

PART 1 - PUBLIC

Decision Maker: Improvement and Efficiency Sub-Committee

Date: 13 October 2010

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **INTERNAL AUDIT AND VALUE FOR MONEY REPORTING**

Contact Officer: Graham Walton, Democratic Services Manager
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Chief Officer: Mark Bowen, Director of Legal, Democratic and Customer Services

Ward: N/A

1. Reason for report

- 1.1 The Audit Sub-Committee has approved an approach to Value for Money (VfM) reporting by Internal Audit, which is referred to this Sub-Committee for consideration. The approach includes a referral process to the Organisational Improvement Team.
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2. **RECOMMENDATION(S)**

The Sub-Committee is requested to consider the approach to Value for Money reporting endorsed by the Audit Sub-Committee, and note in particular the role of the Organisational Improvement Team in supporting this work.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: N/A
 2. Ongoing costs: Recurring cost.
 3. Budget head/performance centre: Internal Audit
 4. Total current budget for this head: ££587,520, excluding the benefit fraud partnership.
 5. Source of funding: N/A
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Staff

1. Number of staff (current and additional): 10 fte
 2. If from existing staff resources, number of staff hours: 380 per quarter
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Legal

1. Legal Requirement: Statutory requirement. Accounts and Audit Regs 2006
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 180 including Chief Officers and Head teachers.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The Audit Sub-Committee has received a series of reports at its meetings on 23rd March, 10th June and 16th September 2010 setting out an approach being developed by Internal Audit to Value for Money (VfM) reporting. The concluding report to the September meeting is attached as Appendix 1. This report includes information about options for benchmarking and an update on pilot work carried out in two areas – Building Control and Homecare. The Sub-Committee referred these pilots to the relevant Committees – Development Control and Renewal and Recreation PDS for Building Control, and Adult and Community PDS for Homecare.
- 3.2 The VfM methodology includes a scoring matrix to be used by Internal Audit in the course of their audit work for reviewing VfM risks and controls, with a rating of 1-4. This is set out in detail in section 3 of the 16th September report – the Sub-Committee approved this with the addition of a row in the matrix for the name or source of the benchmark. Where lower scores are recorded the matter is referred to the Organisational Improvement Team who will assist the service concerned. It should be noted that a low score does not necessarily indicate a service offering poor VfM, but it may indicate that there are not robust systems in place to substantiate good VfM.
- 3.3 The draft minute of the Audit Sub-Committee's meeting on 16th September is set out below -

13 INTERNAL AUDIT AND VALUE FOR MONEY REPORTING Report DR10076

The Sub-Committee had received reports on Value for Money (VfM) reporting at its previous meetings on 23rd March and 10th June 2010, and had called for these to be referred to the Improvement and Efficiency Sub-Committee. The Sub-Committee received a further update covering the work carried out in two pilot areas (Building Control and Homecare), benchmarking sites, the practicality of using this data and referral to the Organisational Improvement Team.

The report suggested a number of ways that VfM could be achieved; these were listed at paragraph 3.6, and Members proposed that a further point could be added to this list – asking fundamental questions, and seeking radically different ways of providing services. The Sub-Committee emphasised the importance of enabling managers to review their services; Internal Audit would be working with the Organisational Improvement Team to ensure that guidance would be available for this.

RESOLVED that

- (1) The report on Internal Audit's VfM approach to the case studies be noted and the suggested methodology to be adopted be agreed, including the scoring rating and the referral process to the Organisational Improvement Team.
- (2) It is noted that Internal Audit are currently reviewing the wider remit issues around VFM work and will report back as appropriate.
- (3) The reporting requirements to this Sub-Committee on VfM work undertaken for audits completed be agreed.
- (4) The VfM control matrix be amended with the addition of a row for the name or source of the benchmark.
- (5) The pilot VfM work on Building Control be referred to the Development Control Committee and the Renewal and Recreation Committee for consideration.
- (6) The pilot VfM work on Home Care be referred to the Adult and Community PDS Committee for consideration.

4. FINANCIAL IMPLICATIONS

- 4.1 The additional work involved in undertaking VfM assessments will be contained within the existing Audit budget. All VfM studies may result in efficiency and economy savings.

Non-Applicable Sections:	Policy, Legal, Personnel – see attached reports.
Background Documents: (Access via Contact Officer)	See attached reports. Reports to Audit Sub-Committee on 23 rd March and 10 th June 2010 – “Internal Audit and Value for Money Reporting”