

# **Audit of the Best Value Performance Plan and Performance Indicators**

**Torridge District Council**

**Audit 2005/2006**

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# Summary report

## Introduction and objectives

- 1 The Local Government Act 1999 (the Act) requires best value authorities to publish a best value performance plan (BVPP) each year, setting out an assessment of current performance and targets for improvements. The Act requires the external auditors of best value authorities to audit the BVPP and report whether it has been prepared and published in accordance with the Act and statutory guidance.
- 2 Auditors are also required by the Code of Audit Practice (the Code) to review best value authorities' arrangements for the management of performance, and the systems for producing specified performance information.
- 3 Our objective was to consider and report on:
  - whether the BVPP content met the minimum statutory requirements; and
  - the adequacy of the systems you have put in place to produce and publish the specified performance information (including reporting to the Audit Commission).
- 4 It should be noted that this report is not the auditor's statutory audit report on the BVPP as required under section 7 of the Act 1999 (see separate auditor's report on the BVPP).

## Audit approach

### Compliance audit

- 5 The extent to which your BVPP complies with legislation and revised statutory guidance was assessed using checklists produced by the Audit Commission. They are referred to as the 'Best Value Performance Plan Compliance Checklist' and the 'Best Value Performance Indicators (BVPI) inclusion checklist'. A copy of the documents was shared with the Council's officers as soon as they were available.

## BVPI audit

- 6 To inform our judgement on the arrangements in place to ensure that BVPIs are produced in accordance with the relevant guidance, we have taken the following approach.
- Select a sample of BVPIs to review. The majority of the sample comprises of a set of indicators assessed as high-risk by the Audit Commission nationally. Added to this, we have selected a small sample of new indicators and indicators which were previously amended or qualified.
  - For each PI, obtain explanations for variances from the previous year.
  - Test each PI to determine whether the correct definitions have been used and whether the PI has been correctly calculated.
  - Review the system in place to ensure that the PI is properly prepared.
  - Test the system to ensure that it is working effectively.

## Findings and recommendations

### Compliance audit

- 7 The BVPP as published was broadly in line with the statutory requirement and good practice guidance. A summary of the expected requirements is set out below.

**Table 1      BVPP compliance**

Expected content	Findings
A summary of the Council's strategic objectives and priorities for improvement.	The BVPP highlights the key documents that summarise the corporate objectives and corporate targets, namely the Corporate Plan and also the Recovery Plan. However, the BVPP itself does not provide a description of the Council's strategic objectives and priorities for improvement.
Arrangements for addressing the Council's improvement priorities.	The BVPP notes the recovery plan process and describes the key 'recovery projects', 'improvement projects' and 'ongoing projects' that are planned to help deliver the required improvements. A description of the expected outcomes is also included.

Expected content	Findings
Details of past, current and planned performance.	<p>All of the required performance indicators, including targets for future years, were included in the BVPP.</p> <p>See findings from BVPI audit for further details. Although not a statutory requirement, the BVPP does not include any local performance indicators. The ODPM and Audit Commission suggest that BVPPs include some local PIs, as they are an important measure of local performance and of the responsiveness of the Council to meeting local needs.</p>
Brief statement on contracts awarded during the past year, involving a transfer of staff.	The BVPP includes a brief statement on contracts. No major contracts were awarded which involved the transfer of staff.
Has the Council published its BVPP by 30 June?	BVPP was published by 30 June 2005. It is available on the intranet, in libraries and hard copies are available on request.

### **Recommendations**

*R1 As well as highlighting the key documents that include the corporate objectives and targets, the BVPP should include a brief description of the Council's strategic objectives and priorities for improvement.*

*R2 Although not a statutory requirement, the BVPP should include a selection of key local performance indicators.*

### **BVPI audit**

- 8 The approach to the audit of performance indicators has changed with only a sample of indicators being checked. The findings from the testing of this sample are then used to inform our judgement over the quality of performance indicators within the BVPP.
- 9 Quality assurance arrangements - although a number of quality assurance arrangements were found to be in place, as found in previous years, the level of supporting documentation produced and retained by responsible officers is not consistently of an acceptable standard. We found that in many cases obtaining working papers to support the indicators published was difficult and this required substantial additional audit resource.
- 10 Completeness of performance indicators (PIs) - this year we found that all of the specified information was included, as required.

- 11 Accuracy of PIs - our findings from the testing of the sample of BVPIs are summarised at Appendix 1. A number of improvements are suggested given the weaknesses noted below.
- Of the 14 BVPIs tested, 3 (BVPI 183, 184 and 204), or 21 per cent, were calculated incorrectly. All three errors were classified as non-material errors, so do not impact our report on your BVPP. The errors found in the BVPP were amended on the data return submitted to the Audit Commission, which will be used to produce a national database of PIs and will compare the Council's performance with other councils' performance.
  - In one case (BVPI 203), weaknesses were found with the supporting documentation and systems and we expressed a reservation (qualified our opinion) on this indicator.
  - In three other cases (BVPI 185, 199 and 205), weaknesses were identified with the supporting documentation and systems in place, however these were not significant, so we accepted the PI reported. Improvements have been suggested to address these weaknesses.
  - The Audit Commission also requested us to review two housing PIs that are not statutory BVPIs, as they plan to include them in the CPA performance indicator model:
    - average re-let times (HIP BPSA); and
    - private Sector Homes vacant for more than six months (HIP HSSA).
  - One PI (HIP BPSA) was found to be calculated incorrectly and the amended figure was agreed and notified to the Audit Commission. Significant weaknesses were found with the other PI (HIP HSSA) and we reserved our opinion (qualified) on this indicator.

<b>Recommendations</b>
<i>R3 A separate file should be held by responsible officers, which includes the appropriate supporting documentation and an audit trail to the source data.</i>
<i>R4 The BVPI calculations should be reviewed by responsible officers to ensure they are correct and in accordance with the required definitions.</i>
<i>R5 Other improvements suggested relating to PIs should be implemented by responsible officers and confirmed by heads of department.</i>

## The way forward

- 12 Where a matter has arisen during the course of our audit, we have included the details in the attached action plans. This will serve to monitor the Council's actions on the issues raised, aided by the Council's assignment of a responsible officer and a target date for implementation.
- 13 Progress by the Council on these will be incorporated into the planning and risk assessment for next year's audit plan.

## **Acknowledgement**

- 14 Our thanks are due to all the Council's staff who have helped us during the audit.

## Appendix 1 - Summary of BVPI testing

**Table 2 Summary of BVPI testing**

<b>BVPI</b>	<b>Calculated correctly and in accordance with PI definition?</b>	<b>System in place to capture PI and working effectively?</b>	<b>Improvements required</b>
BVPI 66a - rent collection	Yes	Yes	None.
BVPI 183a and b - average length of stay in bed and breakfast, and hostels	BVPI 183b was found to be calculated incorrectly by Internal Audit and was amended from 14 weeks to 16 weeks. This is classified as a non-material amendment.	Yes	The BVPI calculations should be reviewed to ensure they are correct and in accordance with the required definitions.
BVPI 184a and b - non-decent homes	The wrong numerator and denominator were used to calculate BVPI 184a, although re-calculation using the correct figures did not alter the result of 27 per cent.  The wrong numerator and denominator was used to calculate BVPI 184b, resulting in the BVPI being amended from 11.4 per cent to 11.33 per cent. This is classified as a non-material amendment.	Yes	The BVPI calculations should be reviewed to ensure they are correct and in accordance with the required definitions.

<b>BVPI</b>	<b>Calculated correctly and in accordance with PI definition?</b>	<b>System in place to capture PI and working effectively?</b>	<b>Improvements required</b>
BVPI 185 - appointments for non-emergency repairs	Two different prints for the same period were provided, which had slightly different results (2 per cent different) as they were run at different dates. This is due to the system being constantly updated to reflect cancellations and changes to job status. We accepted the original results included in the BVPP as they were not materially different.	Yes	The Council should agree a cut-off date when the correct information has been input onto the system and run the print (and maintain it for audit purposes) at that date.
BVPI 202 - people sleeping rough	Yes	Yes	None.
BVPI 203 - families placed in temporary accommodation	Yes	Quarter 4 results were tested in detail. There was no documentation to support the bed and breakfast occupancies, which was in part due to a temporary person monitoring this. We have reported our reservations on this BVPI to the Audit Commission.	Supporting documentation should be produced and retained to allow us to substantiate the BVPI. We have been informed that a new system was put into place from April 2005, which should provide the required supporting documentation.

BVPI	Calculated correctly and in accordance with PI definition?	System in place to capture PI and working effectively?	Improvements required
HIP BPSA Section E3 - average re-let times	<p>Our review of the calculation found that it had not been calculated in accordance with the required definition due to voids that cut across financial years (start in one year and end (re-let) in another year) being treated incorrectly.</p> <p>We informed the Audit Commission that the original figure of 49.9 was incorrect and has been amended to 57.54.</p>	Yes	The PI calculations should be reviewed to ensure they are correct and in accordance with the required definitions.
HIP HSSA Section A1 and A6 - private sector homes vacant for more than six months	<p>It was agreed with the responsible officer that the total number of private sector dwellings calculation was incorrect, as the deduction required for RSL properties appeared incorrect and could not be fully substantiated.</p> <p>The private sector properties vacant for six months was based on a report run in November 2004 and not the 31 March/ 1 April as required.</p>	The required information could not be produced so we reported our reservations to the Audit Commission about the reliability of the results provided.	The Council should review its processes to compile the PI to ensure it is able to calculate the required information in accordance with the definition. Supporting documentation should be retained to evidence this.

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<b>BVPI</b>	<b>Calculated correctly and in accordance with PI definition?</b>	<b>System in place to capture PI and working effectively?</b>	<b>Improvements required</b>
BVPI 76b and c - number of fraud investigators and investigations per caseload	Yes	Yes	None
BVPI 79b - recovery of overpaid benefit	Yes	Yes	None.
BVPI 82a and b - recycling and composting	Yes	Yes	None.
BVPI 199 - cleanliness of relevant land and highways	Yes	Detailed advice included in the ENCAMS Guidance Manual has not been fully followed as the surveys are not all reviewed by the manager (Head of Street Cleansing) as some are completed by him.	The Council is planning to improve the collection process by separating the duties - of collection of data and review of it by the manager.
BVPI 106 - new homes on brown field sites	Yes	Yes	None.
BVPI 109 a to c - planning applications	Yes	Yes	None.

<b>BVPI</b>	<b>Calculated correctly and in accordance with PI definition?</b>	<b>System in place to capture PI and working effectively?</b>	<b>Improvements required</b>
BVPI 204 - percentage of appeals allowed against Authority's decision to refuse planning application	The denominator (planning appeals refused by the Council) was not adjusted to account for non-determined cases as required. This resulted in the BVPI being amended from 14.8 per cent to 16 per cent. This is classified as a non-material amendment.	Yes	The PI calculations should be reviewed to ensure they are correct and in accordance with the required definitions.
BVPI 205 - quality of service checklist	Yes	Yes. However, no evidence was retained on file to support the yes/no answers to the checklist. All yes answers had to be followed up with the responsible officer and evidence obtained to substantiate the answer.	Supporting documentation should be produced and retained to allow us to more easily substantiate the BVPI.

## Appendix 2 - Action plan

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	R1 As well as highlighting the key documents that include the corporate objectives and targets, the BVPP should include a brief description of the Council's strategic objectives and priorities for improvement.	3	N/A	N/A	<p>The BVPP was published in June 2005 and referred to the existing corporate plan. Unfortunately, a brief description of the Council's revised strategic objectives and priorities for improvement was not available as a new corporate/strategic plan was being compiled at the time of publication of the BVPP. This was explained in the BVPP.</p> <p>The newly titled Strategic Plan has since been adopted and is on our website at <a href="http://www.torridge.gov.uk">www.torridge.gov.uk</a>". Also note that next years BVPP report will be based against the new Strategic Plan, so while the outcomes will be linked where possible to the 2005 BVPP, it will be reported based on the new strategic objectives.</p> <p>No action.</p>	N/A

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	R2 Although not a statutory requirement, the BVPP should include a selection of key local performance indicators.	2	N/A	N/A	As stated at R1 it was not appropriate at the time of publication to report on local indicators because of the review of our strategic objectives. As it was not a statutory requirement to include local PI data this was not considered an issue. Meaningful local PIs may be considered for inclusion in next years BVPP for monitoring in 2006/07. No action.	N/A

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R3 A separate file should be held by responsible officers, which includes the appropriate supporting documentation and an audit trail to the source data.	3	Andrew Winfield	Yes	<p>Every BVPI has a yellow file that is provided by internal audit to the responsible officer. It contains guidance information on the PI and includes the calculation and annual evidence sections. Responsible officers are asked to keep all supporting documentation within these files or a suitable cross reference to where the specific information can be found.</p> <p>Action: A reminder will be issued to all responsible officers together with the Audit Commission's Summary of BVPI testing.</p>	31 January 2006

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R4 The BVPI calculations should be reviewed by responsible officers to ensure they are correct and in accordance with the required definitions.	3	Andrew Winfield	Yes	The responsible officers should be aware that they are required to review the BVPI calculations. A reminder will be issued to Responsible Officers.	31 January 2006
7	R5 Other improvements suggested relating to PIs should be implemented by responsible officers and confirmed by heads of department.	2	Andrew Winfield	Yes	See R3.	31 January 2006