

**Agenda Item No:**

**Report to:** Corporate Management Group

**Date of Meeting:** 17 June 2010

**Report Title:** End of CAA

**Report By:** Tom Davies  
Chief Auditor

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**Purpose of Report**

To provide an update following the announcement that Comprehensive Area Assessment (CAA) has formally ended. This report will go forwards to the 28 June 2010 Audit Committee.

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**Recommendation(s)**

- 1. To note the report**

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**Reasons for Recommendations**

The ending of CAA is a significant change that will have implications for the Council. members and Officers need to be advised of developments as they occur and in particular, in relation to the inspection fees.

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## Introduction

1. The coalition stated in its programme of government document that it planned to abolish CAA. All work ceased with immediate effect on 20 May 2010. The Audit Commission wrote out on behalf of all CAA inspectorates to let local bodies know how they are proposing to bring work on CAA to a conclusion. They are currently in discussions with government, the Local Government Association (LGA) and other representative bodies about the future approach to inspection and will inform local bodies of any developments in their approach as soon as they have been agreed.

## PKF Response

2. Hastings BC approached PKF about the implications in light of the announcement that CAA is ended. PKF received confirmation from the Audit Commission on 1 June relating to use of resources work and this is what they said:

"The Commission wrote to all Councils on 28 May about the abolition of CAA. Having responded to a number of queries about the Commission's announcement, I wanted to set out the position as we (PKF) understand it. I received confirmation from the Commission on 1 June of the following, relating to our use of resources work:

There will not be any use of resources scoring. The work completed to date, and in some cases due to be completed shortly, will inform our VFM conclusion work only; outcomes will be reported in that context (in our annual governance report and annual audit letter).

We will undertake further work only where it is necessary to confirm Councils have 'adequate' arrangements in place for each 'criteria' area (this will mainly be the natural resources area for some DCs where work remains in progress). I can assure you we will undertake only the work we need to - at some Councils no more work will be necessary as we have sufficient evidence to support the VFM conclusion.

The majority of audit work required for the 2009/10 use of resources assessment has already been completed. This is paid for from your 2010/11 audit fees (please refer to the 2010/11 fees letter recently agreed with you). The Commission does not envisage there will be any impact on the (2010/11) audit fee you are due to pay.

We will need to complete, on a risk basis, our data quality spot check audit work. At most Councils this work is already complete, or very close to completion. For Benefits data quality work (at DCs), the requirement this year was to consider service-specific arrangements for data quality - this work has been completed (or is close to completion) at relevant Councils.

Any general messages about VFM improvement will be reported in our annual governance report and/or annual audit letter. We will discuss whether additional reporting would be helpful with each Council.

The Commission is undertaking a fundamental review of its approach to assessing VFM - no decision has been made about the impact on future years audit fees - proposals will be consulted on".

## 2010/11 Inspection Fees

3. The 2010/11 inspection fees are used to pay for the work required to carry out the 2009/10 assessment.

4. The fees are:

PKF Use of resources & value for money conclusion	£31,500
PKF Risk based use of resources work	£3,500
Audit Commission: Managing Performance Assessment	£9,250
Total	£44,250

5. Hastings BC approached PKF about the impact on fees on the budget. PKF provided the following email response:

"We are told that the Audit Commission will be consulting on any amendment to the 2010/11 fee scale and basis of the 2011/12 fees in 'July 2010'.

They would expect their approach to be in line with other suppliers as directed by the Audit Commission.

As other have noted, the situation is pretty fluid at the moment and by no means certain. PKF intends to keep us updated as best they can (as they are well of the sensitivity about fees and need for some steer for future budgeting purposes)".

6. Most of the inspection work has been completed but an element still remains. The Council will await developments and seek a reduction in the fee if possible.

## Conclusion

7. The economic, financial and organisational consequences as far as they are known, are quite apparent from the report although it should be added that CAA has been a driver for improving processes and there is a risk that now that it is abolished, some of those processes will diminish.

8. In relation to scoring, there will not be any scores given even though the majority of the work is completed. The Council has several choices open to it. We can publicise what we have achieved using the results of our self assessment or we can wait to learn of any developments and then ask for a wrap up report if nothing is forthcoming.

9. The Audit Commission have set up an email address CAA@ Audit-Commission.gov.uk for questions and answers.

10. It is appropriate that Members and Officers are apprised of developments by emails as soon as they are known.

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**Wards Affected**

None

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**Area(s) Affected**

None

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**Policy Implications**

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	No
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No

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**Background Information**

Letter dated 28 May 2010 from the Audit Commission on CAA roll off arrangements  
Email response from PKF dated 2 June 2010 concerning end of CAA in general  
Email response from PKF dated 2 June 2010 in specific relation to the fees

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**Officer to Contact**

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