

Presentation

## **Modernising public services and modernising the audit**

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## Introduction

Public services in the United Kingdom have been going through a detailed process of review, modernisation and improvement in the last few years. The presentation from the Audit Commission will set out what has been changing and why and also what impact this is having on the audit function.

## Issues

There are a number of reasons why the government decided that reforming public services should be a priority over the last few years.

- Quality of some services and performance of some public bodies was weak,
- There were major issues of public concern in the Health Service such as long waiting times and people spending too long in hospital,
- Public authorities not working well in partnership
- Inadequate focus on the users of public services

The desire of the government is to use the forces of communities, effective joint working and regulation to secure improvement in public services.

## Initiatives

The concerns over public services have led to a number of initiatives being pursued in the recent past in both local government and the health service.

### Local Government

1. An initiative called "Best Value" was introduced requiring all local authorities to systematically review every service over a 5 year period and ensure they can demonstrate improvement.
2. A more recent initiative of "Comprehensive Performance Assessment" has also been introduced which requires each local authority to be assessed against a standard following a detailed external inspection and an assessment of all services. An improvement plan will then be agreed.
3. Statements of internal control. This is new this year and requires the lead officers in each local authority to formally sign a statement to say that they are satisfied that all systems and controls are effective. This effectively places an increased burden of personal responsibility on top management.

### National Health Service

The NHS initiatives for modernisation started with an emphasis on improved governance and have been followed with modernisation.

1. Controls Assurance was introduced a few years ago which required top management to be accountable for promoting a good control environment and personally certifying that robust controls were in place via a Statement of Internal Control.

2. The "NHS Plan" was then introduced with a number of linked initiatives in place to improve the delivery of health care. This included:
  - more hospitals and beds
  - employing more medical staff
  - closer working between providers of health and social care
  - setting performance targets for improved service delivery
  - more patient involvement
  - introduction of an inspection regime to monitor standards

## Development Areas

Once modernisation work started in both sectors, a number of common issues started to emerge where it was evident that development would be needed in a number of areas.

**Capacity** – A number of public bodies had limited resources and skills to develop new ways of working and therefore this emphasised the need for effective joint working with other bodies. This includes developing plans for an overall community with integration of local authorities, national health bodies and the voluntary sector. As well as an emphasis on working in partnership, problems with capacity also mean that more opportunities need to be considered for outsourcing to the private sector or ceasing to provide services where they are discretionary.

**Community Consultation** – In order to develop public services for local people, it is important that there is effective consultation with communities to find out what they want. This has been a major development area in both sectors.

**Performance Management and prioritisation** – Continuous improvement requires clear prioritisation and effective performance management to deliver. It is therefore essential that each public body has good structures in place to prioritise, plan, implement, review and revise key targets. In a large number of authorities this has been a major development issue.

## Impact on the Audit

In response to the detailed agenda to modernise public services, the Audit Commission is also modernising ways of working with a view to maintaining high standards of stewardship in governance and also contributing to modernisation and improvement.

In practice this means that priorities for the Audit Commission have been designed to reflect key issues that public bodies are concerned about in relation to modernisation including:

- A focus on users and the needs of diverse communities,
- Working with authorities on improvement,
- Supporting capacity developments

Integral to this, the Audit Commission is also committed to reducing the burden of regulation by cutting fees wherever possible (in the UK, audit costs are charged to public bodies).

## **Key work areas**

Within the modernised audit there are some key work areas to be emphasised that support modernisation of public services:

1. Working with Health bodies to ensure that the requirements of the "NHS Plan" are delivered.
2. Carrying out Comprehensive Performance Assessments and updates in local authorities
3. Audit projects across a number of audited bodies to promote joint working
4. Undertaking a more efficient audit of annual accounts that focuses on a high level review of financial statements and targeted work where this may be necessary.
5. Devoting time to selected improvement areas only. E.g.: financial management

## **Outcomes and Benefits**

The benefits of the modernised audit approach will be as follows:

1. All audits meet international auditing standards particularly around risk assessment and knowledge of the audited body.
2. The audit makes a contribution to public sector modernisation
3. Public expenditure on fees is reduced
4. Quality and relevance is improved
5. Fewer audit staff