

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

## Wiltshire County Council

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<b>Reference:</b>	WI007 Audit of the Best Value Performance Plan and Best Value Performance Indicators (Final)
<b>Date:</b>	February 2005

## Introduction

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.

Auditors are also required by the Code of Audit Practice to review Best Value authorities' arrangements for the management of performance, and the systems for producing specified performance information.

## Objectives

Our objective was to consider and report on:

- the extent to which the BVPP complies with statutory requirements as to content and distribution; and
- the adequacy of the systems you have put in place to produce and publish the specified performance information (both to influence our audit opinion on the BVPP and to report on these arrangements to the Audit Commission).

A statutory audit report on the BVPP as required under section 7 of the Act, will be issued separately.

## Audit approach

### Compliance with statutory requirements

We assessed the extent to which your BVPP complies with legislation and revised statutory guidance using criteria set by the Audit Commission. We sought to assess whether the BVPP included all the required information, including all of the required Best Value performance indicator (BVPI) information. We noted the following.

- BVPI 194 (a) and (b) – no targets were set 2006/07. This was due to the process requiring agreement with the DfES which did not take place until after publication of the BVPP.
- BVPI 99(a)(i) to 99(e)(ii) – no targets were set for 2004/05 through to 2006/07. This was due a change in the basis for measuring the indicator in 2004/05 which was not known pre publication.
- BVPI 119(a)(c)(d) – no figure was been published on the basis that these services are provided by the local districts.
- BVPI 198 – no figure was published as the data which the authority relies on was not available pre publication.

The BVPP is required to contain all the specified performance indicators and associated targets for the years 2003/04 to 2006/07. Although the above were noted we have concluded that the BVPP included all the required performance information.

The Council's BVPP for 2004/05 meets all the statutory requirements.

## Best value performance indicators

The following paragraphs outline the results of our detailed audit of the performance indicators in the BVPP for 2004/05. We aimed to assess the accuracy of the data and the adequacy of the underlying systems in place to produce and publish performance data.

### Audit approach

From an initial risk assessment of each performance indicator in the BVPP, we selected those performance indicators deemed to be 'at risk of mis statement' for detailed testing. In determining the risk rating for each BVPI we considered:

- issues identified in the previous year;
- analytical review variances;
- nationally identified risks; and
- internal quality assurance arrangements.

Our detailed testing sought to confirm that:

- there was an adequate audit trail;
- the outturn information was consistent with other source documents (such as central government returns); and
- correct definitions were followed and indicators calculated correctly.

By agreement with officers, we commenced our initial testing of performance indicators prior to the BVPP being published. This enabled us to identify, and the Council to correct, a number of errors before the BVPP was issued.

### Audit findings

Overall, the system for the capture and publication of performance indicators has improved over the prior year following the implementation of audit recommendations. In addition testing pre publication, and the addendum process, has contributed to a lower number of PI's being included when considering the qualification of the overall BVPP.

The Audit Commission set criteria for us to assess the accuracy of data in the BVPP. If over 10 per cent of performance indicators tested are significantly inaccurate (a significant error represents an under or overstatement of the performance indicator value by +/- 15 per cent) or are 'reserved' (ie we have reservations about the accuracy of the data but are unable to substantiate what the accurate figures should be), the auditor should issue a qualified opinion on the BVPP. In our testing post publication and where the PI could not be amended via the addendum, we found just two significant issues.

- BVPI 12 - average working day shifts lost due to sickness per FTE. This was reserved because the system is unable to record the information to the nearest half day.
- BVPI 177 – legal and advice expenditure on quality mark services. This was reserved because the authority was unable to provide a robust audit trail to support the detailed calculations.

Consequently our BVPP opinion is unqualified.

In addition to this, the Audit Commission requires auditors to consider whether a statutory recommendation should be made to improve information systems if more than 10 per cent of indicators are inaccurate or indicator definitions have not been closely followed.

Our testing of the performance indicator data contained in the BVPP identified that 5 out of the required 76 indicators (7 per cent) [prior year 10 of 64 required indicators (15 per cent)] were either inaccurate or did not fully comply with the required definitions. These included the two reserved items mentioned above. The Council corrected the published performance information for the three indicators that were able to be amended. As can be seen there has been a significant improvement in the accuracy of the performance information over the prior year. As a result, unlike last year, we do not propose a statutory recommendation concerning performance data arrangements.

Appendix 1 summarises the indicators that were adjusted following the audit along with reasons for each change.

Appendix 2 summarises 'reservations' ie indicators for which adjustments have not been possible due either to problems with the systems used or an inability to fully comply with the specified definitions.

## The way forward

Under the Audit Commissions strategic regulation process it is possible that we will be unable to undertake prepublication reviews in the future. Therefore the authority should put in place arrangements for verifying the data pre publication that do not rely on the Audit Commission. Recommendations for such arrangements are included at Appendix 3. The authority should provide a formal response to these recommendations.

## Audit reporting to the Audit Commission

The findings of our audit of the performance data in the BVPP are used for two separate reporting processes, namely:

- influencing our audit opinion on the Council's BVPP as described above; and
- reporting our assessment on the Council's arrangements for producing the required performance information to the Audit Commission as described below.

The Audit Commission attach considerable importance to the accuracy of performance information to ensure that comparisons between authorities and between years are reliable. When reporting to the Audit Commission the results of our audit, we advise that we adjusted the BVPI Electronic Data Capture database submitted to them by the Council, to reflect the changes made at audit and agreed with the Council. In addition we highlighted the 'reservations' ie those cases where identified errors and uncertainties cannot be quantified and corrected, mentioned above.

## Status of our reports to the Council

*Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Reports are prepared by appointed auditors and addressed to Members or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any Member or officer in their individual capacity, or to any third party.*

## Schedule of audit adjustments to BVPIs

The following table summarises those BVPIs that were identified as inaccurate during our audit and subsequently recalculated.

BVPI	Description	From	To	Reason for adjustment
<b>2003/04 actuals</b>				
14	<b>CORPORATE HEALTH</b> Early retirements as a percentage of the total workforce.	0.27%	0.32%	Teaching staff not included as required by the definition.
15	Ill health retirements as a percentage of the total workforce.	0.15%	0.13%	Teaching staff not included as required by the definition.
192a	<b>EDUCATION</b> Average days access to relevant training and development.	3.73	3.01	Original figure incorrectly calculated.

## Schedule of reservations

Our audit reported to the Audit Commission reservations on the following BVPIs, either relating to compliance with the definition or to the systems used to produce the performance information. In these cases the Council was unable to recalculate and amend the indicator.

BVPI	Description	Reservation
12	The average working days/shifts lost due to sickness per FTE.	Reserved due the authority's system not recording the nearest half day when an individual reports sick part way through the day/shift as required by the definition.
177	Legal and advice expenditure on quality mark services.	Reserved on the basis that the authority was unable to provide sufficient audit trail for the calculation provided.

## Action plan

Ref	Finding/ <i>Recommendation</i>	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
R1	<p><b>During interim testing it was noted that several of the indicators were not recorded to two decimal places. This is important for the ease of data entry into the Electronic Data Capture System (EDC). Further comparative figures for the prior year utilised the published BVPP figures rather than the addendum figures.</b></p> <p><i>The authority should implement procedures to prevent this.</i></p>	3	Corporate PI Coordinator, Departmental Co-ordinators	See comment	<p>The PI sign off sheet will be amended to remind managers and PI co-ordinators to check that:</p> <ul style="list-style-type: none"> <li>the calculation is correct and complies with the latest definition and guidance;</li> <li>the PI is shown to two decimal places; and</li> <li>the explanation for variations on prior year is reasonable (and the prior year figure is the post audit figure).</li> </ul>	May 2005
R2	<p><b>BVPI's 33,51,52,87 and 107 should include any FRS 17 adjustment.</b></p> <p><i>The authority should provide clear audit trail for these indicators to demonstrate that any FRS 17 adjustment is included in the out turn.</i></p>	3	Corporate Finance – Financial Accounting Manager	See comment	Ian Burbidge will lead on this and will organize a meeting with the appropriate staff responsible for these PIs.	End December 2004

