is being followed in practice, and that policy objectives are being delivered.	HIGH	<p>The DQ Guidance is available to all leads on the intranet.</p> <p>The DQ Policy will be updated and re-launched. All performance leads and partners will be sent a copy and it will also be available on the internet.</p> <p>The principles of the Guidance and Policy and supporting advice from the Business Improvement Team requires all services to manage data in line with data quality principles.</p> <p>The workshop will be the formal re-launch of the Policy.</p>	Business Improvement Team	By March 2009
KLOE 3: Systems and processes					
5	The Council should ensure that existing data collection mechanisms are designed to be as automated and streamlined as possible. This means minimising the amount of manual data manipulation required, making spreadsheets more accessible to inputters, and automating variance calculations /	MEDIUM	<p>This year's monitors now include all LAA and NI indicators as well as Corporate Plan ones.</p> <p>All service performance leads have access to the shared drive which is password</p>	Business Improvement Team	Ongoing

Ref	Recommendation	Priority	Management response	Responsibility	Timescale
	direction of travel indicators etc.		protected. The direction of travel will be automated on monitors. Variance is automated on the data quality audit sheets. We will look at including an automated variance column to our performance monitors for next year. We will be looking at different e-system options which we may pursue further based on cost and VFM . We are looking at ways of improving our data collection through excel spreadsheets.		Ongoing Ongoing
6	The Council and partners should explore the feasibility of establishing a single data collection and reporting mechanism for organisations across the LSP.	LOW	This year's monitors now include all LAA and NI indicators as well as Corporate Plan ones. All service performance leads have access to the shared drive which is password protected. We have a partner performance lead with access to the shared drive to complete data for the Primary Care Trust.	Business Improvement Team	Ongoing
KLOE 5: Data use and reporting					

Ref	Recommendation	Priority	Management response	Responsibility	Timescale
7	For next year's assessment, the council will need to demonstrate that the concerns in relation to the quality of scrutiny raised in the corporate assessment report of 2006 and subsequently in our follow up review, have been fully addressed.	MEDIUM	<p>The recommendations of the external review of scrutiny were approved by Council on 15 July 2008. The detailed proposals will be the subject of a report to the Special Committee (Constitution Review) on the 29 January and if approved will go to Council in April for approval. Implementation will take place from the start of the next Council year in May. A project team will be set up to oversee the implementation of the new arrangements.</p> <p>One of the proposals is to have a Budget and Performance Overview and Scrutiny Committee that will scrutinise the management of the Council's budget and hold the Executive to account for performance in delivery of the Corporate Plan and all other plan, strategy and service objectives. This will ensure consistency of members looking at all council performance data across the board rather than corporate priority based so that cross-cutting issues can be addressed.</p> <p>Each quarter Overview and Scrutiny members will have the opportunity to comment on indicators prior to OSC meetings.</p> <p>30 get Cllr Cornelius to reinforce this message. Needs to be stronger message for officers to manage process and get answers</p>	<p>Business Improvement Team</p> <p>and</p> <p>Corporate Governance</p>	From May 2009

Ref	Recommendation	Priority	Management response	Responsibility	Timescale
8	<p>The Council should improve arrangements for validation and checking of externally reported data, ensuring that;</p> <p>(a) Data returns to government departments, their agencies and regulators are supported by a clear and complete audit trail.</p> <p>(b) Data underpinning the information which is used for external reporting, for example to AC, IPF, CLG, DH, is subject to departmental verification checks.</p> <p>(c) All data is subject to senior management approval before external reporting to regulators and government departments</p>	HIGH	<p>The scope of the Data Quality Policy will be clarified so that it clearly applies to data reported externally.</p> <p>The Policy relates to all data not just performance data internally or externally. Data is service's responsibility.</p> <p>Our 3rd quarter data quality exercise will include NIs based on significance and risk. Services will be asked to complete a modified audit sheet for low risk NIs.</p>	Business Improvement Team	By March 2009

AGENDA ITEM: 7

Page nos. 32 - 52

Meeting	Audit Committee
Date	05 February 2009
Subject	External Audit Report on Grants Submission Process
Report of	Director of Resources & Chief Finance Officer
Summary	To consider the report from the external auditor on matters arising from the certification of the Council's grant claims.

Officer Contributors	Helen Gardiner, Head of Strategic Finance
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Grants Report (22 December 2008)
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	None

Contact for further information: Helen Gardiner, Head of Strategic Finance on 020 8359 7172

1. RECOMMENDATIONS

- 1.1 That the matters raised by the external auditor relating to the grants submission and certification process be noted.**
- 1.2 That the officer response to the matters raised by the external auditors be noted.**
- 1.3 That the Committee consider whether there are any areas on which they require additional information or action.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Audit Committee 27 February 2008 (External Audit Report on Grants Submission Process)

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Corporate Plan includes an objective for a 'strong and supportive governance framework' within 'More Choice Better Value'.

4. RISK MANAGEMENT ISSUES

- 4.1 Failure to have a robust process for the collation and submission of grant claims can place the receipt of external funding, which the Council is entitled to and has budgeted for, at risk.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 It is essential that the Council meets all requirements in securing grants so as to secure funding for services which benefit the whole community.

6. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 6.1 The grants submission process is the final stage in the process for receiving external funds from third parties. As noted above, where there are weaknesses in the systems for monitoring and claiming these monies, these funds are potentially at risk.
- 6.2 There are no specific staffing, ICT or property implications.

7. LEGAL ISSUES

- 7.1 None in the context of this report.

8. CONSTITUTIONAL POWERS

- 8.1 The terms of reference for Audit Committee includes consideration of the external auditor's annual letter, relevant reports, and report to those charged with governance.

9 BACKGROUND INFORMATION

- 9.1 The Council receives substantial funds from external bodies that are used to support the delivery of its services. As part of the process of receiving these funds, the Council is required to submit periodic returns to the grant paying bodies which detail how the Council has utilised the monies received.
- 9.2 Under Audit Commission guidance, to provide assurance to the grant paying bodies, the Council's external auditor, Grant Thornton LLP, reviews and certifies all claims in excess of £100,000 after verifying that all the expenditure incurred by the Council qualifies under the terms and conditions of the grant. Grants under £100,000 do not have to be certified and only limited checks are required for grants between £100,000 and £500,000.
- 9.3 In 2007/08 8 claims and data returns to a value of £305m were certified within the required deadlines. The two most significant returns were the Housing Benefit and Council Tax Subsidy return at £177.2m and the National Non-Domestic Rates return at £87m.
- 9.4 The table below summarises performance in 2007/08 against best practice targets:

Performance Target	Best Practice	Performance 2005/06	Performance 2006/07	Performance 2007/08
Number of claims	N/A	20	11	8
Claims submitted on time	100%	65%	55%	100%
Claims amended	0%	44%	55%	38%
Claims qualified	0%	25%	40%	25%
Certified within deadline	100%	80%	91%	100%

- 9.5 The 2007/08 performance shows an improvement, particularly with regard to meeting submission deadlines. The number of claims and returns has decreased, however the claims remaining are those claims most prone to error due to their size and complexity.
- 9.6 There were two claims qualified in 2007/08. The National Non Domestic Rate Return (NNDR) and the Housing Revenue Subsidy Claim. The NNDR was qualified due to the late processing of a valuation office amendment. The amendment is question required a query to be raised with the valuation office and this delayed the update being processed. Procedures have now been implemented to ensure that this error is not repeated. The Housing Subsidy Return was qualified due to the incorrect exclusion of shared ownership dwellings from a field in the return. Procedures have been implemented to ensure that this is corrected in the next set of returns.

9.7 The grant fee for 2007/08 was £70,256, a reduction of £14,485 from 2006/07.

10. LIST OF BACKGROUND PAPERS

10.1 None

Legal: MM

CFO: JB

London Borough of Barnet

Grants Report 2007-08

22 December 2008

Contents	Page
1 Executive summary	1
2 Approach and context to certification	3
3 Summary findings	5

Appendices

- A Action plan**
- B Details of claims and returns certified in 2007-08**
- C Fee analysis**

1 Executive summary

1.1 Approach and context to certification

Grant Thornton UK LLP ("we") act as agents for the Audit Commission to review and provide a certificate on the accuracy of grant claims and returns to various government departments and other agencies. This means that the arrangements for certification are prescribed by the Audit Commission, who agree the scope of the work with each relevant government department or agency. The roles and responsibilities for each party involved are clearly defined.

Section 2 of this report sets out an overview of the approach to certification work on grant claims and returns, the roles and responsibilities of the various parties involved and the scope of the work we perform.

1.2 Summary findings

Overall, the Council has improved its performance against key targets as a result of implementing most of the recommendations made in our 2006-07 Grants report. To improve arrangements for certifying grant claims and returns further, we have included four recommendations in the action plan in Appendix A.

All councils should work to submit all claims for certification to their auditors by the deadline set by the relevant government department and achieve no amendments or qualifications to those claims submitted. As auditors, we seek to certify all claims within the government department deadline, or three months from receipt if later.

The Council has performed well against these targets, with key points being:

- All grants claims that required certification were submitted on time.
- The quality of working papers provided to auditors has improved, with most claims and returns reconciling back to the general ledger.
- Key officers have been provided with training in preparation of claims and returns and the certification process.
- The grants co-ordinator liaised with the audit manager and grant compliers to ensure that work on the claims and returns was completed by the certification date.

Section 3 of this report sets out further details on performance against these targets. Appendix 2 also includes a detailed analysis by claim.

The budget for certification work set out in our Audit and Inspection Plan was £85,000. This was revised to £75,075 when we issued our detailed grants plan in July 2008. The actual fee we charged for this work was £70,265. Performance against the budget and prior year is set out in Section 3. Further details of variances against budget and the prior year fee are shown Appendix C.

1.3 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 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 certification. Our work is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, our grant certificate work does not ordinarily identify all such matters.

1.4 The way forward

Amendments and qualifications made to claims and returns can lead to repayment of funds to grant paying bodies, and perhaps reduced entitlement to grant funding in future years. Therefore, we would recommend that the Council takes steps to reduce the number of amended claims in future years.

In addition, taking action to address the recommendations made in the action plan in Appendix A will further improve the certification process, which will reduce the amount of work required. This will have the positive outcome of reducing certification fees in future years.

1.5 Acknowledgements

We would like to take this opportunity to thank the grants co-ordinator and the other Council's officers for their assistance and co-operation during the course of the certification process.

2 Approach and context to certification

2.1 Introduction

In addition to our responsibilities under the Code of Audit Practice, we also act as agents for the Audit Commission to review and provide a certificate on the accuracy of grant claims and returns to various government departments and other agencies.

The Audit Commission prescribes our work in this area. Each year, it agrees with the relevant grant paying body the work and level of testing which should be completed for each grant claim and return, and set this out in a grant Certification Instructions ("CI"). Each programme of work is split into two parts, firstly an assessment of the control environment relating to the claim or return, and secondly a series of detailed tests.

In summary, the arrangements outlined in the Audit Commission's approach to grant certification are:

- for amounts claimed below £100,000 - no certification required;
- for amounts claimed above £100,000 but below £500,000 - work is limited to certifying that the claim agrees to underlying records of the Council; and
- for amounts claimed over £500,000 - certifying that the claim agrees to underlying records of the Council, and assessment of the control environment. Where reliance is not placed on the control environment, detailed testing is performed.

2.2 Roles and responsibilities

The following table briefly details the roles and responsibilities of the parties involved in the certification of claims and returns.

Party	Role and responsibility
Grant paying body	Sets conditions of grant, and deadlines for submission of pre-certificate and certified claims.
Audit Commission	Issue Certification Instructions.
Council	Submit claims for certification to the Appointed Auditors within grant paying body submission deadlines. Ensure documentation is maintained to support compilation of the claim.
Appointed Auditor	Certify claims submitted in accordance with Audit Commission Instructions and within certification deadlines.

2.3 Scope

The scope of this work is our assessment of the Council's arrangements for the submission of grant claims for certification purposes. It does not cover the overall arrangements put in place by the Council to:

- Ensure that it makes a claim for every area of eligible expenditure;
- Maximise the grant income received;
- Commit resources to manage the grant income cash-flow in an effective manner; or
- To performance manage both internal staff and third parties charged with these responsibilities.

3 Summary findings

3.1 Grant co-ordination

The Council has a grants co-ordinator, based in Finance Shared Services - Resources. They are our key point of contact when making arrangements to undertake our certification work. We are pleased to report that the Council has good procedures in place to identify grant claims and returns that require certification. To improve these arrangements further, we have included recommendations in the action plan in Appendix A. The Council's officers have included their intended actions to address these recommendations, and we will review progress against these as part of our grants certification work in late 2009.

The grants co-ordinator has kept us informed in advance of, and throughout, the certification process, particularly with regard to submission deadlines. We will continue to liaise with them in 2008-09 to ensure that all claims are received by the relevant deadlines, and in monitoring the implementation of recommendations and areas for improvement.

3.2 Performance against targets

The following table summarises the Council's performance against submission and accuracy targets.

Performance target	Target	Achievement in 2007-08		Achievement in 2006-07	
		No	%	No	%
Total number of claims	n/a	8	n/a	11	n/a
Claims submitted by Council deadline	100%	8	100	6	55
Claims certified by auditor deadline (or within 3 months of receipt if later)	100%	8	100	10	91
Claims certified without amendment or certification	100%	3	38	3	27
Claims amended	0%	3	38	6	55
Claims qualified	0%	2	25	4	36
Claims amended and qualified	0%	2	25	3	27

This analysis of performance against targets shows that:

- There has been an improvement in submitting grant claims and returns, with all being submitted to the auditor on time.

- As the Council's auditors, we are required to certify all claims and returns within 12 weeks of receipt of both the claim and a full set of working papers. It should be noted that it is the Council's responsibility to ensure that all statutory deadlines are met. This year, we certified all claims and returns within the certification deadline.
- There has been a reduction in the number of claims being amended. Some of the amendments to the claims and returns certified were minor by nature and that the absolute number of claims and returns amended has fallen. Furthermore, the claims and returns that require auditor certification are more complicated than those that no longer require auditor certification. There is a greater risk of error in compiling the more complicated claims and returns. An analysis of the claims and returns that were amended is given in Appendix B.
- We qualified two claims this year compared with four in the previous year. We are required to qualify whenever we feel that, based on the certification work which we have undertaken, the entries within the claim or return are not adequately supported by the Council's working papers such that we are not satisfied that the claim or return is actually correct. Government departments are entitled to withhold or withdraw payment to the Council of any monies that they feel, based on our qualification letters, are not adequately supported. The two claims qualified were the Housing Revenue Account Subsidy claim and the National Non-Domestic Rate claim. The Housing Revenue Account subsidy claim was qualified due to the incorrect exclusion of the shared ownership dwellings from a calculation of the number of dwellings in a field. This was also the reason for qualification in 2006/07. The National Non-Domestic Rate claim was qualified as one of the valuation office updates received on or before 31 January 2008 was not processed until after the year end.

Further details on each claim and return are set out in Appendix B.

3.3 Fee analysis

The estimated fee for grant certification work was set out in our Audit and Inspection Plan for 2007-08 approved by the Audit Committee in March 2007. This was revised in our Grants Plan agreed with officers in July 2008.

The fee charged for certification work in 2007-08, compared to the fee in 2006-07 and the budgeted fee, is set out below. Further analysis by claim, including variances, are included in Appendix C.

Claim	Fee in 2007-08	Budgeted fee 2007-08 per grants plan	Fee in 2006-07
Total	£70,265	£75,075	£84,750

The fee analysis reflects that:

- there has been a decrease in fees for the National Non-Domestic Rates grant claim due to changes in the Certification Instruction, which reduced the level of detailed testing required.
- there have also been decreases in fees across grant claims and returns in general due to improved arrangements.
- however, there has been an increase in the Housing Benefits and Council Tax grant claim as there was a change in the certification approach to housing benefit which was

introduced in 2007-08. The Audit Commission has produced a series of workbooks to make the certification and data recording for this claim consistent for all councils in England. As a result, fees for this work are also more consistent across London Boroughs. We note that the fee for this claim at this Council is still low compared with other London Boroughs.

- The Mental Health Grant and Children's Fund Grant were not required to be certified by the auditor in 2007-08.

A Action plan

No.	Claim	Recommendation	Priority	Management response	Responsibility & implementation date
1	All claims	Arithmetic checks should be undertaken on the claim or return to ensure that transposition or other calculation errors are identified prior to certification.	1	It is mandatory for all claims to be checked by the budget holder or service finance manager before submitting for CFO signature.	Compiler Prior to submission of completed claim to CFO for signature.
2	National non-domestic rates return - LA01	Ensure that all Valuation Office updates received on or before 31 January are processed prior to claim being prepared.	1	Agreed	Grants Co-ordinator After notification of certification visit.

No.	Claim	Recommendation	Priority	Management response	Responsibility & implementation date
3	All claims	The officers responsible for grant claims should inform the auditor and grants co-ordinator if key contacts are not available during the certification visit.	1	The grants co-ordinator maintains a register of grants and relevant key contacts. The grants co-ordinator will remind officers responsible for grant claims of the requirement to be available during the certification visit, once notification of the visit has been received from Grant Thornton	Grants Co-ordinator After notification of certification visit.

No.	Claim	Recommendation	Priority	Management response	Responsibility & implementation date
4	Teachers' Pension - PEN05	The HR Quality Manager should obtain letters of assurance from schools with external payroll providers to verify that the external payroll providers are only including pensionable items in the actual contributory salary figure. This should be obtained prior to the certification work commencing.	2	<p>In February 2008 schools with external payroll providers were asked to return letter's of assurance. Reminders were sent at the beginning of September to a few school's who failed to respond to the initial request and all letter's of assurance were received before the 2007/8 Teacher Pension Audit was complete.</p> <p>For the 2008/9 Audit a letter will be issued in February 2009 and earlier reminders will be sent in May and June. This should ensure that we receive the letters of assurance prior to certification work commencing in mid September.</p>	<p>Head of Human Resources, Shared Services</p> <p>June 2009</p>

B Details of claims and returns certified in 2007-08

Claim ref.	Claim title	Value of claim (£)	Amended?	Value of amendment (£)	Qualified?	Improvement area
BEN01	Housing Benefit & Council Tax Benefit Subsidy	177,250,469	Yes	Amendment did not have a financial impact on claim	No	None
CFB06	Pooling of Housing Capital Receipts	3,902,553	No	N/A	No	None
EYC02	General Sure Start	6,108,279	No	N/A	No	None
HOU01	Housing Revenue Account Subsidy	9,688,301	Yes	Unable to quantify due to the type of claim and amendments	Yes	See Appendix A for action plan
HOU02	Housing Subsidy Base Data Return	N/A	Yes	Amendment did not have a financial impact on claim	No	None
HOU21	Disabled Facilities grant	570,839	No	N/A	No	None
LA01	National non-domestic rates return	87,613,169	Yes	13,722	Yes	See Appendix A for action plan

Claim ref.	Claim title	Value of claim (£)	Amended?	Value of amendment (£)	Qualified?	Improvement area
PEN05	Teachers Pension return (x3)	19,879,444	Yes	Amendment did not have a financial impact on claim	No	See Appendix A for action plan

C Fee analysis

Claim ref.	Claim title	Month billed	Fee billed for 2007-08 (£)	Fee billed for 2006-07 (£)*	Variance (£)**	Budgeted fee per grants plan (£)	Variance (£)**
BEN01	Housing Benefit & Council Tax Benefit Subsidy	November 2008	36,140	28,063	(8,077)	29,250	(6,890)
CFB06	Pooling of Housing Capital Receipts	September 2008	4,485	5,750	1,265	4,875	390
EYC02	General Sure Start	October 2008	3,640	5,000	1,540	4,875	1,235
HOU01	Housing Revenue Account Subsidy	December 2008	5,460	5,312	(148)	4,875	(585)
HOU02	Housing Subsidy Base Data Return	October 2008	7,345	8,750	1,405	9,750	2,405
HOU21	Disabled Facilities grant	October 2008	2,795	5,250	2,455	4,875	2,080
LA01	National non-domestic rates return	September 2008	5,655	13,625	7,970	9,750	4,095

Claim ref.	Claim title	Month billed	Fee billed for 2007-08 (£)	Fee billed for 2006-07 (£)*	Variance (£)**	Budgeted fee per grants plan (£)	Variance (£)**
PEN05	Teachers Pension return (x3)	September 2008	4,745	6,250	1,505	6,825	2,080
TOTAL			70,265	78,000	7,735	75,075	4,810

Notes

* The total fee for grants in 2006-07 was £84,750. The difference is due to the Children's Fund grant (£3,562) and Mental Health Grant (£3,188) not being included on the prior year fee analysis as the requirement for auditors certification ceased in 2006-07.

** A positive variance shows that the fee was either lower than the prior year, the budget or both. A negative variance shows that the fee was higher than the prior year, the budget or both.



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