

**Audit Committee – 25 October 2010**

**Internal Audit Activity for the Period Ending 30 September 2010**

**Summary of report**

This report presents internal audit's activity for the six months ending 30 September 2010, outlining ongoing and completed work and providing performance information.

**Recommendation**

- 1. To note that in 2010/11 internal audit has delivered on its performance targets, maintaining a high level of overall performance for the year.**



**Rory Borealis – Executive Director (Resources)**

**11 October 2010**

**Resource and legal considerations**

The cost of providing internal audit is fully charged to services based on audit activity.

**Governance issues**

The audit committee's activities include ensuring that an effective internal control environment is maintained and regular and ongoing scrutiny of internal audit work undertaken. This report supports the committee in exercising that role.

The Accounts & Audit Regulations 2003, as amended by the 2006 regulations, require councils to maintain an adequate and effective system of internal audit of accounting records and system of internal control in accordance with proper practices in relation to internal control. Under s151 of the Local Government Act 1972, the council has designated the assistant director - finance as the chief finance officer, who is responsible for making arrangements for the proper administration of the council's financial affairs.

**Citizen impact**

Internal audit work is intended to ensure that effective systems of internal control are in place. This protects the council and its officers and provides an assurance to stakeholders and citizens regarding the security of our operations.

**Performance and risk management issues**

Many audit committee activities are an important and integral part of the council's performance management and corporate governance frameworks. The internal audit

strategic plan is risk assessed to ensure areas most at risk are examined as a priority. **Appendix 1** shows quality targets and performance indicators (PIs); summarised below.

Quality Targets/PIs (e.g. Response Time)	% Target	% Achieved 2010/11	% Achieved 2009/10
Audits completed by auditor within planned time	95	95	96
Spending within budget	100	100	100
Productivity rate	65	Est 65	68.2
Audit plan achievement	95	Est 95	96.5
Report issued within 10 working days of exit meeting	80	100	100
Audit report actions agreed	95	97	99
Returned customer questionnaires to show satisfaction	95	96	100

As at 30 September 2010, the service had delivered in all of its performance targets, maintaining a high level of overall performance for the year. Internal audit's current performance targets are under review. A new proposed set of business critical indicators will be presented to the next meeting of the Committee.

### **Implementation of agreed audit report actions**

On completion of an audit review, an action plan is agreed with the relevant directorate manager who is then responsible for ensuring its implementation. Levels of 87% and 75% respectively have been achieved in each of the last 2 years against an original target of 95%.

The corporate management team (CMT) meeting on the 31 July 2008 agreed that, for the future, this target would be 100% for 3\* actions and 95% for 1\* and 2\* actions.

The current level of achievement is showing a return at 66%, as detailed at **Appendix 2**. The Chief Executive has made it very clear to his management team that he expects executive directors to take personal responsibility for ensuring improvement in this important area. The head of internal audit will therefore be addressing this with executive directors shortly.

As previously reported, implementation of agreed actions is a directorate manager's responsibility, and it is essential that agreed actions are promptly dealt with by accountable managers as this helps to secure and strengthen the internal control environment. In order to assist with performance improvement in this area, an audit follow up process is in place which is briefly described as follows:

- Internal audit advise all managers subject to an audit review that failure to implement agreed actions may result in their executive and assistant directors being called to the audit committee to provide explanation.
- Within a short period of completing the review, formal confirmation is sought from the manager that agreed actions contained within the audit report action plan have been implemented. This will require, without exception, formal responses to be received from a manager to confirm actions taken.
- High priority actions (3\*) are about to be subject to formal follow up by an audit officer to confirm implementation.
- A schedule of audit jobs and actions agreed and those formally confirmed as implemented by managers is presented quarterly to executive directors.
- The schedule now appears on directorate management team agendas and executive directors seek formal confirmation from their managers that agreed actions have been progressed by the agreed dates, and that their managers have formally responded to audit correspondence.
- For Annual Governance Statement (AGS) purposes executive and assistant directors are required, on a quarterly basis, to sign and return their schedule to internal audit confirming that managers have taken appropriate action to implement agreed actions.

Confirmation of implemented actions is also sought by auditors at the next audit visit

### **Equality implications**

Internal audit has full regard to equalities both within the internal audit service and in the services / activity under review.

### **Consultation**

The proposed annual work plan was discussed with relevant senior directorate managers during February 2010. Following completion of each piece of audit work, and before issuing the final version, the manager's agreement to implement action(s) listed in the audit report action plan is obtained.

### **Background papers**

Internal audit reports/quarterly monitoring reports.

### **Author**

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## **INTERNAL AUDIT - REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2010**

### **Audit Plan, Performance and Resourcing**

Internal audit coverage is determined using a risk assessment and high risk areas are audited as a priority. **Appendix 3** shows planned activity for 2010/11; summarised below:

2009/10		FULL YEAR WORK PLAN DETAILS	2010/11	
DAYS	%		Days	%
1,781	70	Systems/probity (incl computer, contract , council strategic)	1,870	71
772	30	Irregularity/consultancy requiring urgent attention	771	29
<b>2,553</b>	<b>100</b>	<b>TOTAL</b>	<b>2,641</b>	<b>100</b>

**Appendix 4** compares actual against planned activity for the six months and is summarised below.

DESCRIPTION	Estimated days to 30.09.10	Actual days to 30.09.10	%
Available weekdays	1,622	1,622	
<b>Less: allowances:</b>			
Leave, bank holidays	(-) 240	(-) 240	
Administration	(-) 75	(-) 47	
Contingency/other lost time (inc sickness)	(-) 45	(-) 150	
Vacancies	-	(-) 197	
Training & development	(-) 68	(-) 56	
<b>SUB TOTAL</b>	<b>1,194</b>	<b>932</b>	
<b>Time allocation:</b>			
Systems/probity	808	554	59
Irregularity/consultancy	386	385	41
<b>TOTAL</b>	<b>1,194</b>	<b>939</b>	<b>100</b>

The appendix shows that although 1,194 net productive days were estimated to be available, actual days were 262 less, at 932 days. This was due to unbudgeted sickness/medical appointments (69 days), higher contingency / admin (8 days) and vacancies (197 days), which was slightly offset by a reduced training requirement (12 days). A revised audit plan to accommodate this will be taken to the next meeting of the Committee.

### **Staffing**

The service's establishment currently comprises 15 posts. The current structure is shown at **Appendix 5**.

The head of internal audit was appointed wef 12 July 2010. As the audit manager was appointed to the head of internal audit post, the audit manager post is now vacant. The service carries a further vacant full time and part time positions, 2.5 posts in total.

### **Audit Work Allocation and Charging Basis**

In January 2010 proposed work programmes and charges for 2010/11 were sent to executive directors and other senior managers. During February 2010 meetings took place with most of those officers to discuss and receive feedback on the proposals. This resulted in a final work plan report to audit committee in March 2010.

Each auditor has a personal annual work plan and is responsible for planning, monitoring and achieving their workload. All are aware of the service's quality indicators and the need to not exceed planned times without prior approval from their manager. Where actual time exceeds planned time due to issues arising in the service being audited, additional costs are charged to the relevant service.

### **Irregularity/Consultancy Work**

This partly relates to potentially fraudulent activity reported under financial and contract rule 5 in respect of irregularities and confidential reporting in accordance with the council's whistleblowing policy and the '*Anti Fraud and Anti Corruption Policy and Strategy*'. The service also undertakes consultancy / advisory work, including corporate projects and initiatives, at the request of senior managers. The service has tackled the anticipated number of irregularity/fraud inquiries and consultancy requests during the period, the 2009/10 plan had 386 days for irregularity / consultancy work and 385 days have been charged (1 less).

### **Probity/Systems Work**

Most assignments were completed within planned timescales during the period.

### **Computer Audit**

The service is currently reviewing computer audit arrangements. A report will be presented back to the next meeting of the Committee.

### **Contract Audit**

11 final accounts with a value of just over £12.4m were cleared during the period. Advice on procedural improvements was provided on these accounts, along with other advice and assistance, to senior managers on financial and contract rules; and the development of safe contracting processes.

### **Contingency / Admin (including sickness/absence)**

This overhead is continuously monitored to ensure charges are minimised.

## **Progress Reports to Services**

Directorates were charged monthly based on a share of the annual planned time for routine, regularity and system audits. Actual costs for irregularity/unplanned were charged monthly based on time actually spent on projects. Appendix 2 shows work completed and/or near completion. Of the 791 suggested actions made 769 (97%) were agreed for implementation. Relevant managers were responsible for ensuring these were promptly implemented.

## **Performance Management**

Internal audit has for a number of years participated in the CIPFA national benchmarking club. As part of this exercise the service continues to compare itself with upper quartile authorities to set challenging targets for improvement while also improving processes and achievement. Local performance indicators (PIs) at Appendix 1, show that the service is achieving in all of its indicators applicable for the year.

The PI relating to agreed actions confirmed as implemented achieved levels of 87% and 75% in each of the last 2 years. The current level of achievement is showing a disappointing return at 66%.

Following concerns expressed by Audit Committee and CMT, a clearer understanding is now in place which should improve performance in this area. Additionally an existing audit officer has undertaken follow up work on the high priority (3\*) agreed audit report actions.

For Annual Governance Statement (AGS) purposes all executive / assistant directors are required to sign off each quarterly schedule stating that they are satisfied that appropriate steps are being / have been taken by their managers to implement the agreed audit report actions.

## **Training & Development**

An auditor has commenced her CIPFA 3<sup>rd</sup> year and an auditor has commenced his CIPFA 1<sup>st</sup> year.

## **Working Smarter**

The service is currently working towards implementing the new support services operating model, delivering right, fast and simple.

## APPENDIX 1

### INTERNAL AUDIT

#### QUALITY TARGETS/PERFORMANCE INDICATORS – PERIOD ENDING 30 SEPTEMBER 2010

Quality Targets/PI's (e.g. Response Time)	% Target	% Achieved 2010/11	% Achieved 2009/10	% Achieved 2008/09	% Achieved 2007/08	% Achieved 2006/2007
Audits completed by auditor within planned time	95	95	96	96	95	96
Spending within budget	100	100	100	100	100	100
Productivity rate	65	Est 65	68.2	74.8	69.2	73.1
Audit plan achievement	95	Est 95	96.5	95	96.9	96.0
Report issued within 10 working days of exit meeting	80	100	100	96	97	84
Actions agreed	95	97	99	99	99	98
Returned customer questionnaires to show satisfaction	95	96	100	100	100	100

#### Note

1. The service has for some time participated in the CIPFA national benchmarking club which enables comparison specifically with all similar type authorities (unitaries / metropolitan districts).

For Information

Actions confirmed as actually implemented at next audit visit	3* 100 2* 95	66	87	75	78	79
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This target is a directorate manager's responsibility but is included for information. Action is being taken by internal audit to improve the achievement level.

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current Made	Current Agreed	Previous Agreed	Previous Act'd	Previous Not Due		
<u>Neighbourhood Services</u> Car Parking Enforcement		Street Cleaning / Grounds Establishment *	16.09.10	45	43	12	12	-	2004-05	Internal audit is able to give a significant assurance opinion on the system of internal control operating within street cleansing & grounds maintenance. A number of good practices were noted during the audit, including those in relation to a designated performance manager; performance benchmarking; income generation initiatives; effective co-ordination of equality impact assessments; service budget segregation to match area manager responsibilities; and management meetings and actions are clearly recorded. Some areas for improvement have been identified, including; controls in relation to cash income, petty cash, policies & procedures and fleet & equipment arrangements. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. There were 5 agreed actions which remain applicable from the last audit of street cleansing in February 2005 which were confirmed as implemented by the service manager (street pride) in December 2007. All 5 were found to have been fully implemented at the time of this audit. There were 7 agreed ac
		Car Parking Income	20.07.10	34	34	9	8	-	2004-05	Internal audit is able to give a significant assurance opinion on the system of internal control operating within Environmental Health. A number of good practices were noted during the audit, including; performance benchmarking, fees & charges, service improvement action planning, budget management, cross service & partnerships working, promotion, contract management and enforcement activity. Some areas for improvement have been identified, including; grant funding, policies & procedures, inventory, petty cash, performance management – corporate procedures and cash income. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. There were 9 agreed actions which remain applicable from the last audit of Environmental Health in July 2004 which were confirmed as implemented by the previous Environmental Health manager in December 2004. Of these, 8 had been fully implemented at the time of this audit and the 1 partially unimplemented action has been reiterated in this report (marked (*) in the action plan).



Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current		Previous				
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Registrars		Fleet Services *	12.07.10	18	18	8	7	-	2008-09	Internal audit is able to give significant assurance opinion on the system of internal control operating within Fleet Services. A number of good practices were noted during the audit, including; improvements to the vehicle acquisition procedures. Areas for improvement identified, include the need for compliance with financial and contract rules, particularly with regard to work placed with outside contractors. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. The agreed actions which remain applicable from the previous audits were confirmed as implemented by the fleet manager. The unimplemented, or partially implemented, actions have been reiterated in this report, marked (*) in the action plan.
Licensing		Pollution Control *	04.05.10	10	10	5	5	-	2004-05	Internal audit is able to give a significant assurance opinion on the system of internal control operating within pollution control. A number of good practices were noted during the audit, including; efficient handling of information requests; authorisation of correspondence prior to dispatch; monitoring of response time performance on information requests and complaints and maintenance of up to date permit lists. Some areas for improvement have been identified, including familiarisation with the council's new partnership toolkit; update of the correspondence tracking systems and consistent recording of inspections. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. The 5 agreed actions which remain applicable from the last audit were confirmed as implemented by the pollution control manager on 2 February 2007. All 5 had been fully implemented at the time of this audit.
CCTV										
Trade Refuse										
Waste Management Establishment										

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions	
				Current		Previous					
				Made	Agreed	Agreed	Act'd	Not Due			
<u>Leisure Culture &amp; Lifelong Learning</u>											
Contact Centre & First Stop Shop		New Art Gallery *	16.09.10	55	54	25	18		2005-06	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the New Art Gallery. Several good practices were noted during the audit, including: strong partnership and joint working links; sound programming and exhibition planning; responsiveness to customer comments; a good standard of promotional material made available to a diverse audience; national professional accreditation; detailed acquisitions and disposals policies; a track record of securing grant funding; and an innovative programme of educational activity. A number of areas for improvement have been identified, including: a need to bring collections' records up to date and ensure they are subject to regular periodic checks; improved monitoring to ensure achievement of the forward plan and key performance indicators; the establishment of clear consultation procedures; adoption of a consistent approach for the reporting of events and exhibitions; ensuring that all policies and procedures are reviewed and authorised on a regular basis; the tightening of income controls, including the formulation of a	

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
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<b><u>Schools</u></b> Lindens JMI  Busill Jones JMI Castle Business & Enterprise School Old Church JMI		Joseph Leckie Community Technology College *	07.06.10	14	14	-	-	-	-	Compliant with FMSiS.
<b><u>Finance</u></b> Cash / Bank (inc Banking Hall & Cash Management)		Housing / Council Tax Benefits *	07.06.10	7	6	9	6	-	2008-09	
Benefits - Discretionary Payments Council Tax / NNDR										Internal audit is able to give a significant assurance opinion on the system of internal control operating within housing and council tax benefits. A number of good practices were noted during the audit, which included: staff access to the 'ACS' website, which stores all council training materials, housing benefit circulars, Department for Work & Pensions information and procedure notes; use of 'Euclidan' for on line training and the benefits section has invested in 'eLearning' which is aimed at improving fraud awareness among benefits staff; the Civica system helps to facilitate the retrieval of information in a timely manner; targets for processing new benefit applications are monitored by the revenues & benefits business development manager; the processing of extended payments, over payments and back dated awards is robust; reconciliation procedures were operating effectively; and performance management arrangements are sound. There are, however, areas where weaknesses were identified, for example, instances were noted where there were delays in processing changes of circumstances, approved write offs and

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
<u>Specialist Services</u> Safeguarding (Children)		Looked After Childrens Team *	30.06.10	15	15	24	17	-	2005-06	Internal audit is able to give a significant assurance opinion on the system of internal control operating within looked after children's service. A number of good practices were noted during the audit, including: young people who are looked after attending the corporate parenting board to present their individual and representative views; the children and young people's service monitoring of performance against national performance indicators as set by the Department for Children Schools and Families; and the service undertaking joint working with a number of organisations, including; Health PCT, Children Adolescent Mental Health Service, Education (virtual school), Black County authorities and West Midlands Childcare Consortium. There are, however, areas for improvement, most notably, ensuring that adequate supporting documentation is made available to the auditor during the audit. Without this, audit assurance cannot be given in these areas. It should be ensured that business continuity and risk management plans for the service are in place; and that budgetary control procedures are strengthened. Office p

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Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
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<b><u>Social Care &amp; Inclusion</u></b>										
Major Projects & Development	Transport Services *	Occupational Therapy *	03.08.10	41	37	16	12	-	2004-05	Internal audit is able to give a borderline significant assurance opinion on the system of internal control operating within occupational therapy service. A number of good practices were noted during the audit, including: fully comprehensive procedure notes are in place detailing the day to day operational arrangements for the service; major adaptations service eligibility priority and provision criteria is reviewed on an annual basis and approved by cabinet; procedures for referrals and preparing/monitoring care plans are robust; the security of client files is maintained; and effective joint working arrangements are in place with Walsall NHS. Some areas for improvement have, however, been identified, including; ensuring that entitlement criteria for equipment and minor adaptations is documented; that performance targets are achieved where possible; that arrangements for selection of suppliers for adaptation work is reviewed in accordance with financial and contract rules; and budget management arrangements and procedures for petty cash and performance management require strengthening. The prompt i
Learning Disabilities - Satellite Offices	Stroke Care Grant	Home Care Service *	06.07.10	30	28	4	3	-	2005-06	Internal audit is able to give a limited assurance opinion on the system of internal control operating within home care services. Some good practices were noted during the audit, including; flowcharts have been produced to map out the processes of brokering, monitoring and payment of care packages; the older people's service plan is monitored on a quarterly basis; the brokerage team record an appropriate Oracle code on all invoices submitted to consolidated creditors for payment; and the service accountant provides monthly budget monitoring information to the service manager and strategic commissioning manager. Most areas reviewed required significant improvement. Procedural documentation would benefit from review and update; controls regarding entitlement to homecare, the procurement section's monitoring of home care providers; the use of non contracted home care suppliers; and the effectiveness of controls over ordering and payments to home care providers, require strengthening. The prompt implementation of actions contained within this audit report will further assist in enhancing proce

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
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Safeguarding (Adults)	Broadway North Centre	Community Alarm Service *	21.06.10	40	40	27	17	-	2004-05	Internal audit is able to give a limited assurance opinion on the system of internal control operating within community alarm service. Some good practices were noted during the audit, including; the service being Telecare service accredited, the use of the PNC5 system to log telephone calls; and partnership working with NHS Walsall to jointly deliver a pilot scheme for Tele Health services. Most areas tested require significant improvement, including ensuring: that day to day operational procedures are comprehensively documented; that referrals for alarm installation are promptly and appropriately managed and recorded, including on PARIS; that a robust system for processing amendments or cessations to alarm provision is introduced; call management procedures are tightened; that urgent follow up action is taken where monthly test calls to ensure that alarms are still working are not responded to by service users; that equipment repair and maintenance procedures are managed; the inventory register is promptly updated; controls regarding income, specifically the private purchase of equipment. The 27 agreed actions which remain applicable from the last audit were confirmed.

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Commissioning (Adult Services)		Direct Payments *	27.07.10	15	15	28	22	-	2006-07	audit is able to give a limited assurance opinion on the system of internal control operating within direct payments, personal budgets and individualised budgets. A number of good practices were noted during the audit, including: procedure notes are in place documenting operational processes for direct payments; direct payment agreements have been developed which contain specific guidance for service users outlining their responsibilities and obligations in receiving direct payments; the direct payments audit team monitor recipients' use and eligibility of their direct payments; the use of Shaw Trust to assist service user's who lack capacity to manage their funds; and the plans in place for the introduction of personal and individual budgets. There are, however, areas for improvement, most notably, ensuring that adequate supporting documentation is made available to the auditor during the audit. Without this, audit assurance cannot be given in these areas. A business solution review of the systems for capturing and recording information regarding the award of direct payments should be under
Commissioning (Disability Services)		Independent Sector - Residential & Day Care *	01.09.10	37	37	2	1	-	2006-07	Internal audit is able to give a limited assurance opinion on the system of internal control operating within independent sector – day care, residential and residential nursing. A number of good practices were noted during the audit, including; the service complies with the fairer charging policy which is updated on an annual basis and also the 'charging for residential accommodation guidelines' which is updated annually by the Department of Health; monthly budget meetings are held and are discussed at DMT and SMT, over and under spends are detailed and corrective action identified; the service plan is monitored on a quarterly basis; and annual benchmarking is completed and monitored by the performance team. Most areas reviewed were found to require improvement. Controls regarding the monitoring and vetting of independent care providers; the management and administration of contracts and procurement; service user placements; payments to providers; client contributions and the recovery of arrears and overpayments all require strengthening. The prompt implementation of actions contained within this aud



Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
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Homecare Establishment		Learning Disabilities Pooled Budget *	30.06.10	8	8	7	5	-	2006-07	Internal audit is able to give significant assurance opinion on the system of internal control operating within the learning disabilities pooled budget. A number of good practices were noted during the audit, including: the new section 75 partnership agreement, which clearly outlines the roles and responsibilities of Walsall Teaching Primary Care Trust and Walsall Council as partners to the learning disabilities pooled budget; income due from Walsall Teaching Primary Care Trust in respect of their contribution to the pool for 2009/10 has been received by the council in a timely manner; grant income and expenditure in the pool is monitored by the finance team on a monthly basis by using the data contained within the REV05; clear guidance notes have been completed and made available to all relevant staff outlining the roles and responsibilities of the funding review panel; and arrangements for performance management appear to be robust. There are, however, some areas for improvement, for example ensuring that all relevant staff are aware of the existence of the new section 75 agreement and that adequate re

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
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Pinfold Centre		ICES Pooled Budget *	30.06.10	5	5	12	9	-	2007-08	Internal audit is able to give significant assurance opinion on the system of internal control operating within ICES Pooled Budget. A number of good practices were noted during the audit, including: the new section 75 partnership agreement, which clearly outlines the roles and responsibilities of Walsall Teaching Primary Care Trust and Walsall Council as partners to the ICES pooled budget; management information and budgetary control information submitted to the pooled budget executive group; and the regular reporting of local performance indicators to the strategic performance board for social care and inclusion. There are, however, some areas for improvement, for example ensuring that section 4 of the partnership agreement is signed by relevant parties; and when the agreement is subject to the next review and refresh, that the aims and objectives of the pool are clearly detailed and reference made to the council's financial and contract rules. It should also be ensured that invoicing in respect of the pool is undertaken on a prompt and regular basis, in accordance with the terms of the
		Housing 21 Contract Monitoring *	28.06.10	18	17	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within Housing 21 Contract Monitoring. A number of good practices were noted during the audit, including; the contract with Housing 21 had been subject to detailed invitation to negotiation process and payments are made against clear performance standards; a legally binding agreement is in place between the authority and Housing 21 and forms as a monitoring tool for managing the arrangement; the Housing 21 operational group meet on a monthly basis in order to discuss performance and progress. The group includes representatives from both the authority and Housing 21; contract amendments/variatio

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
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		Walsall / Dudley Mental Health Partnership *	01.09.10	2	2	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating from Walsall Council's perspective for the Dudley and Walsall Mental Health Partnership. A number of good practices were noted during the audit, including: the partnership has a trust board which acts as the governing body and is held to account for the performance delivery of mental healthcare and health improvement in the Dudley and Walsall area; a section 75 agreement is in place between the council and Dudley and Walsall Mental Health Partnership for children & adolescent mental health services (CAMHS); a corporate business plan for 2009/10 has been produced and is published on the trust's website; a quarterly scorecard is compiled that provides performance information for statutory reporting purposes; an up to date risk register is maintained by the assistant director of adult services; a joint commissioning plan for mental health service is in place for the period 2009 – 2013; and partner's budgets have not been pooled thereby allowing the council to manage and control its own spending and also enabling close financial monitoring.
		Community Meals - Contract Monitoring *	14.09.10	18	18	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within community meals contract monitoring. Some good practices were noted during the audit, including; the existence of a comprehensive 3 year agreement between the council and Sodexo, terminating on 31 December 2010; and regular operational meetings held between representatives of the council and Sodexo. Most areas reviewed required improvement. For example, the need to: strengthen overall management arrangements for the management and administration of new referrals and variations to provision; implement a system for validating data provided by Sodexo; ensure that robust procedures are in place for contract monitoring, together with roles and accountabilities assigned; ensure that comprehensive procedures notes and a debt management policy are in place; and develop council systems to ensure that useful management information can be obtained. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. As this has been the first audit review of community meals contract monitoring.

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<u>Walsall Partnership</u> Local Involvement Networks (LINKS)		LAA Area Based Grant *	15.06.10	4	4	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within area based grant. A number of good practices were noted during the audit, including: the council has in place a grants' manual detailing expectations with regard to the management and administration of grants; area based grant is received in twelve monthly instalments, the receipt of which is monitored by the senior accountant within corporate finance; project leads are informed of their budget allocations annually through the council's annual budget setting process; cabinet is presented with budget outturn reports throughout the year for review, which include area based grant; and third parties commissioned to deliver specific services using area based grant funding, are required to make available their financial records for inspection. A number of areas for improvement have, however, been identified, for example: the review of the grants' manual should be finalised and the revised manual issued to all relevant staff together with appropriate training, as a matter of priority; and go

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
<u>Business Change</u>										
Pay & Grading (inc Single Status)	Accounts Payable (Creditors) *	Accounts Receivable (Debtors) *	15.09.10	33	33	20	7	2	2008-09	Internal audit is able to give a significant assurance opinion on the system of internal control operating within accounts receivable. A number of good practices were noted during the audit, including: up to date procedures and manuals available via the intranet; the council is on target to exceed its beacon index debt collection target of 87% for the year; there is an adequate amount of detail found on the invoices to inform the debtor of what the charge is for; access to the periodic income master file is restricted by password; payment methods are clearly detailed on the reverse of the debtor invoice; monthly reconciliations to the control account are completed promptly; ; financial codes are adjusted to reflect write-offs; and Oracle accounts receivable stationery is held in a locked filing cabinet. Some areas for improvement have, however, been noted, including ensuring that the content and responsibility for the provision of monthly outstanding debt management information is reviewed; that invoices are raised promptly and are fully supported by an authorised official invoice request; that Oracle functi
Complaints / Customer Care										
Future Jobs Fund										

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
<u>Regeneration &amp; Housing</u>	Environmental Management (*)	Housing Standards & Improvements *	05.07.10	15	15	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within Housing Standards and Improvement. A number of good practices were noted during the audit, including: performance benchmarking; assessment of the costs of income collection; clear health and safety arrangements; regular team communication; budget and grant scheme monitoring; workforce and business continuity planning; joint working with partners, including use of service level agreements; ongoing review of service promotion methods; clear procedures for award of grants; and appropriate control over data security. Some areas for improvement have been identified, including: regular review of service action plans and service risks; full completion of target information on IPMs; clarification of key processes through procedure notes; accurate completion of complaints logs; and use of complaints information is designing service improvement actions. There was an audit completed of residential services in 2003/04; however this is the first time that the housing standards & improvem
Building Cleaning Establishment										
Green Lane										
Shopmobility										
<u>Law &amp; Constitutional Services</u>										
Electoral Registration										

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
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<u>All</u> Risk Register - Corporate System	Customer Consultation & Engagement (*)	Performance Management (PI's / BV) *	15.09.10	8	8	5	0	-		Internal audit is able to give a significant assurance opinion on the system of internal control operating in relation to performance indicators. A number of good practices were noted during the audit; including: a formal reporting mechanism is in place to inform management on the achievement of targets; all relevant officers have appropriate access to performance indicator documentation such as guidance notes and indicator definitions; formal processes are in place, such as 'corrective action planning' where indicator targets are not being met; and national indicator targets are incorporated into directorate, service and team plans. Some areas for improvement have been identified including: the requirement for an updated and refreshed data quality and data sharing policy, incorporating a structured approach to risk assessments for both internally and externally sourced performance information; and introduction of formal working agreements with external parties involved in the performance process. Of the 5 agreed actions which remain applicable from the last audit, 2 were confirmed as implemented by the
Capital Programme / Project Management	Capital Accounting	Partnership Frameworks *	15.03.10	16	16	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the partnership framework. A number of good practices were noted during the review including, the quality and completeness of the partnership protocol toolkit document; development of a partnership register and the use of a specialist steering group set up solely to adapt and innovate the council's current partnership framework and nurture the partnership protocol and toolkit. There were some areas where controls and processes could be enhanced to strengthen the current partnership framework, including: promotion of the partnership protocol and toolkit; implementation of a partnership framework action plan; collective use of partnership risk and performance measures; encouragement of information and best practice sharing across partnerships; integrating community networks into the partnership framework; and coherent partnership grant funding administration. As this has been the first audit review of the partnership framework, there were no previously agreed actions to follow up.

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current		Previous				
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		Capital Receipts *	09.04.10	11	11	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating in relation to capital receipts. A number of good practices were noted during the audit, including: the monthly reconciliation of capital receipts to the general ledger; annual cabinet approval of the capital programme; the capital strategy; the corporate asset management plan which is reviewed on a 2 yearly basis; a capital manual is in place; statutory requirements regarding restrictions in the sale of various types of land are followed i.e. for playing fields, allotments, open space; and capital receipts are monitored on a monthly basis. Some areas for improvement have been identified, including; ensuring that key reconciliation documents are subject to senior / independent review and evidenced as such; that the procedure for the marketing of land for disposal is documented; and ensuring that there is evidence that assets have been reviewed against the categories as laid out in the corporate asset management plan. The prompt implementation of actions contained within this audit report will further assist in enhancing proce



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				Current		Previous				
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		Payroll *	14.09.10	74	74	69	37	-	2008-09	Internal audit is able to give a limited assurance opinion on the system of internal control operating within payroll. Some progress has been made in actioning previously agreed audit report actions and HRD have continued to develop and improve HRD direct, the corporate employee and manager portal. Systems for the verification of the establishment structure, including the availability of structure information via HRD Direct; segregation of duties via individual teams such as the transactional recruitment team and the transactional team; and the use of 'Intelligent', an electronic database for the management and recording of personal files remain good practice. Significant areas for improvement have, however, been identified in ensuring controls and processes are fully effective, for example, in the processing of new starters, variations to pay and leavers. Controls regarding the management and rectification of overpayments; and employee expenses were noted as requiring significant strengthening this year. As a result of this, the audit opinion for payroll has moved from borderline significant to limited assurance.

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current Made	Agreed	Agreed	Previous Act'd	Not Due		
		Agency Workers *	14.09.10	8	8	3	3	-	2005-06	Internal audit is able to give a significant assurance opinion on the system of internal control operating within agency workers. A number of good practices were noted during the audit, including: <ul style="list-style-type: none"> <li>the council's intranet link to the human resources and development website where staff can obtain guidance on how to 'request an agency worker'; the use of Starting Point Recruitment Limited, as the 'master vendor', through which all agency staff at the council should be sourced; Starting Point Recruitment Ltd was procured through a tender process in line with financial and contract rules in 2006; the use of I-Proc for orders and invoice processing; agency worker timesheets are approved by an authorising officer prior to payment; and agency worker spend is monitored across the council by individual service areas as part of their budget monitoring process. Some areas for improvement have, however, been identified. These include ensuring that accountable staff are reminded that Starting Point Recruitment Limited are approached for all relevant agency staff requirements; that an audit trail is maintained and is available for inspection to support all agency w</li> </ul>
		Risk Register - Review of Remainder *	23.07.10	0	0	-	-	-	-	Based on examination of a sample of risks taken from the corporate and directorate risk registers, I can report that management action plans are available to support work undertaken to manage each risk; appropriately monitored to demonstrate that each risk is being effectively managed; and reviewed on a quarterly basis by directorate management teams.
		Inventories / Stock - Links to Work *	26.05.10	5	5	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within Links to Works' stock and inventories system. Some good practices were noted during the audit including: all inventory checked as part of the audit could be physically located ; and all available procurement documentation is retained and easily accessible by staff. Areas identified for improvement, including: procedure notes are not in place relating to stock and inventory; there is no regular check of inventory items; weaknesses have been noted in the year end stock valuation. As this is the first review of stocks and inventories at Links to Work, there are no previous actions to be followed up as part of this audit.

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				Current Made	Agreed	Agreed	Previous Act'd	Not Due		
		Inventories / Stock - Gala Baths *	26.05.10	4	4	3	1	-	2005-06	Internal audit is able to give a significant assurance opinion on the system of internal control operating within Walsall Gala Baths' stock & inventories system. Several good practices were noted during the audit including: procedure notes are distributed to all relevant staff and are signed as received; inventory records allowed items to be easily located; year end stock take is performed by two officers; and all procurement documentation is retained and easily accessible. Some areas for improvement have been identified including: inventory items should be subject to annual check; and significant stock discrepancies should be investigated. One of the three agreed actions still relevant from the previous audit in October 2005 has been fully implemented. The other two actions have been partially implemented and have been reiterated in this report, marked (*) in the action plan.
		Inventories / Stock - Print Room *	26.05.10	3	3	4	2	-	2006-07	Internal audit is able to give a significant assurance opinion on the system of internal control operating within print and design's stock & inventories system. Several good practices were noted during the audit including: all movable items are security tagged; a year end stock take is conducted; supplier invoices for stock supplies are readily accessible; and lease items are recorded in the inventory. Some areas for improvement have been identified including: procedure notes do not cover all stocks and inventory activity; the inventory is not periodically checked; and there are some discrepancies in stock records. All 4 agreed actions which remain applicable from the last audit in 2006/07 were confirmed as implemented, by the print & design manager in June 2009. The year's audit confirmed that 2 agreed actions had been fully implemented. There are 2 partially implemented actions which have been reiterated in this report, marked (*) in the action plan.
		Capital Programme *	07.06.10	2	2	3	1	-	2008-09	Internal audit is able to give a full assurance opinion on the system of internal control operating within capital programming. A number of good practices were noted during the audit, including; capital programme approval, commencement of capital projects, management of individual projects, capital budget reporting and reconciliations. Some areas for improvement have been identified, including, raising awareness of the purpose and whereabouts of the capital manual and ensuring that the project register is kept up to date, specifically where there is a change of project manager. Of the 3 agreed actions that remain applicable from the last audit, 1 was confirmed as implemented by the Financial Reporting and Capital Planning team on 16 March 2010 and found to have been fully implemented at the time of this audit. The 2 remaining actions have been reiterated in this report, marked with (*) in the action plan.

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<u>Computer Audit</u>		Budgetary Control *	15.09.10	6	6	8	4	2	2008-09	Internal audit is able to give a significant assurance opinion on the system of budgetary control. A number of good practices were noted during the review, including the budget monitoring process; budget accountability and the annual budget scrutiny process. It was noted during the review that while there exists a good level of controls throughout the budget setting and control process, there are some areas where controls and processes can be further strengthened including budget management and control manual refresh and budget holder access to general ledger information. Of the 8 agreed actions which remain applicable from the last audit, 2 were confirmed as implemented, 4 not yet due for implementation and the timescales for implementation had been extended on the remaining 2 actions by the service finance manager on 25 February 2010. At the time of this audit, the 2 actions confirmed as implemented were found to have been implemented, together with a further 2 actions. The remaining 4 actions have been reiterated in this report, marked (*) in the action plan.
		Payroll (Trent) - inc HRD Portal *	01.07.10	1	1	9	9	-	2005-06	Internal audit is able to give a full assurance opinion on the system of internal control operating in relation to the Trent IT application and HRD Portal . A number of good practices were noted during the audit, including: procedures have been implemented to ensure changes to the application, whether for improvement or legislation, are implemented in a controlled manner; physical and logical security risks for Trent and the HRD Portal systems have been assessed. An appropriate level of control has been established to manage those risks at the corporate level; network access IDs are required and password controlled screensavers are in place; changes to system parameters that are used to control the processing of data within the application are restricted and can only be applied by the service improvement team; access to the Trent application is restricted overnight to allow batch processing to be undertaken; a time table of key system processing events is in place and all system users are made aware of the timetable; output from Trent and the HRD Portal systems is effectively controlled; a robust data back

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		Business Continuity *	07.06.10	4	4	2	1	-	2005-06	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the IT service continuity management process. A number of good practices were noted during the audit, including; the development of the ICT business continuity plan has mirrored the corporate standard document template; IT disaster recovery is being formally risk assessed and is included as a separate risk area on the ICT service risk register; the ICT incident management plan (significant staff absence) has been developed as an addendum to the ICT business continuity plan; ICT continuity processes and procedures have been integrated into the centralised corporate data backup solution; a documented daily and weekly schedule of work is in place that is used to verify the success/failure of data backup routines across all IT systems; full server data backups are taken to external backup media; backup media tapes are procured in bulk to secure suitable discounts and spares are retained to replace faulty media; and backup media tapes are securely stored when not in use at separate locations

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				Current		Previous				
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		Project & Programme Management *	8	8	-	-	-	-	-	Internal audit is able to give a significant assurance opinion on the controls in place to manage the risks associated with programme and project management. A number of good practices were noted during the audit, including; the programme delivery and governance function has senior management buy-in to support the implementation of the good practices; good practices are to be formally adopted for both programme and portfolio management as published by the Office of Government Commerce; a process is underway to rationalise and prioritise the known portfolio of 13 programmes and 117 projects; the corporate management team will act as the highest level of governance for significant programmes of work; executive directors will own their directorate portfolio of themed programmes and review progress and prioritise any new business benefits cases; the business change programme delivery and governance function has been designated as the central management function for all known programmes and projects; and all programmes and projects are to be assessed against key criteria including whether a benefits realisation plan is in place. Some areas for impro

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				Current		Previous				
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		Information Security Management *	27.05.10	5	5	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating for the information security management process. A number of good practices were noted during the audit, including; various risks that could compromise the security of information assets have been identified and quantified on the ICT service risk register; a records management policy has been implemented following legislative requirements; formal guidance and procedures are published on the Council intranet and provide some level of direction for the safeguarding of information assets; a library of information security control procedures has been documented and published for all staff to access and review; and information security requirements prescribed by the GSi code of connection have been implemented for staff working in the benefits service. Some areas for improvement have been identified, including: the function that incorporates a corporate-wide approach to information security management should be promoted to the business; a process for raising and maintaining staff awareness of information security control requirements is required; an update

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				Current		Previous				
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		Malicious Software *	01.07.10	3	3	4	2	-	2006-07	Internal audit is able to give a significant assurance opinion on the system of internal control operating in relation to the protection against malicious software K68. A number of good practices were noted during the audit, including: responsibility for managing the risk that malicious software poses to IT systems and data has been assigned to appropriate officers; risk analysis is an ongoing part of the administration of software protection; policy has been written, approved and communicated to staff regarding their responsibilities for protecting the Council against malicious software; the Email and Internet Usage Procedure, sections 6 & 7 (pages 7-16), define user obligations regarding virus control while using these facilities; the Information Security Control Procedures (pages 10-12) further define the responsibilities of users and ICT to protect the Council from malicious software; anti-virus software is installed on all networked desktop and laptop computers and is updated automatically via the central management console McAfee ePolicy Orchestrator; anti-virus software has been configured to auto



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				Current		Previous				
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		Council Tax (SX3) *	26.05.10	0	0	1	1	-	2008-09	Internal audit is able to give a full assurance opinion on the system of internal control operating within the council tax IT application. A number of good practices were noted during the audit, including; the revenues and benefits systems team provides an effective application administration function which is supported, under contract, by the third party vendor company Northgate; extensive documentation relating to application administration, support and use of facilities is available to administrators and system users and copies of the documents are available in offices and online; user access rights to the application ensure appropriate segregation of duties is enforced, rights are reviewed whenever a user changes their job function or moves to a new team and all access is periodically reviewed to ensure it remains relevant to user needs; user accounts are disabled when staff leave to ensure no further actions can be undertaken using that account and historic information is maintained within the audit trail; schedules and time tables for data processing have been established for all workflow processes; an audit trail fac

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				Current		Previous				
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		NNDR (SX3) *	26.05.10	0	0	1	1	0	2008-09	Internal audit is able to give a full assurance opinion on the system of internal control operating within the national non-domestic rates IT application. A number of good practices were noted during the audit, including; the revenues and benefits systems team provides an effective application administration function which is supported, under contract, by the vendor Northgate Information Systems Ltd; documentation that has been created by the systems team, user department and also provided by the vendor will assist with application administration, support and use and is available to all administrators and system users; users of the application receive basic training in the use of systems functions when they join the department. This is followed, once they have become competent, by additional courses for billing & recovery and customer contact; application user access rights ensure appropriate segregation of duties is in place so that staff with access to input transactions into the system do not have access to authorise those transactions; schedules and time tables have been established to ensure targ

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				Current Made	Agreed	Agreed	Previous Act'd	Not Due		
<u>Contract Audit</u>	Maintenance Schedule of Rates Contracts *	Fibbersley Park School *	15.09.10	10	10	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for the building of fibbersley Park School. A number of good practices were noted during the audit, including; the lead consultant was chosen following a competitive tender process, an EU restricted procedure was used to choose the main contractor, a TRF controlled the receipt of tenders, the quantity surveyor produced a formal tender evaluation report, a delegation from cabinet enabled appointment of the main contractor, the contractor provided evidence of his insurance, the contractor completed equalities and health and safety forms and agreed that the contract could be revoked in the event of corruption, CDM arrangements were appropriate, a pre-start meeting set out arrangements for the works, regular site meetings took place and controlled the project's progress, architect's written instructions were used to vary the works, additional time requested by the contractor to complete the works was certified, the architect certified practical completion and making good of defects.

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
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	Current Construction Contracts *	Forest Community Squash Court & Gym Refurbishment *	15.09.10	7	7	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the contractor's final account for the "Forest Community Squash Court and Gym Refurbishment". A number of good practices were noted during the audit, including; a TRF controlled the receipt of tenders, the quantity surveyor produced a formal tender evaluation report, appropriate authority was obtained both to procure the works and to accept the preferred contractor, the contractor received and acknowledged a letter of appointment, the contractor provided evidence of his insurance, a surety was provided in the form of a bond, the contractor completed equalities and health and safety forms and agreed that the contract would be revoked in the event of corruption, CDM arrangements were appropriate, a formal contract document was executed under the council's seal, a pre-start meeting set out arrangements for the works, regular site meetings took place and controlled the project's progress, architect's written instructions were used to vary the works, additional time requested by the contractor to complete the works was

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				Current Made	Agreed	Agreed	Previous Act'd	Not Due		
	Lower Farm JMI - Assembly Hall	New Invention Junior Phase 2 *	15.09.10	6	6	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the contractor's final account for the New Invention Junior School Remodelling - Phase 2. A number of good practices were noted during the audit, including; a quantity surveyor was appointed following receipt of competitive quotations, firms invited to tender were selected from the council's unified standing list of contractors and consultants, tenders were assessed by the quantity surveyor and a report produced, capital finance reports cover expenditure on this project, tenders were received by the monitoring officer and opened by the appropriate portfolio holder, a letter of appointment was sent to the chosen contractor, the contractor provided a surety, and evidence of insurance, health and safety, and equalities documentation were provided, regular site meetings were chaired by the architect and monitored the project's progress, architect's instructions were written and delivered to the contractor during the works' construction, extension of time, practical completion and making good. A number of areas for improvement were identified; the cabinet resolution did

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				Current		Previous				
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	Walsall Route 51 Bus Showcase & Red Route	Aldridge Airport *	15.09.10	12	12	-	-	-	-	1 Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for Aldridge Airport Outdoor Activity Centre. A number of good practices were noted during the audit, including: consultants were appointed following submission of competitive quotations, firms invited to tender were chosen from the council's unified standing list, tenders were received by the council's monitoring officer and opened by the appropriate portfolio holder, tenders were assessed by the quantity surveyor and a report created, the cabinet resolved to accept a tender, a letter of appointment was sent to the contractor, the contractor provided evidence of his insurance, a bond was provided as a surety, CDM documentation was completed, an extension of time was certified following the contractor's written application, the contract administrator certified that works achieved practical completion, a final account was created by the quantity surveyor and certificates were used to pay the contractor. A number of areas for improvement were identified; there

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
	Hatherton Children's Centre	St James & Ogley Hay Children's Centre *	15.09.10	12	12	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for the St James and Ogley Hay Children's Centre. A number of good practices were noted during the audit, including; a quantity surveyor was appointed following receipt of competitive quotations, officers selected firms to tender for the main works from the council's unified standing list of contractors and consultants, the monitoring officer received tenders, which were subsequently opened by the appropriate portfolio holder, the quantity surveyor assessed tenders and provided a written report, the chosen contractor received and acknowledged a letter of appointment, insurance documents were received and covered the whole of the period during which the works took place,contract administrator's instructions were written and delivered to the contractor during the works' construction, an extension of time was sought from and granted by the contract administrator, practical completion and making good of defects were certified, a final account has been

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				Current Made	Agreed	Agreed	Previous Act'd	Not Due		
	Falling Heath Residential Home	Beacon Children's Centre *	15.09.10	9	9	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for the Beacon Children's Centre. A number of good practices were noted during the audit, including; a quantity surveyor was appointed following receipt of competitive quotations, officers selected firms to tender for the main works from the council's unified standing list of contractors and consultants, the monitoring officer received tenders, which were subsequently opened by the appropriate portfolio holder, the quantity surveyor assessed tenders and provided a written report, insurance documents were received and covered the whole of the period during which the works took place, the contract administrator chaired regular site meetings and monitored the project's progress, priced contract administrator's instructions were written and delivered to the contractor during the works' construction, an extension of time was certified by the contract administrator, practical completion and making good of defects were certified, a final account has been produced for this project and



Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current		Previous				
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	Mary Elliot School	Smith & Thomas House *	15.09.10	8	8	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the contractor's final account for the Beacon Children's Centre. A number of good practices were noted during the audit, including; officers obtained an assistant director's approval prior to seeking tenders, firms were selected from the council's unified standing list of contractors and consultants, the council's consultant assessed tenders and provided a written report, the tender was formally accepted by an assistant director, the chosen contractor received and acknowledged a letter of appointment, insurance documents were received and covered the whole of the period during which the works took place, equalities and health and safety documentation was provided, the contractor agreed the contract could be revoked in case of fraud or corruption, construction design and management documentation (CDM Form 10) was produced and submitted, the contract administrator chaired regular site meetings and monitored the project's progress, priced contract administrator's instructions were written an

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current Made	Agreed	Agreed	Previous Act'd	Not Due		
	Lower Farm JMI - Admin Block	Machine Planing Schedule of Rates 2003-2005 *	15.09.10	2	2	-	-	-	-	Internal audit is able to give a full assurance opinion on the system of internal control operating within the contractor's final account for the Machine Planing and Resurfacing Schedule of Rates 2003-5 (Extended). A number of good practices were noted during the audit, including; cabinet resolved that the contract should be let and delegated acceptance to the appropriate executive director, a European Union restricted tendering system was used to select a contractor, tenders were received by the council's monitoring officer and opened by the appropriate portfolio holder, a formal letter of appointment was sent to the contractor, who provided his written agreement to undertake the contract, the contactor has provided and maintained a surety throughout the contract period, a formal contract was executed under the council's seal, the contract includes full race relations and health and safety documentation, and enables the council to revoke in case of fraud or corruption, the council extended the contract on a number of occasions under an executive director's authority., each item is agreed by the Engineer's representative prior

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current		Previous				
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	Palfrey Infants - Mobile Classroom	Dorothy Pattison - Multi Faith Centre *	15.09.10	8	8	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the contractor's final account for Dorothy Pattison Hospital Multi Faith Area and Gymnasium. A number of good practices were noted during the audit, including; officers selected firms to tender from the council's unified standing list, a capital financing report was produced, appropriate procedures controlled receipt and opening of tenders, the quantity surveyor assessed tenders and provided a written report, the chosen contractor was appointed following an assistant director's approval, insurance, equalities and health and safety documents were received and covered the whole of the period during which the works took place, construction design and management documentation (CDM Form 10) was produced and submitted, the contract administrator chaired a pre-start meeting and monitored the project's progress, an extension of time was certified by the contract administrator, the contract administrator certified the project's practical completion and making good of defects, the quantity survey

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				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
	Christ Church JMI	Bloxwich CofE School *	15.09.10	13	13	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for the Bloxwich C E School. A number of good practices were noted during the audit, including; an appropriate agreement was made with the architect, the tender list was obtained from the appropriate section of the council's unified standing list of contractors, a tender return form documented the tendering exercise, the quantity surveyor provided a written assessment of the tenders received, the winning tender was accepted by an Assistant Director, a letter of appointment was sent to the chosen contractor, the contractor provided evidence of insurance, Health and Safety, equalities and CDM documentation were provided, regular site meetings were chaired by the architect and monitored the project's progress, architect's instructions were written and delivered to the contractor during the works' construction, practical completion was certified, a final account for the project has been produced by the quantity surveyor and agreed with the contractor and certified

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				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
	Extended Schools Programme - Chuckery, Millfields and Walsall Wood	Castle School - Refurbishment of Technology Classrooms *	15.09.10	8	8	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for the Castle School - Refurbishment of Technology Classrooms. A number of good practices were noted during the audit, including; the Head of Service approved the project's go-ahead in the belief it would cost less than £150,000, the names of all firms asked to tender were on the council's unified standing list of contractors and consultants, full details and specifications were sent to each of the firms asked to tender, tenders were assessed by the quantity surveyor who produced a written report, the tender was accepted by an Assistant Director who also signed a letter of appointment, the contractor provided a surety, and evidence of insurance, Health and Safety, and equalities documentation were provided, regular site meetings were chaired by the contract administrator and monitored the project's progress, architect's instructions were written and delivered to the contractor during the works' construction, a final account has been provided by the quantity surveyor and

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current Made	Agreed	Agreed	Previous Act'd	Not Due		
	Pleck and Streetly Libraries - extension and refurbishment	Frank F Harrison - Phase 1 *	15.09.10	10	10	-	-	-	-	<p>Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for the Frank F Harrison STEM Centre Phase 1 . 2 A number of good practices were noted during the audit, including;</p> <ul style="list-style-type: none"> <li>• The consultant architect was chosen following competitive tenders and provided evidence of indemnity.</li> <li>• Tenders were sought from firms on the council's unified standing list.</li> <li>• A tender receipt form was used to regulate the receipt of tenders.</li> <li>• The architect provided a written assessment of the tenders.</li> <li>• A letter of appointment was sent to the chosen contractor.</li> <li>• The contractor's insurance cover was maintained throughout the contract period.</li> <li>• Health and Safety, and equalities documentation were provided.</li> <li>• Regular site meetings were chaired by the architect and monitored the project's progress.</li> <li>• Practical completion and making good of defects were certified.</li> <li>• A final account for the project was produced and agreed.</li> <li>• Certificates show appropriate payments to the contractor.</li> </ul> <p>A number of areas for improvement were identified; a Head of Service approved</p>

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current Made	Agreed	Agreed	Previous Act'd	Not Due		
	Streetly Sports College - new changing rooms	Refurbishment & Extension of Essington Lodge *	15.09.10	6	6	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the contractor's final account for the Refurbishment and Extension of Essington Lodge. A number of good practices were noted during the audit, including; an appropriate agreement was made with the architect, the tender list was obtained from the appropriate section of the council's unified standing list of contractors, a tender return form (TRF) was used to control the tendering exercise, the lead consultant provided a written assessment of the tenders received, the winning tender was accepted by an Executive Director under authority delegated to him by the cabinet, a letter of appointment was sent to the firm whose tender was accepted, the contractor provided a surety, and evidence of insurance, Health and Safety, and equalities documentation were provided, regular site meetings were chaired by the architect and monitored the project's progress, practical completion and making good of defects were certified, architect's instructions were written and delivered to the contractor d

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
		Birchills Children's Centre *	15.09.10	10	10	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for the Birchills Children's Centre. A number of good practices were noted during the audit, including; the architect, who also acted as lead consultant, was appointed following a tendering exercise, an appropriate agreement was made with the architect, the tender list was obtained from the appropriate section of the council's unified standing list of contractors, the lead consultant provided a written assessment of the tenders received, a letter of appointment was sent to the firm whose tender was accepted, evidence of the contractor's insurance was obtained, Health and Safety, and equalities documentation were provided, regular site meetings were chaired by the architect and monitored the project's progress, practical completion and making good of defects were certified, architect's instructions were written and delivered to the contractor during the works' construction, a final account for the project was produced and agreed, certificates show appropriate payments to the con



Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
		Edgar Stammers School - Alterations *	15.09.10	6	6	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for the New Children's Centre at Edgar Stammers School. A number of good practices were noted during the audit, including; a tender receipt form was used to regulate the receipt and opening of tenders, which were subsequently evaluated prior to an acceptance being made, a letter of appointment was sent to the chosen contractor, the contractor's insurance cover was maintained throughout the contract period, Health and Safety, and equalities documentation were provided, a surety was provided by way of a contractor's bond, regular site meetings were chaired by the architect and monitored the project's progress, practical completion and making good of defects were certified at appropriate times, architect's instructions were written and delivered to the contractor during the works' construction, a final account for the project was produced and agreed and certificates show appropriate payments to the contractor. A number of areas for improvement were identified
Totals				791	769	326	213	4		
Total Percentage					97%		66%			

\* 2009/2010 audits carried forward into 2010/2011

Ongoing	Draft	Final	Date of Final Report	Actions					Date of Last Audit	Conclusions
				Current Made	Agreed	Agreed	Previous Act'd	Not Due		

### 3\* Follow Up Audits

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current Made	Agreed	Agreed	Previous Act'd	Not Due		
Sickness Management		Strategic Procurement	-	-	-	-	-	-	-	Of the 8 high priority (***) agreed actions from the last audit, the head of procurement confirmed on 1 December 2009 that 4 had been implemented (ref: 2.1; 3.2; 3.4 and 4.2), 3 were partly implemented (ref: 1.3; 3.5 and 4.1) and 1 was to be implemented pending a reorganisation by an executive director (ref: 2.4). Of these, at the time of this follow up audit, 3 high priority actions had been fully implemented (ref: 3.2; 3.4 and 4.2); 2 high priority actions were no longer applicable (ref: 2.4 and 3.5) and 1 high priority action (ref: 4.1), which had 2 parts to it, had been implemented but with one part no longer applicable. The 2 unimplemented, or partially implemented, high priority actions have been reiterated in this report (ref: 1.3 and 2.1). These should be addressed as a priority to ensure that effective procedures are in place, prior to the audit review of this service which is planned for later in the current financial year. Managers should also seek to ensure that any medium (**) and low (*) priority agreed actions which remain applicable from the last audit have been fully implemented. Failure to implement the agreed actions w
Caravan Site		Trade Refuse	-	-	-	-	-	-	-	The 3 high priority (***) agreed actions which remain applicable from the last audit were confirmed as implemented by the service manager on 11 July 2005. Of these, 2 high priority actions had been fully implemented at the time of this follow up audit. The third high priority action was not able to be implemented at that time. Managers should also seek to ensure that any medium (**) and low (*) priority agreed actions which remain applicable from the last audit have been fully implemented. Failure to implement the agreed actions will be included in our later review and reports to Audit Committee and directorate management teams.

05.10.10

## INTERNAL AUDIT– AUDIT FULL YEAR PLANNED TIME 2010/11

	<b>Team 1</b>	<b>Team 2</b>	<b>Comp Audit</b>	<b>HofIA</b>	<b>Grand Total</b>
<b>Available days</b>	<u>1,566</u>	<u>1,566</u>	<u>110</u>	<u>261</u>	<u>3,503</u>
<b>Allowances</b>					
Annual Leave	161	162	-	30	353
Bank Holidays	72	72	-	12	156
<b>Sub Total (a)</b>	<u>233</u>	<u>234</u>	<u>-</u>	<u>42</u>	<u>509</u>
Administration	20	20	-	109	149
Contingency	59	30	-	-	89
Training – Post Entry	50	-	-	-	50
- Other	30	30	-	5	65
<b>Sub total (b)</b>	<u>159</u>	<u>80</u>	<u>-</u>	<u>114</u>	<u>353</u>
<b>PLAN DAYS AVAILABLE</b>	<u><b>1,174</b></u>	<u><b>1,252</b></u>	<u><b>110</b></u>	<u><b>105</b></u>	<u><b>2,641</b></u>
<b>Allocation :</b>					
FR6/Unplanned	356	344	-	71	771
Systems	607	477	-	-	1,084
Regularity	71	269	-	20	360
Computer	-	-	110	-	110
Contracts	-	120	-	-	120
Council Strategic	140	42	-	14	196
<b>TOTAL</b>	<u><b>1,174</b></u>	<u><b>1,252</b></u>	<u><b>110</b></u>	<u><b>105</b></u>	<u><b>2,641</b></u>

## INTERNAL AUDIT– AUDIT ACTUAL TIME – PERIOD ENDING 30 SEPTEMBER 2010

## APPENDIX 4

					ORIGINAL YEAR		DIFFERENCE
	Team 1	Team 2	HIA	Total	Full Year	Pro Rata	Col (7) - Col (5)
	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Available days (a)</b>	786	705	131	1,622	3,503	1,622	-
Less:							
Annual Leave	81	76	3	160	353	160	-
Bank Holidays	43	35	2	80	156	80	-
Compassionate Leave	-	4	-	4	-	-	(-) 4 loss
Vacancies	125	-	72	197	-	-	(-) 197 loss
Sickness/Medical Appointments	6	63	-	69	-	-	(-) 69 loss
Administration	10	23	14	47	149	75	28
Contingency	54	23	-	77	89	45	(-) 32 loss
Training - Post Entry	35	-	-	35	50	35	-
- Other	11	8	2	21	65	33	12
<b>Sub Total (b)</b>	365	232	93	690	862	428	(-) 262 loss
<b>Plan days available (a) - (b)</b>	<b>421</b>	<b>473</b>	<b>38</b>	<b>932</b>	<b>2,641</b>	<b>1,194</b>	<b>262 less days available</b>
Comprising:							
Unplanned	166	197	22	385	771	386	1
Systems/Regularity/VFM	263	235	19	517	1,640	693	176
Computer	-	1	-	1	110	55	54
Contract	-	36	-	36	120	60	24
<b>GRAND TOTAL</b>	<b>429</b>	<b>469</b>	<b>41</b>	<b>939</b>	<b>2,641</b>	<b>1,194</b>	<b>255 less days available</b>

**INTERNAL AUDIT****1) Structure at 30 September 2010**