

External Audit Progress Report

London Borough of Hammersmith & Fulham

Audit 2009/10

June 2010

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Summary of progress

- 1 Appendix 1 details progress against the 2009/10 audit plan. To date, all audit work remains on track.

Opinion on the 2009/10 financial statements

- 2 We aim to give an opinion on the 2009/10 financial statements by 30 September 2010. Work is due to commence on the financial statements in July. The results of the audit will be reported to the September audit Committee.

Comprehensive Area Assessments and Use of resources

- 3 The government coalition has stated in its programme of government document that it plans to abolish Comprehensive Area Assessment. All work on updating the area assessment and organisational assessment will cease with immediate effect. The Audit Commission is working with the government and partner inspectorates to ensure we can continue to increase accountability for local public services through more transparency, richer data and less inspection.
- 4 As a result, detailed scores for use of resources work will not be issued as in previous years.

Recent Audit Commission reports

- 5 The Audit Commission publishes independent reports which highlight risks and good practice to improve the quality of financial management in local government and encourage continual improvement in public. Some of the recent reports are summarised in Appendix 2 and are also available on the Audit Commission web-site at: <http://www.audit-commission.gov.uk/localgov/pages/default.aspx>

Appendix 1 – Progress against the 2009/10 audit plan

Audit plan content	Planned date	Status
Audit Plan	April 2009	Completed
Opinion audit plan	March 2010	Completed
Annual governance report	September 2010	Not yet started
Auditor's opinion on the financial statements	September 2010	Not yet started
Use of resources report	September 2010	Cancelled
Final accounts memorandum	October 2010	Not yet started
Annual audit letter	November 2010	Not yet started
Review of market testing	July 2010	Draft report with the Council for comment

Appendix 2 – Summary of recent Audit Commission publications

The truth is out there: a discussion paper (05 March 2010)

This discussion paper looks at how the public sector can improve information made available to the public. It follows our publication in November 2009, [Nothing but the truth](#) that looked at the reliability of facts and figures used by public service providers and decision-makers such as councils and health trusts, social workers, doctors and police.

The next document in our 'Truth' series, 'The truth is out there' poses questions such as 'What information will capture the public's imagination?' and 'How will the public know what information to trust?'

The paper is written on the assumption that:

- data about public services should be in the public domain, subject to essential safeguards for confidentiality;
- information should be in forms that can be easily accessed, understood and analysed; and
- it is both necessary and possible to take steps to reduce the risk that public trust will be undermined by inaccurate data or deliberate distortion.

To prompt that debate, the paper:

- shares learning and innovative practice from Britain and other parts of the world;
- highlights the challenges and risks of making data and information more widely accessible; and
- suggests some ways to mitigate those risks in the years ahead.

'The truth is out there' aims to stimulate debate on transparency in the public sector. Comments are invited online via thetruth@audit-commission.gov.uk

By mutual agreement: severance payments to council chief executives (16 March 2010)

The study looked at council chief executives' job moves over 33 months, and found that:

- agreed severance packages for 37 council chief executives totalled £9.5 million, 40 per cent of which was in pension benefits;
- three in every ten outgoing council chief executives received a pay-off;
- only six took up other senior council jobs within a year;

- one in seven single tier or county councils had paid off a chief executive, and this rate seems to be growing; and
- the average cost to councils of each severance package was almost double the annual basic salary, but in four cases was more than triple.

Severance deals can be in the interests of the council and the taxpayer. But our research shows that not all such deals are justified, that competent chief executives have sometimes lost their jobs needlessly, and that less effective individuals have been paid-off rather than dismissed.

The Commission wants all deals to be more transparent. They should be reviewed by scrutiny or remuneration committees, with details published shortly after they are agreed. And councils should consider whether to include so-called 'pre-nuptial' clauses in contracts, specifying the grounds and payment for severance.

The report found that rapid re-employment in local government is unusual – only six out of the 37 returned to a senior council post within a year, and over 80 per cent have yet to return to local government. However, a way should also be found of recouping some of a pay-off where an executive moves quickly into another top council job.

In the interests of openness and transparency, the Audit Commission is making submissions received, following our call for evidence, for the By Mutual Agreement: Severance payments to council chief executives study available. These can be viewed on the Audit Commission internet page. A copy of responses will also be placed in the House of Commons library.

Surviving the crunch: Local finances in the recession and beyond (23 March 2010)

This report is the third in a series of publications looking at the impact of the credit crunch and subsequent recession on local authorities.

It says that councils must think bigger and act quicker to reduce costs, or funding cuts will cause more damage to services and jobs than is necessary. Most councils have been cushioned from the worst of the recession because the government stuck to its three-year funding settlement. But this ends in 2011. On average, councils receive two-thirds of their income from grants.

Even though the timing and extent of cuts in government support are unclear, the report says that councils must prepare now for leaner times. The sooner they get clarity the better. The best-prepared councils are taking action now to preserve services in the years ahead, but others have yet to make any financial plans beyond 2011.

A review of collaborative procurement across the public sector (21 May 2010)

The National Audit Office and the Audit Commission have jointly produced this review. It draws on Audit Commission research in local government, carried out during the autumn of 2009.

Summary of progress

The review finds that although collaborative procurement has the potential to improve value for money, the public sector procurement landscape is fragmented, with no overall governance. Consequently, public bodies are incurring unnecessary administration costs by duplicating procurement activity, and they are paying a wide range of prices for the same commodities, even within existing collaborative arrangements.

It recommends that, given the size of public sector procurement spend and the potential to significantly improve value for money, public bodies should work together much more effectively than they currently do. And there should be a clear framework to coordinate public sector procurement activity.

Download [A review of collaborative procurement across the public sector](#) from the National Audit Office website.

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

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