



AUDIT COMMITTEE

28 April 2005

AGENDA ITEM:

ANNUAL AUDIT LETTER 2003/04 – PROGRESS REPORT

Ward(s): ALL

Forward Plan: Yes

Portfolio: All

Service Area: Corporate perspective covering all service areas

Summary of report:

The annual audit letter from the Audit Commission was presented to this committee on 1 February 2005. This report provides a progress update against the significant issues raised in the audit letter and uses the 'traffic light' system to categorise performance.

Background Papers:

- Audit letter and the audit and inspection reports listed at page 16 of the audit letter –February 2005
- CPA self assessment – February 2005
- CPA inspection report – April 2005
- CPA Improvement Action Plan 2004 to 2008 – July 2004

Recommendations

- To note the progress against the key issues identified and to receive further progress updates throughout the next audit year.

Signed :

Executive Director : Carole Evans

Date: 20 April 2005

Resource and Legal Considerations

The responsibilities of Audit Commission inspectors are detailed in section 10 of the Local Government Act, 1999. Auditor's responsibilities are summarised in the Audit Commission's statement of key responsibilities of auditors; paragraph 33 states that the audit letter should be distributed to members and this was affected electronically.

Citizen Impact

The audit letter was addressed to members and officers for the sole use of the audited body. However, on being reported to this committee it became a public document and thereby provided a useful independent summary of key issues and performance of the council. This shows the progress made which is of interest to citizens and other stakeholders.

Environment Impact

None directly relating to this report

Performance Management and Risk Management Issues

The audit letter provided an independent summary of the council's performance by the Audit Commission. It outlined the key issues for the council and is a helpful way of objectively assessing (along with other material) how the council is progressing. The audit committee's remit includes receipt of the audit letter and responsibility for reviewing progress against any key actions arising from it.

Equality Implications

None directly relating to this report




Consultation

The draft audit letter is routinely discussed with the executive management team.


Contact Officer:

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1. OVERVIEW

- 1.1 The annual audit letter 2003/04 was presented to this committee on 1 February 2005 by John Gregory, the council's District Auditor and relationship manager. It summarised the conclusions and significant issues arising from all of the Audit Commission's work in Walsall during 2004, including the 2003/04 audit and inspection programmes.
- 1.2 The attached **Appendix** shows progress to date against all of the significant items identified in the audit letter as requiring follow up action.
- 1.3 The traffic light system is used in order to categorise performance as follows :
-  **Green** – performance is on track to meet the target, objective or milestone identified in the agreed action plan
 -  **Amber** – performance may not reach the agreed target, objective or milestone in accordance within the timescales in the action plan, however there is no significant slippage
 -  **Red** – performance will not reach the agreed target, objective or timescale and further work is needed to agree an alternative action plan.
- 1.4 Further progress reports will be presented to this committee during the forthcoming audit year.



ANNUAL AUDIT LETTER 2003/4 – FOLLOW UP PROGRESS REPORT

Page No	Action Identified in Audit Letter	EMT & Lead Officer	Progress against agreed objectives/targets (as at 31 March 2005)	Traffic Light
4	1. The council did not achieve a significant number of it's performance targets (BVPIs) in 2003/04 and achievement of more of these in 2004/05 will be a key test of the effectiveness of performance management	Carole Evans Rob Flinter	<p>The responsibility for improving service performance lies with individual managers across the organisation. The corporate performance management service designs and enable a council-wide approach, which should be used by all services.</p> <ul style="list-style-type: none"> • Progress against BVPIs regularly monitored, reviewed and reported to EMT, Cabinet and scrutiny panels • Performance boards established for all services and format of 'corrective action plan' has been revised and used for Feb. 2005 report to Cabinet • 2003/4 outturn showed an increasingly consistent pattern of improvement with 57% BVPIs improving since previous year and 23% in best quartile. • Too early to show like for like comparison for 2004/5 but improvements evident at 9 month stage on some key indicators (e.g. waste recycling and composting; speed of planning applications) 	


ANNUAL AUDIT LETTER 2003/4 – FOLLOW UP PROGRESS REPORT

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6	<p>2. Housing services inspection scored as fair, one star, with promising prospects for improvement. However 3 factors which may hinder progress and need to be addressed:</p> <ul style="list-style-type: none"> • difficulties in recruiting staff to carry out occupational therapy assessments • the variable quality of action plans in key strategic documents • consultation with service users is not well developed 	<p>Jason MacGilp</p> <p>Sue Byard</p>	<ul style="list-style-type: none"> • All Occupational Therapy posts now fully staffed (some with locum, temporary staff) • Housing strategy classed as 'fit for purpose' by GOWM, one of only 5 of 39 local authorities in the West Midlands to achieve this classification • Improved consultation arrangements now being developed by dedicated officers (focus groups and surveys) 	

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7	3. Concerns about the use of agency staffing in social services <ul style="list-style-type: none"> • control of expenditure • contract management and monitoring • lack of overall policy 	David Martin Darrell Harman	<ul style="list-style-type: none"> • The issues raised in previous audit report have now been addressed. • New contracts have been drawn up and monitoring procedures improved. • A further detailed progress report is elsewhere on the agenda. 	
8	4. Errors in the accounting estimates produced by the Nurcis system	Carole Evans James Walsh	<ul style="list-style-type: none"> • All recommendations from 2003/4 audit have been implemented. • Systems have been improved and validated and follow up audit currently in progress. Early findings are positive 	

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9	5. Four schools had budget deficits at the year end totalling £470,000. Action needs to be taken to help these schools back into financial balance	David McNulty Elaine Simpson	<ul style="list-style-type: none"> Action plans produced by Education Walsall in conjunction with each of these schools to address both deficits and causes. All on target to returns schools to financial balance in accordance with agreed plans. 	
11	6. Controls over the debtors system can be further strengthened <ul style="list-style-type: none"> Debtors arrears procedures need critical evaluation as there is more than £2million of debtors which are more than one year old Education services should ensure that a designated officer is responsible for following up debtors that have been suspended 	Carole Evans Vicky Crowshaw Elaine Simpson	<ul style="list-style-type: none"> Work has commenced to produce action plan to address debt management issues identified. On target for completion by June 2005 Designated officers identified by Education Walsall and procedures improved in place 	