

2003/2004 JOINT AUDIT AND INSPECTION LETTER

Key Issues	PwC Comment / Recommendations	Council's Response
<p>1. Closure of Accounts (p. 7-8 of Letter)</p>	<p>The Council's procedures for closing the accounts will need to be developed further in future years as the Accounts and Audit Regulations will move the timetable for the closure of local authority accounts progressively towards having the accounts approved by 30 June and audited by 30 September. The Council's devolved structure and multiple accounting systems makes these deadlines particularly challenging</p>	<p>The Council is continually working to improve the closure process. They are regularly reviewed at both operational and strategic level. Amendments have been made to the 2004/05 guidance which will speed up the process. This includes:</p> <ul style="list-style-type: none"> (i) changes to the best value procedures such that corporate charges are now allocated and issued to services two months earlier; (ii) the earlier issue of the on-line workbooks and requesting information relating to the notes to accounts; (iii) extra resources have also been identified and these will be directed to problem areas during the closure period. <p>The 2004/05 timetable has been agreed through Strategic Finance Group and cascaded to all units within the Council. A revised end of year training programme has been agreed for implementation in February/March 2005.</p>

2003/2004 JOINT AUDIT AND INSPECTION LETTER

Key Issues	PwC Comment / Recommendations	Council's Response
	<p>Our Auditors' Scored Judgement scored the Council a "2" for the quality of the draft accounts and the supporting working papers. The accounts contained a number of immaterial errors, and a significant error in respect of the Housing valuation (£41m due to working papers being misread). The reconciliation of internal debtors and creditors is a key control, and was not completed at the outset of our audit. In addition, certain key working papers were not available to us at the outset of our audit. Our Final Accounts Report to the Director of Finance provided additional detail on the progress we believe the Council needs to continue to make in its accounts closedown and production procedures.</p>	<p>The Council has responded to the Final Accounts Reports and is taking positive action to deal with the issues raised. The review processes that have taken place have covered the issues of working papers and debtors and creditors reconciliation. Specific issues such as working papers are to be emphasised in the year end training sessions. We have asked PwC to assist in the programme to reinforce the message.</p>
<p>2. Financial Systems (p. 9 of Letter)</p>	<p>2005/06 will be a crucial year for the Council in developing its financial systems. The action plans arising from the tasks groups will need to be swiftly implemented to ensure that the Council is well placed to meet the earlier deadlines for accounts production and for us to be able to revise our audit approach as outlined. We will therefore continue to discuss with the Director of Finance and the Director of Corporate Services how our specialist staff can best assist the Council in its systems and incentives.</p>	<p>We have employed external consultants Certus Technology Associates Limited to help us develop the optimum solution to our financial system needs. Plans are being actioned to move towards a common coding structure. There are two paths currently under consideration for the system; to move to a single financial system, or to better integrate the existing systems.</p>
<p>3. Internal Control (p. 9 of Letter)</p>	<p>The statement of internal control (SIC) included in the Council's 2003/04 accounts recognised that an ongoing review of the system of internal control had not been undertaken during 2003/04. The Council will therefore need to undertake a formal annual review of effectiveness from 2004/05 onwards.</p>	<p>We intend to implement this through a series of assessments across each department. The Head of Audit and Investigations is leading on this process which has already started with a review of Corporate Governance. A report, Annual Review of Corporate Governance and Action Plan Update, which reviewed arrangements went to the Performance and Finance Select Committee on 11/01/05.</p>

2003/2004 JOINT AUDIT AND INSPECTION LETTER

Key Issues	PwC Comment / Recommendations	Council's Response
	<p>Our Auditors Scored Judgement scored the Council a "2" for monitoring of Financial Systems, as Internal Audit were unable to review all high risk financial systems and only 73% of their plan was delivered in 2003/04 as a result of staffing constraints. Internal Audit has now completed a substantial recruitment exercise and increased the numbers of staff in their team and they will therefore be better placed to improve the delivery of their plan in 2004/05.</p>	
<p>4. Achievement (p. 20 of Letter)</p>	<p>Achievement in Brent shows a mixed picture. Since 2002/03, 58 per cent of performance indicators have improved. It has 34 per cent of PIs in the top 50 per cent, and 35 per cent are in the worst quartile. Education, housing benefits, libraries and leisure services PIS are mainly in the third and fourth quartiles. The council achieved half of the targets it set for 2003/4.</p>	<p>While there has been significant improvement on a number of key performance measures, the council is aware of the need to ensure improvement right across the range of services. We will be reviewing the performance of all BVPI's as part of our performance management arrangements and ensuring that those areas that are making limited or slow improvements are given appropriate support. This approach has already enabled us to make improvements in such areas as recycling, revenue and benefits and staff sickness levels.</p>
<p>5. Insurance (p. 8 and p. 14-15 of Letter)</p>	<p>From 2004/05 we recommend that the Council should provide for insurance claims based on an assessment of outstanding claims at the year end. This will require sufficient information being available at 31 March 2005 and to achieve this, the Council will need to review the systems in place to identify outstanding claims.</p> <p>Our insurance specialists carried out a high level review of insurance arrangements within the Council. Initial findings were that</p>	<p>New statistical tracking systems have been introduced to monitor claims progress, detail claims resolved and claims outstanding. All of this information will be provided to Zurich and the service areas within the council</p> <p>The above mentioned tracking system will monitor trends in claims and trigger appropriate action.</p>

2003/2004 JOINT AUDIT AND INSPECTION LETTER

Key Issues	PwC Comment / Recommendations	Council's Response
	<ul style="list-style-type: none"> • There is a worrying increase in public liability and personal injury claims costs; and • There is scope to strengthen both internal controls and the expertise available to deal with insurance issues and also improve the management of the Council's relationship with its main insurance provider, Zurich Municipal. 	<p>A full claims handling process review will take place in 2005 and will address appropriate levels of internal controls. A service level agreement has now been largely agreed with Zurich, with one or two points to be clarified in the coming quarter. Regular meetings with Zurich will be set up, at least quarterly, until the close of the contract.</p>
<p>6. Capital Finance (p. 9 of Letter)</p>	<p>We believe the approach to monitoring the Prudential Code would be strengthened by a "Prudential Code report", including all indicators, prepared on a monthly basis and monitored by committee.</p>	<p>The arrangements we have put in place for this are as follows:</p> <ul style="list-style-type: none"> • The probable actuals and estimates for all prudential indicators are reported as part of the budget report to the Executive and Full Council; • Our report to the General Purposes Committee on the unaudited accounts will include details of the outturn on prudential indicators on affordability, capital spending, and external debt. Any amendments during audit will be included in our report to GPC on audited accounts. • Prudential indicators on affordability and capital spending are reported in regular capital monitoring reports to the Executive.

2003/2004 JOINT AUDIT AND INSPECTION LETTER

Key Issues	PwC Comment / Recommendations	Council's Response
		<ul style="list-style-type: none"> Prudential indicators on external debt and treasury management are monitored daily in BFS. The Director of Finance and Deputy Director of Finance review the figures on these indicators on a weekly basis. Any forecast of a breach of the limits or actual breach of the limits will be reported at the first opportunity to General Purposes Committee. The only exception to this is breaches of the operational boundary on borrowing which will be reported in the next budget monitoring report to the Executive (unless they are sustained in which case they will be reported on an exception basis to General Purposes Committee).
<p>7. Best Value (p. 12 of Letter)</p>	<p>Our audit identified weaknesses in the method of calculation for the 'Prompt payment of invoices' indicator, which was not supported by a robust audit trail. In addition the sample of invoices used in the calculation of the indicator did not include sufficient coverage of all Council departments responsible for paying invoices. We recommend that the council rectifies these weaknesses as a priority.</p>	<p>This issue is being taken very seriously, and a project group has been established to examine the options for improving the audit trail and sample for the indicator. The performance of the Council has already significantly improved as action has been taken to make the payment of invoices more robust throughout the Council.</p>
<p>8. Review of Accommodation (p. 14 of Letter)</p>	<p>There is the potential for "quick wins" to be made through initiatives such as storage rationalisation, stronger management of meeting room bookings, reallocation of rarely utilised desks and implementing a pilot desk sharing project.</p>	<p>The review was welcomed and is helping our thinking over the proposals for the new Civic Centre. A number of the recommendations have already been implemented.</p>

2003/2004 JOINT AUDIT AND INSPECTION LETTER

Key Issues	PwC Comment / Recommendations	Council's Response
<p>9. Council Tax Collection (p. 14 of Letter)</p>	<p>Council Tax - We concluded that Capita could adopt a more dynamic approach to the management of council tax collections. We made a number of recommendations which the Council has agreed to take forward with Capita.</p>	<p>Detailed service improvement plan was developed during 2004/05 which had already incorporated a number of separate PwC recommendations. Council Tax collection is on course to exceed 2003/04 and plans for 2005/06 being actively developed to sustain improvement.</p>
<p>10. Social Services (p. 16 and p. 13 of Letter)</p>	<p>We found scope for improvements in the following areas:</p> <ul style="list-style-type: none"> • A key challenge for Social Services is to ensure that Framework I is being utilised by all staff as intended and that locally developed stand alone databases are no longer in use; • Ensuring all new staff in the older people's service unit receive training in the appropriate use of the continuing care policy and assessment tool; • Ensuring that older people's residential and nursing care provider price increase decisions are appropriately authorised, documented, and communicated to all relevant parties; 	<p>Plans are in place to migrate from stand alone databases by 31st March 2005.</p> <p>All staff in the Older People Services Unit receive training in the Continuing Care procedures as part of multi disciplinary working.</p> <p>Executive Committee agree the price increases for all placements these are automatically applied to the current providers. However any price increases that fall outside the Executive Committee agreement will be individually agreed by the chair of the placement panel.</p>

2003/2004 JOINT AUDIT AND INSPECTION LETTER

Key Issues	PwC Comment / Recommendations	Council's Response
	<ul style="list-style-type: none"> • Improving mechanisms for ensuring children's social workers compliance with departmental processes (e.g. timely completion of change of circumstances forms); • Scope to improve the audit trail of decision making within some children's case files; • Scope to improve the timetabling of review of cases by children's placement panel; and • Scope to strengthen placement / panel processes for placements which are jointly funded with education and or health. 	<p>Framework-i system when fully functional will eliminate the need for change of circumstances forms as social workers will update the system directly. Systems & Information Team will be monitoring compliance with the system and will have regular monthly meetings with team managers to discuss management information and advise directly on compliance with the system.</p>
<p>11. Youth Offending Team (p. 16 of Letter)</p>	<p>Youth Offending Team - nine recommendations were agreed. These were largely based around:</p> <ul style="list-style-type: none"> • Ensuring documentation and systems manuals are supplied to all staff responsible for inputting data; • Improving the consistency with which staff supervision meetings address data quality issues. <p>Investigating the poor performance on the accuracy element of the audit and ensuring a more rigorous audit trail is established for the next round of submissions.</p>	<p>The Audit helpfully identified a number of areas for performance improvement. An action plan has been developed to ensure the future consistency and quality of data submissions.</p>

2003/2004 JOINT AUDIT AND INSPECTION LETTER

Key Issues	PwC Comment / Recommendations	Council's Response
<p>12. Social Services Performance Assessment Data Quality (p. 15 of Letter)</p>	<p>We found that the systems and processes underlying the production of some of the indicators were poor. In particular we found that the production of the 2003/4 indicators relied upon a range of locally developed stand-alone spreadsheets and manual collection processes. We found that the processes underlying the referrals and assessment (RAP) return for 2003/04 were particularly weak with a lack of adequate audit trails and as a result we placed a reservation on the best value indicator BV54.</p>	<p>Since the period covered by the PI data quality audit, a new client database (Framework i) has been introduced across the department. This has replaced stand-alone, manual systems which it was recognised were not sufficiently accurate or reliable to meet the needs of the department. This database was introduced in April 2004, some months before the audit was undertaken, however the audit focused on the old, no longer used systems.</p> <p>The framework –i database is now the source of information for issues such as referrals and assessments required to complete the RAP return. The introduction of this new system addresses and overcomes the deficiencies identified in previous manual systems, has report writing facilities included which ensure more accurate and effective collation of statistics and also ensures robust audit trails are in place.</p>

2003/2004 JOINT AUDIT AND INSPECTION LETTER

Key Issues	PwC Comment / Recommendations	Council's Response
<p>13. Refuse Collection (p. 21 of Letter)</p>	<p>There is a need for further improvement in refuse collection and street cleaning. The waste management inspection in November 2003 rated the service as fair with promising prospects for improvement. Second quartile performance is achieved for satisfaction with standards of cleanliness, but satisfaction with kerbside collection is in the third quartile; and waste management cost; access to kerbside collection and the percentage of land littered are in the worst quartile.</p>	<p>The work on a joint action plan with Onyx our refuse and cleansing contractor was completed in October 2004 and the performance for refuse and special collections are much improved. Additional targeted intensive cleaning in residential and industrial areas have proved popular with residents as has the enhanced cleaning regime in town centres. Plans for increasing the frequency of cleaning in shopping parades and outside tube and train station will be implemented in April 2005 as will the extension of the intensive cleaning programme to all wards in the borough. In addition we have agreed a PSA target of 28% for our street cleaning performance.</p> <p>Recycling rates are up from 6% to 13% and expected to achieve 14% by March 2005. This has been achieved through reboxing and door knocking campaigns for the green box, distributing 30,000 green waste composting bins, commissioning a new reuse and recycling centre in the borough, collecting over 100 tonnes of leaves and Christmas trees. We are confident of achieving our target of 18% for March 2006, as we proceed to 60,000 green waste bins collecting garden waste, kitchen waste and cardboard weekly from June 2005. The provision of recycling frames for estate and flatted properties is expected to be completed by April 1005 and will put us in the top quartile for access to kerbside collection.</p>

2003/2004 JOINT AUDIT AND INSPECTION LETTER

Key Issues	PwC Comment / Recommendations	Council's Response
<p>14. Homecare for older people (p. 20 of Letter)</p>	<p>In adult services there has been some improvement in the proportion of older people helped to live at home, the number of service users receiving a statement of needs and a care plan. However, the proportion of older people receiving intensive homecare has not improved and the costs of residential nursing care have increased relative to other authorities.</p>	<p>Care is provided to clients based on their assessment of need. Following the assessment a care plan is devised with the client and their family to ensure that an individual can be maintained at home with a variety of support mechanisms, home care is only one of these services. Where an individual's care needs require intensive support it is provided. The assessment process will continue to look at the relevant levels of services required and intensive care will be provided when needed. The levels of intensive home care will be monitored on a quarterly basis to check on performance.</p> <p>The cost of residential and nursing care is closely monitored on a monthly basis, however due to the shortage of bed availability within West London there are competing demands from other local authorities and PCT's which has the effect of forcing up the unit costs. The Council's sets a usual cost for residential and nursing care and is following the guidance within the Choice of Accommodation Guidance to pursue third party tops when client choice is above the Council's maximum charge.</p>
<p>15. Schools (p. 20 of Letter)</p>	<p>Over the year, the number of schools in special measures increased from 2 to 3 out of 84 schools. However, this now stands at 2 schools. Performance in terms of special needs has improved but is still comparatively low.</p>	<p>The number of schools in special measures has reduced to 1 school (out of 84 schools).</p> <p>Timescales for completing statutory assessments of SEN have improved significantly and over 90% of statements (excluding exceptions) were completed within 18 weeks.</p>
<p>16. Promoting Quality of Life (p. 21 of Letter)</p>	<p>Areas requiring further attention include user satisfaction levels which remain low for most cultural services and investment in the infrastructure.</p>	<p>Customer satisfaction levels for libraries improved in 2003 Public Library User survey improved from 81.5% to 85.3%. Increased investment in services</p>

2003/2004 JOINT AUDIT AND INSPECTION LETTER

Key Issues	PwC Comment / Recommendations	Council's Response
		<p>has led to improved festivals programme, increased opening hours, refurbishments and book fund in libraries, forthcoming move of Grange Museum to new purpose built premises at Willesden Green Library Centre and a two star rating in the Audit Commission inspection of cultural services in 2004.</p>
<p>17. Housing Benefits (p. 22 of Letter)</p>	<p>For 2003/4, four PIs have improved and six have not improved, with seven remaining in the worst quartile. Waiting times are down from two hours to 45 minutes and the average time for processing new claims is down from 89 days last year to 56 days (but still below the standard of 36 days). There has been a continued decline in the average time for processing change of circumstances; now at 34 days against a standard of 9 days, which remains worst quartile. Satisfaction with the service overall is low, although the latest local survey does show improvement.</p>	<p>A major change programme for the HS service commenced in October 2002 – with a 3 year improvement plan. Significant backlogs of processing work were eradicated during 2003/04 (13,500 items of work) which resulted in a significantly improved service to customers. The clearance of backlogs was essential to reducing processing times in 2004/05 – with the average new claim being assessed in 47 days and on target for 36 days in 2005/06. During backlog clearance work was prioritised and this did mean that change in circumstances were tackled later in most cases. FIC's are on course to be processed in less than 20 days for 2004/05 and to further improve in 2005/06. We do not agree that satisfaction with the service is low – the overall satisfaction rate in the last BVPI Survey was 69% which compares favourably with other Housing Benefits providers. Satisfaction rates improved in 5 out of the 6 areas covered by the survey – with a 14% increase in satisfaction for claim processing times. Call Centre satisfaction levels remained the same and no area showed deterioration. These improvements were manifested in an improved BFI (CPA) score from 1 in 2003/04 to 3 in 2004/05.</p>