

Audit Committee – 1 September 2014

Corporate Governance Review – August 2014 Update

Summary of report

To provide Audit Committee with an update on the work of the Corporate Governance Forum.

Background papers

Audit Committee minutes, Grant Thornton's Annual Audit Letter for Walsall Metropolitan Borough Council 2013; Corporate Governance Forum terms of reference and work plan; and Local Code of Governance.

Recommendations

1. To note progress made by the Corporate Governance Forum.



James Walsh – Chief Finance Officer

15 August 2014

Resource and legal considerations

Sound corporate governance arrangements contribute to ensuring that resources are directed in accordance with agreed policy / procedures and according to the priorities agreed by the Council; that there is sound and inclusive, fair, decision making; and that there is clear accountability for the use of those resources, in order to achieve desired outcomes for service users and communities.

Grant Thornton have, in their Annual Audit Letter dated October 2013 which was presented to Audit Committee on 11 November 2013, made recommendations under Section 11(3) of the Audit Commission Act 1998 that the Council should:

- review existing governance processes and procedures to provide assurance that the existing governance framework is fit for purpose; and
- investigate how governance is applied across the Council, to ensure that expected ethical standards are reinforced and that a culture of compliance is embedded throughout the organisation.

This report supports the Audit Committee's role in ensuring that those recommendations are successfully implemented.

Governance issues

The Audit Committee has an integral role that is central to the Council's governance framework. The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment; independent scrutiny of the authority's financial and non financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment; and to oversee financial reporting. Most notably in relation to this report, the Audit Committee's powers and functions include being satisfied that the council's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions taken to improve it; to review the effectiveness of key control strategies including the local code of governance; and consider external audit reports. This report supports the Audit Committee in exercising those functions.

Citizen impact

Good governance means focusing on the purpose of the authority and on outcomes for the community, creating and implementing a vision for the local area. It is about engaging with local people and other stakeholders to ensure robust public accountability. The work of the Audit Committee is intended to ensure that effective governance arrangements are in place. It maintains public confidence in the fair distribution of resources, and achieves best value in the delivery of services.

Performance and risk management issues

Performance and risk management form part of the corporate governance framework. Part of the Audit Committee's role is to seek assurance that the council's performance and risk management arrangements are robust and operating effectively.

Equality implications

Good governance means promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Having good governance arrangements in place supports the council in its commitment to equality of opportunity both operationally and in terms of the service and resources provided to the people of Walsall.

Consultation

The terms of reference and work plan for the Corporate Governance Forum; and the revised Local Code of Governance have been consulted on with the external Auditors Grant Thornton, Executive Directors and directorate management teams as well as the Audit Committee.

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Corporate Governance Review – August 2014 Update

Introduction

This report is to further update the Audit Committee following the report it received on 6 January 2014. A link to the 6 January 2014 report is as follows:

[6 January 2014 Report](#)

Progress – August 2014 Update

Following the meeting of the Audit Committee on 6 January 2014, the suggestions and amendments proposed by the Audit Committee to the Corporate Governance Forum's (the 'Forum') terms of reference and work plan; and Local Code of Governance have been implemented.

The revised terms of reference for the Forum is detailed at **Appendix 1**.

The revised and updated Forum work plan is detailed at **Appendix 2**.

The revised Local Code of Governance is detailed at **Appendix 3**.

The following has also been implemented since Audit Committee's January 2014 update:

- The Forum's membership has been extended to include representation from each of the 'client' directorates to ensure that any governance re-design is fit for purpose for department operations, while ensuring appropriate checks and balances are in place.
- Meetings have taken place between representatives from the client directorates with the CFO to determine whether the current governance arrangements were a help or a hindrance.
- The scope of Grant Thornton's 'independent review and challenge' was agreed by the council in February 2014 and a series of workshops and interviews have been held by Grant Thornton with a random selection of officers. Fieldwork is now nearing completion and once finalized, their report will be brought to a subsequent meeting of the Audit Committee.
- Internal audit's corporate governance report has been finalized and was reported to CMT on 19 June 2014. CMT duly noted the report and provided their leadership commitment to ensuring that the agreed actions within the report are implemented. The audit report, detailing an overall significant (borderline) assurance opinion, is detailed at **Appendix 4**. To avoid any duplication with Grant Thornton's work, this report has also been shared with Grant Thornton and is being used by them as part of their 'independent review and challenge work'. Some timescales have lapsed slightly since the reports issue in May 2014. An update on this is due to Governance Forum on 29 August 2014.
- The Head of Human Resources submitted a paper to the Forum which met on 1 July 2014, detailing proposals for embedding corporate governance in the 'hearts and minds' of the organisation. Actions following this are being implemented.
- The Head of Internal Audit has completed their annual report on the overall adequacy of the control environment.

- Statement of accounts have been prepared and submitted for external audit.
- Work is on-going to compile the Annual Governance Statement (AGS). The AGS is due to be presented to 24 September 2014 meeting of the Audit Committee.

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Terms of Reference for the Corporate Governance Forum

The Corporate Governance Forum will complete a detailed strategic review of the existing corporate governance framework as a result of concerns about governance failure that were identified during the compilation of the Annual Governance Statement, and unplanned audit work carried out by the council's internal audit team. This failure in governance appears to be due to individual non-compliance with established policies and procedures rather than a systemic failure of governance however this will be examined as part of the review.

The purpose of the review is to provide assurance to the council, elected members, officers, local people and our stakeholders that the council's governance framework is robust, but flexible enough to allow the council to provide services in a fair and transparent manner. Ensuring that the council makes the best use of resources, and puts high ethical standards at the heart of everything it does. This review is supported by the council's external auditors Grant Thornton as part of their annual audit letter.

The review will be conducted in conjunction with the production of the Annual Governance Statement (AGS), and have due regard to the principles of good governance as set out in the CIPFA/Solace publication "Delivering Good Governance in Local Government" 2012. The Forum meet on a monthly basis and will continue indefinitely as part of the annual AGS process, however the frequency of meetings will be kept under review.

Objectives

- The governance framework is up to date and fit for purpose for the organisation it serves, as it evolves.
- The level of governance is proportionate with appropriate checks and balances.
- People know what behaving properly means and there are, and the public perceive there to be, high ethical standards across the organisation. There is a high level of understanding of, and compliance with, the governance framework and local code of governance across the organisation.
- There is a continuous review of governance.
- The risk of governance failure is minimised.

The Corporate Governance Forum will be responsible for the successful delivery of the strategic review of governance and will identify required activity which supports the objectives above.

The Forum will meet monthly to review the measures and methods being applied to evidence progress towards the objectives through activity being undertaken.

The Forum will report progress to Audit Committee, who will have oversight of the project.

Membership of the Corporate Governance Forum:

The Chief Executive will chair the Forum. The Executive Director Resources will chair the Forum in the Chief Executive's absence.

The Forum comprises senior officers of the council who have a significant role and strategic responsibility for reviewing the governance framework and ensuring compliance with the same.

- Chief Executive
- Executive Director (Resources)
- Chief Finance Officer (s151 Officer)
- Head of Legal and Democratic Services (Monitoring Officer)
- Head of Human Resources and Development
- Head of Internal Audit
- Head of Finance
- Representatives - Client Departments
- Head of Programme Delivery and Governance
- Communications (as appropriate)

The Head of Programme Delivery & Governance will provide advice on the change activity approach and methods being applied to deliver the outcomes.

Other attendees may be invited to present or discuss particular issues, when appropriate.

Reporting and Meeting:

The Corporate Governance Forum will meet regularly to review:

- (a) Progress of activities towards achieving objectives
- (b) Activity about to start/end or change
- (c) Resource requirements
- (d) Interdependencies between activities
- (e) Risks associated with change activity
- (f) Communications messages

The Forum will provide progress updates to Audit Committee as necessary and will ensure that communications to key stakeholders are established and maintained.

The Role of Corporate Governance Forum Members:

1. The role of members of the Corporate Governance Forum is to successfully deliver change activity which contributes towards the objectives of review above.
2. Collectively the Forum will review, challenge and ensure appropriate capacity and expertise is available to deliver change activity and encourage cross collaborative working where a number of activities demonstrate they are contributing towards specific outcomes.
3. Individually, where Forum members are responsible for the successful delivery of an activity or Forum of activities they will report progress at the Forum meetings.

Members of the Corporate Governance Forum will:

1. Be familiar with the elements of the Governance Framework and Local Code of Governance, and how their own areas of responsibility, policies and procedure contribute to the totality of the framework.
2. Implement an appropriate level of governance throughout the organisation.

3. Utilise Business Change resources to provide advice, support and facilitation to assist with the scoping and approach to change activity and to establish an appropriate level of governance arrangements.
4. Promote a leadership culture to embed high ethical standards across the organisation by behaving in ways that exemplify high standards of conduct and effective governance.
5. Communicate the outcomes of the review to all stakeholders including employees, elected members and the public.
6. Facilitate and support the Head of Programme Delivery & Governance to ensure that:
 - a. New activity is endorsed by the Forum prior to its commencement and inclusion in any workplan. Each new activity will have a scope, an approach and a designated leader.
 - b. Governance arrangements are in place to ensure that we do not break the law and can evidence:
 - i. Progress
 - ii. Measures
 - iii. That change activity continues to evidence its contribution towards the council's priority outcomes
 - iv. That appropriate resources including expertise, tools and techniques are accessible
 - v. A risk assessment is carried out
 - vi. That the Performance Management Framework and the Walsall Change Approach are being applied appropriately.

Target Date for Completion

The planned target date for completion of this work is September 2014 on completion of the Annual Governance Statement.

13.1.14 – Amended following Audit Cttee 6.1.14

Appendix 2

Corporate Governance Forum: Work Plan		
Theme	Actions	Responsibility & Timescale
Establishment of Corporate Governance Forum	<ol style="list-style-type: none"> 1. Agree membership. 2. Agree terms of reference. 3. Agree work programme. 4. Submit agreed terms of reference and work programme to Audit Committee for endorsement. 5. Deliver work programme. 6. Agree frequency of review and reporting / accountability arrangements, including that to Audit Committee and enact. 7. Review effectiveness of Forum. 	<p>Forum, July 2013 (Complete) Forum, Dec 2013 (Complete) Forum, Dec 2013 (Complete) Chief Executive, Jan 2014 (Complete)</p> <p>Forum, Sept 2014 Forum, Dec 2013 and ongoing to Sept 2014</p> <p>Grant Thornton, Sept 2014</p>
Review of Local Code of Governance & Associated Governance Framework	<ol style="list-style-type: none"> 1. Undertake review of Local Code of Governance. 2. Consult on review. 3. Submit revised Local Code of Governance to Audit Committee for endorsement. 4. Complete review of existing governance framework (policies, procedures, systems) against the revised Local Code of Governance. 5. Establish and undertake work required to update existing governance framework to revised Local Code of Governance. 6. Comments back on framework 	<p>Forum, Sep 2013 (Complete) Forum, Nov 2013 (Complete) Chief Executive, Jan 2014 (Complete)</p> <p>Monitoring Officer, Head of HR May 2014 (Complete) Monitoring Officer, Head HR June 2014 (Complete) Monitoring Officer, August 2014 (Complete)</p>
Independent Review / Challenge	<ol style="list-style-type: none"> 1. Invite GT (External Auditors) to attend the Forum. 2. Agree scope of 'Independent Challenge and Review' and procure as appropriate 3. Report scope of Independent Reviewers work to Audit Committee. 4. Work to be Undertaken. 5. Findings reported to Forum and Audit Committee. 	<p>Forum, Nov 2013 (Complete) CFO, Feb 2014 (Complete)</p> <p>Chief Executive, April 2014 (Complete) Independent Reviewer, 31 March 2014 (Complete) Independent Reviewer, Sept 2014</p>
Internal Audit (IA) of Corporate Governance	<ol style="list-style-type: none"> 1. Undertake internal audit of existing corporate governance arrangements. 2. Report draft action plan to the Forum. 3. Agree actions from the report, and inform this work plan. 4. Report to CMT for leadership endorsement. 5. Implement agreed actions, progress report. 	<p>Head of IA, Nov 2013 (Complete)</p> <p>Head of IA, Nov 2013 (Complete) Head of IA, June 2014 (Complete) Head of IA, June 2014 (Complete) Per report action plan (Latest Agreed Action: March 2015)</p>
Review and Update	<ol style="list-style-type: none"> 1. Risk owner to keep this risk under regular review and refresh as a 	<p>Monitoring Officer, 8 July 2014 (Complete)</p>

Appendix 2

Corporate Governance Forum: Work Plan		
Theme	Actions	Responsibility & Timescale
Corporate Risk Number 12 – Governance Failure	result of the work of the Forum.	
Communication, Leadership and Training	<ol style="list-style-type: none"> 1. Agree 'hearts and minds' approach, how do we embed what we have learned about governance into the organisation. 2. Enact. 	<p>Head of HR, Sept 2014</p> <p>Forum, Sept 2014</p>
Annual Governance Statement (AGS) 2013/14	<ol style="list-style-type: none"> 1. Work of the Forum to inform the preparation of the AGS 2013/14. 2. Head of IA to prepare Annual Report of the Adequacy of the Control Environment and submit to Audit Committee. 3. Monitoring Officer (MO) to prepare and submit monitoring officer report. 4. Prepare statement of accounts. 5. Senior Information Responsible Officer (SIRO) to submit report on information governance arrangements. A full report will be issued for CMT in September 2014. 6. Collate results of other regulatory inspections and GT review to inform AGS. 7. Complete AGS and submit for approval by the Chief Executive and Leader. 8. Submit AGS to Audit Committee. 	<p>Forum, Sept 2014</p> <p>Head of IA, Sept 2014</p> <p>Monitoring Office, 31 August 2014 (Complete)</p> <p>Head of Finance, June 2014 (Complete)</p> <p>SIRO, 8 July 2014 (Complete)</p> <p>SIRO, September 2014</p> <p>Head of Finance, Sept 2014</p> <p>Head of Finance, Sept 2014</p> <p>Chief Finance Officer, Sept 2014</p>

Amended 20.08.14

Local Code of Governance

Revised 6 January 2014



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The purpose of governance is to support the local authority in delivering outcomes to the community it serves by ensuring there are high standards of conduct and leadership; placing responsibility on elected members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct, thereby setting an example for the rest of the organisation. This will ensure that we do the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

Governance is about our people just as much as it is about the systems and processes we have in place. This includes our organisational heart and values, the way we manage our business internally, and the way in which we engage with, and where appropriate lead our communities. It is essential that both officers and members ensure that they comply with all aspects of council governance in every action they take to deliver services. If they fail to comply they will be held accountable for any such failure.

The fundamental principles underpinning all aspects of corporate governance are:

- OPENNESS
- INCLUSIVITY
- INTEGRITY
- ACCOUNTABILITY

Appendix 1 sets out how the council will put these principles into practice based on the Chartered Institute of Public Finance & Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) 'Delivering Good Governance in Local Government 2012 edition'.

It is important that corporate governance is not static as the challenges facing local government change significantly and rapidly, which means the council has to adapt meet these challenges in order to deliver the level of services our customers want in a fair and transparent manner, dependent upon available resources.

Governance will be reviewed on an annual basis to ensure it is flexible yet robust. Preparation of the Annual Governance Statement will support this annual review and provide a brief public report on how the council complies with its own Local Code of Governance. This includes detail of how the Council has monitored and evaluated the effectiveness of governance arrangements throughout the year, and provides comment on any proposed changes to governance. This process will also improve the effectiveness of corporate governance and the internal control framework. It is important that any changes to governance are properly evaluated and risk assessed in the context of the aims and objectives of the council going forward, whilst reflecting the environment the council is operating in.

The Annual Governance Statement itself provides a brief communication regarding the review of governance that has taken place, and the role of the governance structures involved (such as the authority itself, the audit committee, and other committees). It will be high level, strategic and written in an open and readable style. It will be focused on outcomes, value for money, and relate to the authority's vision for the area.

As a public body the Council is responsible for ensuring that its business is conducted with



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the highest ethical and legal standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. Both Members and Officers have to work together to ensure that this duty is properly discharged.

The CIPFA/SOLACE framework for delivering good governance identifies six key principles of good governance, which the council will follow:

- 1. Focusing on the purpose of Walsall Council and on outcomes for the community, and creating and implementing a vision for the local area.**
- 2. Elected Members and Officers working together to achieve a common purpose with clearly defined functions and roles.**
- 3. Promoting Values for Walsall Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.**
- 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.**
- 5. Developing the capacity and capability of Elected Members and Officers to be effective**
- 6. Engaging with local people and other stakeholders to ensure robust public accountability.**

As part of its annual review of governance arrangements the Council will review the Local Code of Governance to ensure it meets organisational needs and accords with best practice as identified by the CIPFA/Solace framework as amended.



Appendix 1



Walsall Council

The key principles that support the authority's governance arrangements and how they are supported by processes and procedures are:

Principle 1- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

Supporting Principles:

- (i) Exercising strategic leadership by developing and clearly communicating Walsall Council's purpose and vision and its intended outcome for citizens and service users;
- (ii) Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning;
- (iii) Ensuring that Walsall Council makes best use of resources and that tax payers and service users receive excellent value for money.

Walsall Council will:

- Develop and promote the authority's purpose and vision.
- Review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements.
- Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners.
- Publish and communicate the authority's activities and achievements, including its financial position and performance.
- Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.
- Put in place effective arrangements to identify and deal with failure in service delivery.
- Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively.
- Measure the environmental impact of policies, plans and decisions.
- Measure the health impact of policies, plans and decisions.



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Principle 2 – Members and Officers working together to achieve a common purpose with clearly defined functions and roles

Supporting Principles:

- (i) Ensuring effective leadership throughout Walsall Council and being clear about executive and non executive functions and of the roles and responsibilities of the scrutiny function;
- (ii) Ensuring that a constructive working relationship exists between members and officers and the responsibilities of members and officers are carried out to a high standard;
- (iii) Ensuring relationships between Walsall Council, its partners and the public are clear so that each knows what to expect of the other.

Walsall Council will:

- Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice.
- Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and senior officers.
- Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required.
- The Chief Executive will be responsible to the authority for the manner in which the discharge of the functions of the Council is co-ordinated, ensuring that appropriate advice is given on all aspects of operational management.
- Develop protocols to ensure that the Leader and Chief executive (or equivalent) negotiates their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.
- Make a senior officer (the section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.



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- Make a senior officer (usually the monitoring officer) responsible to the authority for ensuring that appropriate advice is given in respect of the lawfulness of actions taken by the authority.
- Develop protocols to ensure effective communication between members and officers in their respective roles.
- Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel.
- Ensure that effective mechanisms exist to monitor service delivery.
- Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.
- When working with partners, ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority.
- Ensure that there is clarity about the legal status of partnerships.
- Ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.

Principle 3 – Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Supporting Principles:

- (i) Ensuring members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance;
- (ii) Ensuring that organisational values are put into practice and are effective.

Walsall Council will:

- Ensure that the authority's political and managerial leadership sets a tone for the organisation by creating a climate of openness, support and respect.
- Ensure that standards of conduct and personal behaviour expected of members and staff; between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.



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- Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with members, staff, the community and partners.
- Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.
- Develop and maintain an effective standards committee.
- Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority.
- In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.

Principle 4 – taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

Supporting Principles:

- (i) Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny;
- (ii) Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs;
- (iii) Ensuring that an effective risk management system is in place;
- (iv) Using their legal powers to the full benefit of the citizens and communities in their area.

Walsall Council will:

- Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisations for which it is responsible.
- Have systems to ensure that decisions are properly recorded and evidenced including as appropriate the criteria, rationale and considerations that formed part of the decision making process.
- Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders, and put in place processes to ensure that they act in a way that is consistent with the "Nolan Committee's – Seven Principles of Public Life".



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- Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions, or make other appropriate arrangements for the discharge of the functions of such a committee.
- Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.
- Ensure that those making decisions, whether for the authority or the partnership, are provided with information or professional advice that is fit for the purpose, relevant, timely and gives clear explanations of any technical, legal or financial issues and their possible implications.
- Ensure that risk management is embedded into the culture of the authority; with members and managers at all levels recognising that risk management is part of their jobs.
- Ensure that effective arrangements for whistleblowing are in place to which officers, staff and all those contracting with or appointed by the authority have access.
- Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.
- Ensure the organisation observes all legislative requirements placed upon it, including the requirements of common law. The key principles of natural justice, including rationality, lawfulness, and proportionality will be reflected in any decision making processes.

Principle 5 – Developing the capacity and capability of members and officers to be effective.

Supporting Principles:

- (i) Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles;
- (ii) Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group;
- (iii) Encouraging new talent for membership of Walsall Council so that best use can be made of individual's skills and resources in balancing continuity and renewal.

Walsall Council will:

- Provide induction programmes and training tailored to meet the individual needs of members and officers, that also allows them to deliver effectively to achieve



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the aims of the corporate plan.

- Ensure that the statutory officers have the necessary skills, resources and support to perform their roles effectively.
- Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.
- Ensure that arrangements are in place for reviewing the performance of the executive cabinet as a whole, and of individual members. If required develop an action plan, which might for example aim to address any training or development needs.
- Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.
- Ensure that career structures are in place for members and officers to encourage participation and development.

Principle 6 – engaging with local people and other stakeholders to ensure robust public accountability.

Supporting Principles:

- (i) Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships;
- (ii) Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by Walsall Council, in partnership or by commissioning;
- (iii) Making best use of human resources by taking an active and planned approach to meet responsibility to staff.

Walsall Council will:

- Ensure organisationally that all employees, members and the community are clear to whom they are accountable and for what.
- Consider institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and implement any changes that may be required.
- Ensure the effectiveness of the scrutiny function and report on the same.



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- Ensure clear channels of communication are in place with all sections of the community and other stakeholders, including monitoring arrangements, and ensure that they operate effectively.
- Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.
- Establish a clear policy on the types of issue on which they will meaningfully consult on or engage with the public and service users, including a feedback mechanism for those consultees to demonstrate what has changed as a result.
- Annually publish our outcomes measured in accordance with our performance framework, explaining what we have accomplished in achieving the authority's vision, strategy, plans, and how this has improved customer satisfaction with the service they received over the relevant period.
- Ensure that the authority is open and accessible to the community, its service users, and its staff, and is open and transparent in all its dealings, including where working in partnership, subject only to the need to maintain confidentiality in circumstances where it is proper and appropriate to do so.
- Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.

06.01.2014



Walsall Council

**Internal Audit
Corporate Governance
Audit Report 2013/14
May 2014**


Distribution List:		
	For action: See attached memo	
	For information: See attached memo	

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1. Executive Summary

Report Classification:	Trend:	Total number of findings:				
SIGNIFICANT ASSURANCE (BORDERLINE)	<div></div> <div>This audit classification compared to the prior audit classification (2008/09)</div>			High	Medium	Low
		Current audit	Design of work	9	2	
			Management of work	27	11	
		Prior audit findings unaddressed	Design of work	5	1	
			Management of work	7	1	

Headlines / Summary of Findings

Corporate Governance is the system by which organizations direct and control their functions and for local authorities, how they relate to their communities. At the time of the audit (Summer of 2013), generally, the design of work (sufficiency of controls) and management of work (effectiveness of controls) within the council's corporate governance arrangements required attention, most notably that:

- Corporate governance is embedded in the 'hearts and minds' of the organisation and that officers behave in ways which prioritise governance and exemplify high standards of conduct.
- The organisation's existing policy framework and operational policies and strategies are reviewed to ensure that they are up to date and remain relevant to the council's purpose. This includes ensuring that an appropriate level of governance is maintained which is effective and affordable, in light of the significant organisational change which is required.
- Performance management systems are strengthened, to ensure that services are achieving against purpose, that service failure is promptly identified and addressed, as well as recognition where performance is good.
- Systems for co-ordinating and managing complaints are effective.
- The local code of governance is refreshed, disseminated and only the current version is accessible on the internet / intranet.

- A communications strategy is put in place to promote a greater understanding of the organisation's purpose, shared vision, values and priorities as set out in the Corporate Plan.
- A workforce plan is recommended. This is particularly salient in terms of the impact on ensuring that the 'right people are in the right posts' to ensure an appropriate level of public service delivery is maintained.
- The organisation's approach to value for money requires review.
- Measures to optimise staff morale and during the current environment, also requires management attention.
- A protocol for the working relationship between the Leader and the Chief Executive is recommended.
- Systems for staff appraisal (currently known as the 'employee performance assessment' and the management competency framework) require review. In the absence of this, corporate objectives and service purpose may not be promptly and effectively achieved, the performance and development of staff may not be managed consistently and effectively across the organisation, which may lead to problems in the event of employee related (including legal) matters arising.
- Processes for declaration of interests should be reviewed and re-iterated to staff.
- A review of the capacity and capability of members via a training needs analysis is recommended. This is particularly important in terms of potential political party leadership changes.
- The organisation's communication and consultation systems also require some management attention.
- Finally, as part of the audit, views on the organisation's corporate governance arrangements were sought via a questionnaire which was submitted to 25 senior managers (including the Chief Executive, Executive Directors, Assistant Directors and a sample of Heads of Service); and 10 employees. Views were also sought from the Leader, Chair of the Audit Committee and a Scrutiny Committee Chair. Responses received from these questionnaires also require consideration by the organisation.

During the course of the audit, the council's external auditor, Grant Thornton, recommended in their annual audit letter dated October 2013, under section 11(3) of the Audit Commission Act 1998, that the Council should:

- review existing governance processes and procedures to provide assurance that the existing governance framework is fit for purpose; and
- investigate how governance is applied across the council, to ensure that expected ethical standards are reinforced and that a culture of compliance is embedded throughout the organisation.

In June 2013, the Council established a Corporate Governance Forum (the 'Forum'). The Forum is chaired by the Chief Executive, or the Executive Director, Resources in his absence. As well as the Chief Executive and Executive Director, Resources, the Forum's current membership also includes the Monitoring Officer; Head of Human Resources; Chief Finance Officer; Head of Finance; Head of Internal Audit; and Head of Programme Management & Governance. A terms of reference and work plan for the Forum has been established as well as reporting arrangements on progress made to the Council's Audit Committee.

At the time of issue of this draft final report (May 2014), the Forum has already made progress against its work plan, including a refresh of the Local Code of Governance and the commissioning of Grant Thornton to assist the work of the Forum in providing external independent review and challenge. The findings of this internal audit review have been considered by Grant Thornton as part of their work and also by the Forum in

their wider work plan. The organization's commitment to the Forum's work and the progress which has been made to date has also been considered in arriving at the assurance opinion for this audit.

Prompt implementation of the actions contained within the action plan, together with the Forum's work programme, will strengthen governance arrangements further.

All audits undertaken include checks that prior audit findings have been closed / addressed. Of the 34 prior audit findings which remain applicable from the last audit of corporate governance arrangements which was undertaken in 2008/09, 14 remain open / unaddressed. These are detailed within the action plan denoted (* unaddressed prior audit finding).

Management comments (optional)

[Include management overall comments on the findings – optional]

2. Background and Scope

Background

Corporate Governance is the system by which organizations direct and control their functions and for local authorities, how they relate to their communities.

An audit review of corporate governance was undertaken as part of the annual audit plan. The audit was undertaken using the CIPFA 'delivering good governance framework' published in 2007 and its subsequent addendum, published in 2012. The framework is intended to assist authorities and their partnerships in reviewing their own governance arrangements by reference to best practice and using a self assessment methodology.

As part of the audit, views on the organisation's corporate governance arrangements were sought via a questionnaire which was submitted to 25 senior managers (including the Chief Executive, Executive Directors, Assistant Directors and a sample of Heads of Service); and 10 employees. Views were also sought from the Leader, Chair of the Audit Committee and a Scrutiny Committee Chair.

Scope

The objectives of the audit were to evaluate the adequacy of the system of internal control and its application in practice within the area under review.

The scope of the audit is as detailed within the terms of reference at **Appendix 1**.

Any audit reports which receive a no or limited assurance are directly reported to Audit Committee, where accountable managers and their executive / assistant director may be required to attend to give necessary assurances that appropriate corrective action is being taken.

3. Audit Findings

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
3.1	High	<p><u>Local Code of Governance (Design of Work)</u></p> <p>The current local code of governance is based on the principles and requirements of the CIPFA/SOLACE framework, “delivering good governance in Local Government” 2007 and was last reviewed in March 2010.</p> <p>It was last presented to Audit Committee under the agenda item ‘Review of governance framework and effectiveness including local code of governance’ on 7 December 2010.</p> <p>CIPFA / SOLACE “Delivering Good Governance in Local Government Guidance Note for English Authorities” was issued in 2012, this revised guidance note is an update to the previous guidance referred to in the code of governance. The current code</p>	<p>A code which is out of date and not reflective of current recommended practice, may result in ineffective governance arrangements. This may include the risk of</p> <ul style="list-style-type: none"> resources not being directed in accordance with agreed policies and according to priorities; lack of sound and inclusive decision making; lack of clear accountability for resources; and a failure to achieve desired outcomes for service users and communities. 	<p>The re-drafted local code of governance should be finalised and approved, before being disseminated to relevant stakeholders.</p> <p>It is recommended that thereafter, the code is subject to regular review and refresh.</p>	<p>Agreed. The Local Code of Governance has now been approved and disseminated via April 2014 Core Brief.</p> <p>The code will be subject to regular review and refresh.</p> <p>Tony Cox Head of Legal & Democratic Services</p> <p>30 September 2014</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>does not therefore reflect any changes in the revised guidance note.</p> <p>In June 2013, the organisation established a corporate governance group, whose remit is to carry out a full review of corporate governance. One of the actions arising from the group's 30 July 2013 meeting was to carry out a review of the local code of governance. At the time of the audit, the head of legal and democratic services had issued a re-draft of the local code for consultation.</p>			
3.2	High	<p><u>Local Code of Governance (Management of Work)</u></p> <p>As part of the audit, a questionnaire based on the CIPFA Solace document "Delivering Good Governance in Local Government" was sent to 25 senior managers (Chief Executive, Executive Directors, Assistant Directors and a sample of Heads of Service). Comments from the 20 questionnaires returned on the subject of the local code are detailed in the confidential</p>	<p>Governance arrangements may become ineffective if the organisation's leadership (management) is not entirely supportive of current governance arrangements.</p>	<p>The responses received from the questionnaire should be as part of the corporate governance group's programme of work.</p>	<p>Agreed. A piece of work has been commissioned from Grant Thornton in March 2014 which includes the brief:</p> <ul style="list-style-type: none"> Assess the levels of understanding, compliance and attitude towards proper governance at the Council. <p>The feedback obtained as part of Internal Audit's review will also</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		Appendix 5.			inform this work. Corporate Governance Forum 30 June 2014
3.3	Medium	<p><u>Local Code of Governance (Management of Work)</u></p> <p>It was noted that the local code of governance held on the internet was a different version to that held on the intranet (the intranet includes the March 2010 review date, the internet version does not).</p>	<p>Inconsistent / out of date information contained on websites.</p> <p>Out dated information accessible by the public.</p>	It should be ensured that there is consistency in versions of the local code held on the intranet and internet. This will ensure that consistent and up to date information is accessible to both employees and the public.	<p>Agreed.</p> <p>Tony Cox Head of Legal & Democratic Services</p> <p>Implemented.</p>
3.4	High	<p><u>Local Governance Code (Management of Work)</u></p> <p>A questionnaire was submitted to a random sample of 10 employees. Of the 6 completed questionnaires received, 2 employees (33%) stated that they were not aware of the local code of governance.</p> <p>(* unaddressed prior audit finding)</p>	Staff may not be aware of the code and therefore remain unaware of the organisation's overall commitment to governance and the key building blocks that comprise good governance.	Following the latest review, refresh and approval of the local code of governance, an effective means of disseminating the code to ensure that all staff are aware of its content should be established and implemented.	<p>Agreed. The revised local code of governance has now been disseminated via April 2014 Core Brief.</p> <p>A piece of work was commissioned from Grant Thornton in March 2014 which includes the brief:</p> <ul style="list-style-type: none"> Review the outcomes of the Council's

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
					<p>Governance Forum, which has been specifically set up to re-design the Council's governance framework, in terms of the Council's overall governance procedures and comment on how they compare with best practice.</p> <ul style="list-style-type: none"> • Assess the levels of understanding, compliance and attitude towards proper governance at the Council. • Comment on implications for embedding (revised) governance framework, communication of plans and the ongoing adequacy of the council's planning, monitoring and review arrangements. • Produce a detailed

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
					<p>feedback report for Audit Committee.</p> <p>The feedback obtained as part of Internal Audit's review will also inform this work.</p> <p>Corporate Governance Forum</p> <p>30 June 2014</p>
3.5	Medium	<p><u>Local Code of Governance (Management of Work)</u></p> <p>A questionnaire which was based on the CIPFA Solace document "Delivering Good Governance in Local Government" was submitted to 25 senior managers (CEO, executive directors, assistant directors and a sample of heads of service) on 28 May 2013 with a request for it to be returned by 4/6/13, only 6 were returned. In chasing responses a further 14 were received (20 in total).</p> <p>A separate questionnaire was submitted to a random sample of 10 employees on 28 May 2013 with a request for it to be returned by</p>	There is risk that this is an indicator that corporate governance is not considered to be a priority by the organisation's leadership.	The organisation's leadership must ensure it sets a 'tone' by behaving in ways that prioritises governance and exemplifies high standards of conduct.	Agreed. As 3.2.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>4/6/13, 0 were returned. In chasing responses 6 were received.</p> <p>A separate questionnaire was submitted to the Leader, Audit Committee Chair and a Scrutiny Committee Chair on 5/7/13 with a request for it to be returned by 12/7/13, 0 were returned. In chasing responses all were received.</p>			
3.6	High	<p><u>Purpose and Vision (Design of Work)</u></p> <p>The organisation does not have a communication strategy in respect of its corporate objectives.</p> <p>As part of the audit, a questionnaire, which was based on the CIPFA Solace document “Delivering Good Governance in Local Government”, was sent to 25 senior managers (Chief Executive, Executive Directors, Assistant Directors and a sample of Heads of Service). A summary of the results of the 20 questionnaires completed relating to ‘the purpose of the organisation and on outcomes; and creating and</p>	<p>The purpose and vision of the council may not be achieved.</p> <p>Views of the public and service users may not be fully considered in creating and implementing a vision for the local area.</p>	<p>A communication strategy to promote a greater understanding of the organisation’s purpose; shared vision and values; and priorities as set out in the ‘Walsall Council Corporate Plan 2013/14 – 2014/15’ should be developed, approved and implemented.</p> <p>As 3.2.</p>	<p>Agreed. This will be part of the recently agreed performance framework. Posters have been commissioned communicating the vision and values, however, the recently announced work by CMT includes a plan to reshape and further define the agreed priorities and so and communication plan will need to align to this work</p> <p>Carol Williams Head of Programme</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>implementing a vision', is as follows:</p> <ul style="list-style-type: none"> • 15% did not agree that "we are clear about what we are trying to achieve as an authority". • 30% did not agree that "we always have this at the front of our minds when we are planning or taking decisions". • 35% did not agree that "we are achieving our intended outcomes". • 50% did not agree that "we communicate our vision well to the community". • 35% did not agree that "the information we have about the quality of service for users helps us to make rigorous decisions about improving quality". • 40% did not agree that "we receive regular and comprehensive information on users' views of quality". • 90% agreed that "this information could be improved". • 22% did not agree that "we understand the views of the public and service users". 			<p>Delivery</p> <p>31 December 2014</p> <p>As 3.2.</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<ul style="list-style-type: none"> 50% did not agree that “we receive comprehensive and reliable information about these views and we use it in decision making”. <p>Specific comments received regarding the above are detailed in the confidential Appendix 5.</p>			
3.7	High	<p><u>Purpose and Vision (Management of Work)</u></p> <p>A separate questionnaire was completed by the Leader, Audit Committee Chair and a Scrutiny Committee Chair. A summary of the results relating to ‘the purpose of the organisation and on outcomes; and creating and implementing a vision’, is as follows:</p> <ul style="list-style-type: none"> 33% did not agree that “the organisation’s vision, corporate plan, priorities and targets developed is clearly articulated and disseminated”. <p>Specific comments received regarding the above are detailed in the confidential Appendix 5.</p>	The purpose and vision of the council may not be achieved.	As 3.2.	As 3.2.
3.8	High	<u>Purpose and Vision</u>	Stakeholders may be	The Walsall Plan 2013-16 should be	Agreed. The final

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p><u>(Management of Work)</u></p> <p>The Walsall Plan 2013-16, which replaced the Sustainable Community Strategy, was approved by Council on 8 April 2013. A draft copy of this has been published on the website.</p>	misinformed / misled by reference to an unapproved version on the council's website.	finalised and published on the council's website.	<p>version has now been published on the council's website.</p> <p>John Leach Head of Communities and Partnerships</p> <p>Implemented</p>
3.9	Medium	<p><u>Purpose and Vision (Management of Work)</u></p> <p>A Partnership Tasking and Co-ordination Group have been established whose aim is to guide the coordination and delivery of the Walsall Plan. The terms of reference for the group is currently in draft status.</p>	Inability in to evidence that terms of reference have been approved / finalised in the event of query / challenge.	The terms of reference for the Partnership Tasking and Co-ordination Group should be finalised.	<p>Agreed. The terms of reference for the Partnership Tasking and Co-ordination Group have now been finalised.</p> <p>John Leach Head of Communities and Partnerships</p> <p>Implemented</p>
3.10	High	<p><u>Purpose and Vision (Management of Work)</u></p> <p>The Workforce Plan 2009/12 is dated November 2008 and does not appear to have been recently updated. A plan for 2012 onwards has not yet been produced.</p> <p>It is understood from review of</p>	<p>The organisation is unable to deliver its purpose and vision in the absence of staff with the right skills, attitudes and knowledge.</p> <p>This risk is all the more salient in times</p>	The workforce plan should be reviewed, updated and approved, being informed by the proposed organisational diagnostic.	<p>Agreed in that the Head of Human Resources will seek CMT's view as to the benefits of putting in place a workforce plan for 2014/15 onwards.</p> <p>Steve McGowan Head of Human</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		strategic risk 6 which is 'with significant budget reductions, will the council have the right people with the right skills to deliver services in a different environment', it states 'CMT to be clear about what it wants from staff (skills, attitudes, knowledge) going forward. An organisational diagnostic to be undertaken to support this work'. (* unaddressed prior audit finding)	of austerity with increased pressure on staff resources.		Resources November 2014
3.11	High	<u>Annual Report (Management of Work)</u> An annual report, publishing the council's achievements, has not been produced since 2007/08. It states within the current local code of governance that an annual report will be published.	Stakeholders may not be aware of the organisation's achievements, financial position and performance. Current inability to demonstrate compliance with the local code of governance in the event of query / challenge.	It is recommended that an annual report is produced on a timely basis to communicate the authority's activities and achievements, its financial position and performance. This is of particular importance in the current financial climate, where the council will need to demonstrate how it is delivering with less.	Production of an annual report is not agreed. The Local Code of Governance has been revised to state that the council will 'publish and communicate the authority's activities and achievements, including its financial position and performance'. This does not necessarily mean via an annual report which may have little value to the public. Financial performance is already reported via the annual statement of

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
					<p>accounts. Non financial performance is reported as and when required, including via the local media. See also 3.20 The current system will remain.</p> <p>Rory Borealis Executive Director Resources</p>
3.12	High	<p><u>Managing Service Failure (Design of Work)</u></p> <p>The council does not have its own formal definition or a set of criteria that can be applied consistently across the directorates that could be used to assess when a service area is 'failing'.</p> <p>(* unaddressed prior audit finding)</p>	<p>The absence of a general set of criteria that can be applied consistently by all services may result in variability across services as to what constitutes service failure. Management may not therefore be able to take timely action.</p>	<p>The organisation should introduce high level internal measures that it could use to assess when a service is beginning to 'fail' or is 'failing'.</p> <p>This should be considered as part of the current review to the Walsall Performance Framework.</p>	<p>Agreed. The performance framework was approved at Cabinet on 5 Feb 2014 and is currently being rolled out. A further update was given to CMT on 6 March 2014.</p> <p>The framework will be updated to include provision for accountable directors and / or CMT to report to CMT for scrutiny, if performance is identified as falling increasingly short of achievement of purpose.</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
					Carol Williams Head of Programme Delivery 30 June 2014
3.13	High	<p><u>Managing Service Failure (Design of Work)</u></p> <p>The council does not have a set of guidelines which senior managers could follow which could be enacted in the event of service failure.</p> <p>(* unaddressed prior audit finding)</p>	<p>Lack of consistent approach / direction in the event of service failure.</p> <p>Adverse publicity.</p>	<p>To ensure effective arrangements are in place to manage failure in service delivery, a set of guidelines should be issued which could be applied in the event of service failure.</p>	<p>Not agreed in so far as a generic approach is not considered to be useful.</p> <p>Rory Borealis Executive Director Resources</p> <p>See, however, 3.12.</p>
3.14	High	<p><u>Complaints Procedure (Design of Work)</u></p> <p>Management reports relating to complaints and compliments are not generated from "Tell Us" and issued to directorate co-ordinators.</p>	<p>Valuable learning opportunities may be lost.</p> <p>Views of residents may not be fully used to shape service improvements.</p>	<p>Management reports relating to complaints and compliments should be generated from "Tell Us" and issued to directorate co-ordinators.</p>	<p>Not agreed.</p> <p>The Tell-Us system is massively disempowering of our staff, does not deliver good results for customers, wastes public money and adds no value.</p> <p>The approach to complaints within Money, Home, Job delivers against purpose for a complaints procedure:</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
					<ol style="list-style-type: none"> 1. It sorts the problem for the customer immediately (not within 28 days). 2. It empowers staff. 3. It frees up resources that are otherwise consumed by a database that is of no real value. 4. Learning is integral to the system not something that happens on an annual basis. <p>A consolidated piece of work will be undertaken for CMT with the proposal that this system be replicated organisationally.</p> <p>██████████ Senior Customer Service Advisor</p> <p>██████████ Senior Customer Services Advisor</p> <p>Rory Borealis</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
					<p>Executive Director, Resources</p> <p>November 2014</p> <p>In the interim, the Head of Programme Delivery will ensure current systems for the management of complaints are strengthened.</p> <p>Carol Williams Head of Programme Delivery</p> <p>July 2014</p>
3.15	High	<p><u>Complaints Procedure (Design of Work)</u></p> <p>The principal corporate performance officer confirmed that complaints received in respect of 'my money, my home, my job' are no longer recorded on the 'tell us' complaints system.</p>	<p>Data in respect of complaints may not be complete.</p> <p>Complaints may not be consistently addressed.</p> <p>Lack of corporate oversight of organisational complaints and learning /</p>	<p>The current approach for complaints received in respect of 'my money, my home, my job' should be reviewed in light of the risks identified.</p>	<p>As 3.14.</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
			improvements required.		
3.16	High	<p><u>Complaints Procedure (Management of Work)</u></p> <p>A framework whereby overall themes and learning issues from complaints being regularly collated, reported and used to inform service improvement plans has not been developed.</p> <p>(* unaddressed prior audit finding)</p>	<p>Valuable learning opportunities may be lost.</p> <p>Views of residents may not be fully used to shape service improvements.</p>	A framework should be implemented whereby overall themes and learning issues from complaints are regularly collated, reported and used to inform service improvement plans.	As 3.14.
3.17	High	<p><u>Complaints Procedure (Management of Work)</u></p> <p>During 2012/13, 598 complaints were registered, of these 109 were acknowledged and then responded to within the stipulated 20 day period. (18.2%).</p> <p>(* unaddressed prior audit finding)</p>	Non compliance with council policy. The council's reputation may be adversely affected and potential areas of service weakness may not be dealt with in a timely manner.	<p>Directorates should be issued with a reminder of the need to respond to complaints within the stipulated timeframe.</p> <p>Ongoing non compliance should be reported to directorates via a weekly 'chaser' report and monitored via performance boards.</p>	As 3.14.
3.18	High	<p><u>Measuring Value for Money and Performance (Management of Work)</u></p>	Poor performance may be going unnoticed resulting in performance	The re-drafted Walsall Performance Framework should be agreed, finalised and approved, before being disseminated to relevant	Agreed. The performance framework was approved at Cabinet on 5 Feb 2014

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>The Walsall Performance Framework has not been updated since October 2009.</p> <p>At the time of the audit, an updated version of the Walsall Performance Framework had been issued for consultation.</p>	management issues within services not being resolved in an effective manner.	<p>stakeholders.</p> <p>It is recommended that thereafter, the Walsall Performance Framework is subject to regular review and refresh.</p>	<p>and is currently being rolled out. A further update was given to CMT on 6 March 2014.</p> <p>Carol Williams Head of Programme Delivery</p> <p>30 June 2014</p>
3.19	High	<p><u>Measuring Value for Money and Performance (Design of Work)</u></p> <p>The auditor's discussions with the corporate performance manager identified that there is currently no requirement for services to produce service plans or hold performance boards, although performance boards are still held by Children's Services and Social Care & Inclusion.</p> <p>There are no templates available on the intranet for service / team plans. Local performance indicators are only monitored in certain service areas.</p> <p>Performance management is no longer supported by the corporate</p>	<p>Service aims and objectives may not be delivered.</p> <p>Inability to demonstrate the 'golden thread' between corporate objectives and service objectives. Corporate objectives may not be met.</p> <p>Poor performance / service failure may go un-noticed and therefore unaddressed.</p>	<p>The organisation's approach to performance management should be immediately addressed. The revised Walsall Performance Framework will assist in this.</p>	<p>Agreed. The performance framework was approved at Cabinet on 5 Feb 2014 and is currently being rolled out. A further update was given to CMT on 6 March 2014.</p> <p>Carol Williams Head of Programme Delivery</p> <p>31 May 2014</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>performance team. Directorates decide for themselves if performance is to be monitored or not.</p> <p>This position is supported by planned service area internal audits.</p>			
3.20	High	<p><u>Measuring Value for Money and Performance (Management of Work)</u></p> <p>The latest performance data held on the council's website is for the financial year 2008/09. On clicking on the link the page is 'not found'.</p>	Out of date information impacting on public confidence.	Once available, performance data should be published on the council's website.	<p>Agreed. This needs to link to ASPIRE regulations but datasets will be published online.</p> <p>Carol Williams Head of Programme Delivery</p> <p>31 December 2014</p>
3.21	High	<p><u>Measuring Value for Money and Performance (Design of Work)</u></p> <p>A corporate framework for reviewing value for money for the organisation has not been developed.</p> <p>(* unaddressed prior audit finding)</p>	The council is unable to demonstrate that it is delivering value for money.	A corporate framework for reviewing value for money for the organisation as a whole should be developed. Such a framework should build upon existing mechanisms and measures.	<p>Agreed. As part of the external audit of the council the external auditors provide an annual value for money opinion as part of their ISA260 report. The council has consistently passed this. A corporate framework for reviewing VFM will be developed and</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
					<p>accommodated within the newly developed performance assessment framework and as part of work undertaken in reviewing the organisation's commissioning cycle.</p> <p>James Walsh, Assistant Director – Finance / Vicky Buckley, Head of Finance / Carol Williams, Head of Programme Delivery</p> <p>30 September 2014</p>
3.22	High	<p><u>Measuring Value for Money and Performance (Management of Work)</u></p> <p>A questionnaire, which was based on the CIPFA Solace document “Delivering Good Governance in Local Government”, was submitted to 25 senior managers (CEO, executive directors, assistant directors and a sample of heads of service). Comments from the 20 questionnaires completed are detailed in the confidential</p>	Poor performance may be going unnoticed resulting in performance management issues within services not being resolved in an effective manner.	As 3.2.	As 3.2.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		Appendix 5.			
3.23	High	<p><u>Measuring Value for Money and Performance (Management of Work)</u></p> <p>A separate questionnaire was submitted to a random sample of 10 employees. From the 6 completed questionnaires received, the following was found:</p> <ul style="list-style-type: none"> 17% were rarely consulted by senior managers / directors on their views on how to improve service delivery. 17% did not think that clear mechanisms were in place to allow them to share thoughts on improving services / processes. <p>Specific comments received regarding the above are detailed in the confidential Appendix 5.</p>	<p>Service improvements may not be identified and therefore implemented.</p> <p>Staff may not feel empowered or involved in change, which is a key objective of working smarter.</p>	<p>Mechanisms for improving staff engagement and staff perception of this should be reviewed as part of the corporate governance group's wider programme of work.</p> <p>As 3.2.</p>	As 3.2.
3.24	Medium	<p><u>Measuring Value for Money and Performance (Management of Work)</u></p> <p>Service standards are held on the website for front line services detailing for example, what the</p>	<p>Standards may not be reflective of current practice.</p> <p>Out of date information impacting on public confidence.</p>	<p>Services standards should be reviewed to ensure that only up to date material is published on the intranet.</p> <p>The need for service standards should be reviewed.</p>	Agreed. These are part of a very old initiative that commenced in regeneration directorate. The role and purpose of maintaining standards

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		service does and what customers can expect from the service. Examination of a sample of standards identified that that none had been reviewed since 2008. These included Consumer Advice, Childrens Services – Statutory Complaints, Electoral Services and Freedom of Information Act.			need to be considered alongside current CMT work regarding organisation purpose. Carol Williams Head of Programme Delivery 31 August 2014
3.25	High	<p><u>Roles and Responsibilities (Management of Work)</u></p> <p>A questionnaire, which was based on the CIPFA Solace document “Delivering Good Governance in Local Government”, was submitted to 25 senior managers (CEO, executive directors, assistant directors and a sample of heads of service). A summary of the results of the 20 questionnaires completed relating to ‘good governance means members and officers working together to achieve a common purpose with clearly defined functions and roles’ is as follows:</p> <ul style="list-style-type: none"> • 20% did not agree that “we all know what we are supposed to be doing.” 	Officers may not be aware of their roles and responsibilities which could result in the council's purpose, vision and priorities not being achieved.	Mechanisms for improving governance arrangements regarding roles and responsibilities should be reviewed as part of the corporate governance group's wider programme of work.	As 3.2.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<ul style="list-style-type: none"> • 40% did not agree that “our approach to each of the authority’s main functions is clearly set out and understood by all councillors.” • 5% did not agree that “we have formally agreed on the types of decisions that are delegated to the executive and those that are referred for full council”. • 70% agreed that “the size and complexity of our organisations affects the ways in which we approach each of the main functions of governance”. • 45% did not agree that “governance arrangements are understood throughout the authority”. • 15% did not agree that “efforts have been made to ‘demystify’ the concepts of governance”. • 45% did not agree that “these efforts have been successful”. • 15% did not agree that “we have clearly defined the respective roles and responsibilities of the non executives and the executive, the chair and the chief 			

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>executive”.</p> <ul style="list-style-type: none"> 60% did not agree that “all councillors of the authority take collective responsibility for its decisions”. 			
3.26	High	<p><u>Roles and Responsibilities (Management of Work)</u></p> <p>A questionnaire was submitted to a random sample of 10 employees. From the 6 completed questionnaires received, the following was found:</p> <ul style="list-style-type: none"> 33% did not think that staff, in general, take pride in working for Walsall. 33% did not think that staff morale within their service area was good. <p>Specific comments received regarding the above are detailed in the confidential Appendix 5.</p>	<p>Low staff morale may result in failure to achieve objectives and a poor service to customers.</p> <p>This may also have an adverse impact on sickness levels.</p>	<p>Measures to optimise staff morale during the current environment should be considered. This should be reviewed as part of the corporate governance group’s wider programme of work.</p> <p>As 3.2.</p>	As 3.2.
3.27	High	<p><u>Protocol for Chief Executive and Leader (Design of Work)</u></p> <p>The current member/officer protocol does not specifically refer to the roles, responsibilities and</p>	<p>Inconsistent working relationships could, over time, adversely affect the dynamics that underpin the effectiveness of the decision making</p>	<p>A protocol should be developed detailing the roles, responsibilities and expectations of the working relationship between the chief executive and the leader. This should include specific reference to the pivotal relationship between the</p>	<p>Agreed.</p> <p>Tony Cox Head of Legal & Democratic Services</p> <p>30 June 2014</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		expectations, defining the working relationship between the chief executive and the leader. (* unaddressed prior audit finding)	process.	chief executive and the leader. Such reference should outline key principles that underpin the relationship, notably a commitment to a consistent leadership/management style. This protocol should be considered for inclusion as an update to the member / officer protocol.	
3.28	Medium	<u>Financial Records and Accounts and Effective System of Internal Control (Design of Work)</u> A Chief Finance Officer (Section 151 Officer) Protocol is held on the intranet but it is not included in the constitution	Lack of consistency in promoting the roles and responsibilities of statutory officers.	The Chief Finance Officer (Section 151 Officer) protocol should be incorporated into the constitution.	Agreed. The timetable for amendments to the constitution is for the beginning of the municipal year. It is a council decision to adopt the change. James Walsh, Assistant Director – Finance / John Garner, Head of Democratic Services 31 May 2014
3.29	High	<u>Financial Records and Accounts and Effective System of Internal Control (Design of Work)</u> There is no reference in the constitution to a deputy section 151 officer.	Lack of clarity and formality over who is responsible for discharging statutory section 151 responsibilities in the absence of the nominated section	The constitution should be updated to include specific reference to a deputy section 151 officer.	Agreed. The timetable for amendments to the constitution is for the beginning of the municipal year. It is a council decision to adopt the change.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		(* unaddressed prior audit finding)	151 officer.		<p>In the interim a note has gone to all CMT and Audit Committee providing clarity on who is responsible for discharging the statutory section 151 responsibilities in the event of a prolonged absence of the s151 officer.</p> <p>James Walsh, Assistant Director – Finance / John Garner, Head of Democratic Services</p> <p>31 May 2014</p>
3.30	High	<p><u>Procedures, Statutes and Regulations</u> <u>(Management of Work)</u></p> <p>The council has a policy framework which is detailed at Article 4 of the constitution.</p> <p>There are also other local operational policies and strategies maintained within the relevant directorate.</p> <p>Policies and strategies detailed</p>	In the absence of an up to date, complete and accurate policy framework, officers may not be aware of their responsibilities and inconsistent approaches to a particular issue / problem may arise which may be indefensible in the event of query / challenge.	The existing policy framework and operational policies and strategies should be reviewed to ensure that these are up dated, remain relevant to the council's purpose and are subject to regular review and refresh.	<p>Agreed. This is a work stream of the Corporate Governance Forum.</p> <p>Corporate Governance Forum</p> <p>30 June 2014</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>within the constitution are routinely reviewed as part of the annual review of the constitution and as or when changes are required. Local operational policies and strategies are reviewed as and when required within the relevant directorate.</p> <p>Scrutiny panels may also review and develop policies / strategies and make recommendations to Council and Cabinet.</p> <p>Internal audit's review of the policy framework contained within the constitution identified some policies and strategies which are now out of date, for example, the community strategy is now known as the Walsall Plan, and was previously known as the sustainable community strategy, so in effect has been included twice within the constitution; and the crime & disorder reduction strategy is now known as the community safety plan. Further it was identified that the Quality Protects Management Action Plan was no longer in existence.</p> <p>In undertaking this work, it also</p>			

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		<p>became apparent that directorate registers of local operational policies and strategies were not held. These have now, however, been produced as a result of the work undertaken by internal audit.</p> <p>On reviewing whether local policies and strategies are up to date, internal audit identified that some policies and strategies have not been updated for some time, for example, the home working policy had not been updated since 2003 (although a planned review has now commenced) and the enforcement policy was last updated in October 2005.</p> <p>Of the policies and strategies that are in place, all were concluded by operational managers to be fully utilised.</p>			
3.31	Medium	<p><u>Procedures, Statutes and Regulations (Design of Work)</u></p> <p>The policy co-ordination officer sends a monthly 'round up' of national policy developments to heads of service, assistant directors and executive directors by</p>	Changes in policy may not have been adequately addressed leading to potential non compliance / illegality.	A formal protocol should be developed and presented to CMT for consideration.	Not agreed. This would form additional bureaucracy that the organisation cannot afford. Officers have accountability to scan the environment in their area of the business for and bring forward

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		<p>email. Although this mechanism is an effective means by which policy developments are identified, there is no formal protocol in place documenting how the implications of policy developments have been subsequently assessed and addressed by relevant officers across the organisation in a timely manner.</p> <p>(* unaddressed prior audit finding)</p>			<p>propositions to meet any new demands.</p> <p>Rory Borealis Executive Director, Resources</p>
3.32	High	<p><u>Member / Officer Protocols (Management of Work)</u></p> <p>A questionnaire was submitted to a random sample of 10 employees. From the 6 completed questionnaires received, the following was found:</p> <ul style="list-style-type: none"> 67% did not think that members were visible within their service area / directorate. <p>Specific comments received regarding the above are detailed in the confidential Appendix 5.</p>	There is a risk that the working relationship between elected members and officers may not be fully optimised leading to a failure to deliver organisational objectives.	<p>Measures to optimise the working relationship between officers and members should be reviewed as part of the corporate governance group's wider programme of work.</p> <p>See 3.2.</p>	As 3.2.
3.33	Medium	<p><u>Remuneration of Members of Staff (Management of Work)</u></p>	Policies and procedures may not be reflective of current	The HR policies and procedures cited should be reviewed. Following this, all HR policies and procedures	Agreed. The process of putting review dates into procedures is self

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>HR policies and procedures are published on the intranet. In examining a sample of 7 (attendance management, appeals, disciplinary, grievance, home working, annual leave & bank holiday, flexible working hours) detailed on the intranet, it was found that some had not been reviewed for some time:</p> <ul style="list-style-type: none"> • Attendance management – last updated 21/10/10, review date TBC. • Appeals – due for review 2/2/13 • Disciplinary – due for review January 2012. • Annual leave & bank holiday – last updated 1/8/09. • Home working – last updated 1/9/03. 	practice.	<p>should be subject to regular review and refresh.</p> <p>It is acknowledged that HR has begun a programme of review of its policies and procedures under the leadership of the new head of HR.</p>	<p>defeating. Procedures need reviewing for operational and legislative reasons, not because we projected a date into the future.</p> <p>As such all review dates will be taken off procedures. The date of implementation will still be included, so timescales can still be considered, but it should not be the defining factor.</p> <p>Steve McGowan Head of Human Resources</p> <p>31 March 2015</p>
3.34	High	<p><u>Leadership Tone (Management of Work)</u></p> <p>A questionnaire was submitted to a random sample of 10 employees. From the 6 completed questionnaires received, the comments received are detailed in the confidential Appendix 5.</p>	The leadership tone may result in low staff morale which could lead to a failure to achieve objectives and a poor service to customers.	As 3.2.	As 3.2.
3.35	Medium	<u>Leadership Tone</u>	Policies and	The management competency	Not agreed. The

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		<p><u>(Management of Work)</u></p> <p>The management competency framework describes the behaviours required of managers at Walsall Council, including how managers, interact with customers and colleagues and how they manage on a day to day basis. The purpose of the framework is to provide clarity on the managerial behaviours required within their role. The framework is dated January 2010 (to be reviewed January 2011). It is in need of update as it refers to 'IPM's'.</p>	<p>procedures may not be reflective of current practice.</p> <p>Lack of clear organisation approach to the competencies required of management.</p>	<p>framework should be reviewed and updated.</p>	<p>management competency framework is an outdated concept. It is not in practice useable and we cannot afford it.</p> <p>Rory Borealis Executive Director Resources</p> <p>Steve McGowan Head of Human Resources</p>
3.36	Medium	<p><u>Leadership Tone</u> <u>(Management of Work)</u></p> <p>The council does not periodically initiate staff and member surveys so as to maintain awareness of staff and member views and sentiments about leadership.</p> <p>The last staff survey was undertaken in 2007.</p> <p>(* unaddressed prior audit finding)</p>	<p>Emerging issues and concerns specific to the leadership "style" of senior managers and the chief executive may not be identified, "aired" and resolved in a timely manner.</p>	<p>The council should periodically initiate staff and member surveys so as to maintain awareness of staff and member views and sentiments about leadership.</p> <p>CMT should review and agree when it will be appropriate to commission the next staff and member surveys.</p>	<p>Not agreed in so far as a staff survey being implemented. Finding another way to obtain this information and to test whether staff understand expected behaviours will be looked at.</p> <p>Rory Borealis Executive Director Resources</p> <p>Steve McGowan Head of Human</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
					Resources November 2014 See 3.40.
3.37	High	<p><u>Standards of Conduct (Members and Staff)</u> <u>(Management of Work)</u></p> <p>A questionnaire, which was based on the CIPFA Solace document “Delivering Good Governance in Local Government”. was submitted to 25 senior managers (CEO, executive directors, assistant directors and a sample of heads of service). A summary of the results of the 20 questionnaires completed in relation to ‘good governance means promoting values for the organisations and demonstrating the values of good governance through upholding high standards of conduct and behaviour’ is as follows:</p> <ul style="list-style-type: none"> • 20% did not agree that “our behaviour, collectively and individually, shows that we take our responsibilities for the organisation and our 	Officers may not exercise leadership by behaving in ways that exemplify high standards of conduct which may compromise effective governance.	Measures to optimise standards of conduct should be reviewed as part of the corporate governance group’s wider programme of work.	As 3.2.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>stakeholders very seriously".</p> <ul style="list-style-type: none"> • 70% agreed that "there are ways in which our behaviour might weaken the organisations' aims and values". • 32% did not agree that "a standards committee exists and acts as the main means of raising awareness. It takes the lead in ensuring high standards of conduct are firmly embedded within the local culture". • 10% did not agree that "we have values that we expect staff to demonstrate in their behaviour and actions". • 20% did not agree that "these values are reflected in our approach to decision making". • 95% agreed that "we should do more to ensure these values guide our actions and those of staff". 			
3.38	High	<p><u>Standards of Conduct (Members and Staff)</u> <u>(Management of Work)</u></p> <p>It stated in the code of conduct for employees held within the constitution that it was approved by council on 24 April 2006. There is</p>	<p>Employees may be misinformed / misled by an unapproved / out of date version that has been published on the council's intranet / website.</p>	<p>The code of conduct for employees should be reviewed and updated. It should then be submitted to council for approval and published.</p> <p>Unapproved versions of the code should be removed from the intranet.</p>	<p>Agreed. The new Code of Conduct agreed at Standards Committee on 27 January 2014 and was launched wef 1 March 2014.</p> <p>Steve McGowan</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>also a code of conduct for employees held on the intranet which is not dated but is saved as "code of conduct for employees 2008.doc" and would therefore appear to be an unapproved version.</p> <p>The code is in need of an update, examples for this includes reference to:</p> <ul style="list-style-type: none"> • Head of Public Relations (now Head of Communications & Marketing) • Head of Legal Services (now Head of Legal & Democratic Service) • Pay scale 6 (replaced by grades following implementation of pay and grading) • Code of practice on internet use (now email & internet usage procedure) • Contract and procedure rules (now financial rules and contract rules) 			<p>Head of Human Resources</p> <p>Implemented</p>
3.39	High	<p><u>Standards of conduct (Members and Officers)</u> <u>(Management of Work)</u></p> <p>The councils anti fraud and</p>	<p>Staff could fail to identify and report fraud and corruption. This could ultimately result in the council</p>	<p>The council should ensure that its anti fraud and corruption policy is periodically publicised to staff via emails, postings on the intranet etc.</p>	<p>Agreed.</p> <p>Rebecca Neill Head of Internal Audit</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>corruption policy is held on the internal audit intranet page.</p> <p>Details of this were included in the Internal Audit Fraud Bulletin which was publicised to all staff in November 2012 and July 2013 via Team Spirit, Weekly Bulletin and internal audit intranet page.</p> <p>A questionnaire was submitted to a random sample of 10 employees. From the 6 completed questionnaires received, the following was found:</p> <ul style="list-style-type: none"> 33% had very little, inadequate, or no understanding of the anti fraud and corruption policy <p>(* unaddressed prior audit finding)</p>	suffering financial loss and damage to its reputation.		30 June 2014
3.40	High	<p><u>Standards of Conduct (Members and Officers)</u> <u>(Management of Work)</u></p> <p>A questionnaire was submitted to a random sample of 10 employees. From the 6 completed questionnaires received, the following was found:</p>	Increased potential for fraud and corruption.	<p>Processes to declare conflicts of interests should be re-iterated to all staff.</p> <p>Staff awareness of this and other aspects of the code of conduct should be 'tested'. This should help to ensure that the contents of the code have been read and</p>	<p>Agreed. A new procedure was implemented in January 2014 and communicated via, core brief, intranet etc and is picked up in induction for new starters.</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<ul style="list-style-type: none"> 17% were not clear about how to declare an interest. <p>Failure to declare relationships and removal from processes / decision making where an interest exists has been an identified theme of allegations submitted to internal audit for investigation.</p> <p>(* unaddressed prior audit finding)</p>		understood and enable the council to demonstrate in a tangible way, its commitment to promoting strong ethical values.	<p>Steve McGowan Head of Human Resources</p> <p>Implemented</p> <p>See 3.36</p>
3.41	Medium	<p><u>Standards of Conduct (Members and Staff)</u> <u>(Management of Work)</u></p> <p>The anti fraud / anti corruption policy & strategy has not been updated since September 2011.</p>	The policy may not be reflective of current practice.	The anti fraud / anti corruption policy & strategy should be reviewed and updated.	<p>Agreed</p> <p>Rebecca Neill Head of Internal Audit</p> <p>30 June 2014</p>
3.42	High	<p><u>Declarations of Interest / Gifts and Hospitality</u> <u>(Management of Work)</u></p> <p>An audit of declarations of interest / gifts and hospitality was undertaken during 2012/13 which was given limited assurance.</p>	See declarations of interest / gifts and hospitality audit report.	It should be ensured that the actions within the declarations of interest / gifts and hospitality audit report are implemented.	See declarations of interest / gifts and hospitality audit report.
3.43	Medium	<p><u>Audit Committee/Scrutiny</u> <u>(Management of Work)</u></p>	It may not be possible to identify decisions made /	Minutes all committee minutes should be published on CMIS.	Agreed. The minutes have now been published on CMIS.

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		The 'Statement of Accounts 2011/12 – Annual Governance Statement and Review of Effectiveness' report was submitted to audit committee on 25 September 2012, however, the minutes for this meeting had not been published on the Committee Management Information System (CMIS).	recommendations made as a result of the report.		John Garner Head of Democratic Services Implemented
3.44	Medium	<u>Audit Committee/Scrutiny (Management of Work)</u> A questionnaire, which was based on the CIPFA Solace document "Delivering Good Governance in Local Government", was submitted to 25 senior managers (CEO, executive directors, assistant directors and a sample of heads of service). Specific comments received regarding the above are detailed in the confidential Appendix 5.	The organisation's scrutiny function may not be as effective as possible.	Measures to optimise the performance of scrutiny should be reviewed as part of the corporate governance group's wider programme of work. As 3.2.	As 3.2.
3.45	High	<u>Risk Management (Management of Work)</u> A questionnaire was submitted to a random sample of 10 employees. From the 6 completed questionnaires received, the following was found:	Risk awareness and management is not embedded, leading to risks not being identified and therefore mitigated against.	Measures to optimise risk management should be reviewed as part of the corporate governance group's wider programme of work.	As 3.2.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<ul style="list-style-type: none"> 17% understand the concept of risk management “vaguely”. 			
3.46	Medium	<p><u>Risk Management (Management of Work)</u></p> <p>The risk management strategy has not been reviewed since January 2010.</p>	The policy may not be reflective of current practice.	The risk management strategy should be reviewed and refreshed.	<p>Agreed. The risk management strategy has now been reviewed and was taken to the February 2014 Audit Committee.</p> <p>James Walsh, Assistant Director – Finance / XXXXXXXXXX, Service Finance Manager</p> <p>Implemented</p>
3.47	High	<p><u>Whistle Blowing (Management of Work)</u></p> <p>The confidential reporting policy (whistle blowing) has not been reviewed since 2009.</p> <p>A new confidential reporting (whistle blowing) policy has been produced by the audit section and submitted to HR for approval.</p>	The policy may not be reflective of current practice.	The new confidential reporting policy (whistle blowing) policy should be approved and published.	<p>Agreed. The policy was approved by Standards Committee on 29 April 2014 and published on Core Brief in May 2014. It is effective as of 1 June 2014.</p> <p>Steve McGowan Head of Human Resources</p> <p>31 May 2014</p>
3.48	High	<p><u>Whistle Blowing (Management of Work)</u></p>	Employees may be misinformed / misled by an unapproved /	This issue should be addressed on review and refresh of the confidential reporting policy (whistle blowing)	<p>Agreed. See 3.47</p> <p>Steve McGowan</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		The confidential policy (whistle blowing) in the code of conduct for employees is an older version than the stand alone policy on the intranet.	out of date version that has been published on the council's intranet.	policy.	Head of Human Resources 31 May 2014
3.49	Medium	<u>Whistle Blowing (Management of Work)</u> The confidential reporting (whistle blowing) policy was presented to Audit Committee on 8 December 2009, the minutes of the meeting are not held on CMIS.	Inability to evidence Audit Committee's consideration and approval in the event of query / challenge.	Minutes all committee minutes should be published on CMIS.	Agreed. The minutes have now been published on CMIS John Garner Head of Democratic Services Implemented
3.50	High	<u>Training (Members and Staff) (Management of Work)</u> A questionnaire, which was based on the CIPFA Solace document "Delivering Good Governance in Local Government" was submitted to 25 senior managers (CEO, executive directors, assistant directors and a sample of heads of service). A summary of the results of the 20 questionnaires completed in relation to 'good governance means developing the capacity and capability of members and officers to be effective' is as follows:	The capacity and capability of members and officers may not be effective.	Measures to optimise the capacity and capability of members and officers should be reviewed as part of the corporate governance group's wider programme of work.	As 3.2.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<ul style="list-style-type: none"> • 37% did not agree that “we have decided the skills that councillors must have to do their jobs effectively”. • 47% did not agree that “the political parties identify people with the necessary skills to seek election and reach people from a wide cross-section of society”. • 78% agreed that “we could do more to make sure that becoming a councillor is practical for as many people as possible”. • 10% did not agree that “we are effective at developing our skills and updating our knowledge”. • 47% did not agree that “political parties are effective at reviewing the performance of individual councillors”. • 32% did not agree that “we put in place action plans for improving our performance as an authority”. • 30% did not agree that “we ensure officers have the necessary skills to do their jobs. Officers are adequately resourced”. • 50% did not agree that “it is possible to find a balance 			

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		between continuity of knowledge and renewal of thinking in the authority membership. We have a policy on succession planning which is subject to review".			
3.51	High	<p><u>Training (Members and Staff) (Management of Work)</u></p> <p>A questionnaire was submitted to a random sample of 10 employees. From the 6 completed questionnaires received, the following was found:</p> <ul style="list-style-type: none"> 67% did not think that the EPA process was good. <p>Specific comments received regarding the above are detailed in the confidential Appendix 5.</p> <p>(* unaddressed prior audit finding)</p>	Emerging issues (since the last employee survey) may not be identified and addressed in a timely manner. Disenchantment with EPA could ultimately result in an adverse impact on staff performance.	<p>The council should keep under review the effectiveness of the EPA process and establish clear short term actions for improvement and development.</p> <p>As 3.2.</p>	See 3.52.
3.52	High	<p><u>Training (Members and Staff) (Management of Work)</u></p> <p>Employee performance assessment was introduced from September 2010. The process / forms have not been reviewed since this date.</p>	The performance and development of employees may not be managed consistently, effectively and fairly and may lead to problems in the event	A review of the organisation's approach to employee appraisal should be undertaken to ensure a standard and consistent approach is implemented across the organisation.	<p>Agreed. A new set of guidelines will be put in place for staff appraisals.</p> <p>Steve McGowan Head of Human Resources</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		EPA's are no longer undertaken consistently across the council, for example, they are not undertaken within the benefits service.	of employee related legal matters arising. In the absence of a consistent employee appraisal system, there is an inability to demonstrate 'golden thread' between corporate and individual objectives.		November 2014
3.53	Medium	<u>Training (Members and Staff) (Design of Work)</u> The Member Development Strategy is no longer in operation. Training to members is currently only given on an as and when basis or when there is a new major development.	The capacity and capability of members may not be as effective as possible. Members may not have sufficient training / knowledge to effectively discharge their duties.	A programme of training for members should be developed. A review of the organisation's approach to optimising the capacity and capability of members should be reviewed as part of the corporate governance group's wider programme of work.	Agreed. This will be discussed with the Head of Human Resources. John Garner Head of Democratic Services 30 June 2014
3.54	High	<u>Training (Members and Staff) (Management of Work)</u> A questionnaire was submitted and completed by the Leader, Audit Committee Chair and a Scrutiny Committee Chair. A summary of the results in relation to 'good governance means developing the capacity and capability of	The capacity and capability of members may not be as effective as possible.	A review of the organisation's approach to optimising the capacity and capability of members should be reviewed as part of the corporate governance group's wider programme of work.	As 3.2.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>members and officers to be effective' is as follows:</p> <ul style="list-style-type: none"> • 33% did not agree that “new political talent is encouraged so that best use can be made of individual skills and resources in balancing continuity and renewal. • 33% did not agree that “members are provided with training on a regular basis”. 			
3.55	High	<p><u>Communication with Stakeholders / Stakeholder Consultation and Decision Making (Management of Work)</u></p> <p>A questionnaire, which was based on the CIPFA Solace document “Delivering Good Governance in Local Government”, was submitted to 25 senior managers (CEO, executive directors, assistant directors and a sample of heads of service). A summary of the results of the 20 questionnaires completed in relation to ‘good governance means engaging with stakeholders to ensure robust accountability’ is as follows:</p>	An ineffective and disjointed approach to consultation may emerge across the organisation.	A review of the organisation’s approach to communication with stakeholders and stakeholder consultation in decision making should be reviewed as part of the corporate governance group’s wider programme of work.	As 3.2.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<ul style="list-style-type: none"> • 11% did not agree that “each accountability relationship works well”. • 66% agreed that “we need to take steps to clarify or strengthen relationships”. • 44% agreed that “we need to negotiate a shift in the balance between different accountability relationships”. • 10% did not agree that “we deal well with competing demands and priorities from different sections of the community. The processes we use are effective”. • 16% did not agree that “we have a policy on how the organisation should consult the public and service users, which is subject to review”. • 28% did not agree that “it explains clearly the sorts of issues on which it will consult with groups and how it will use the information it receives”. • 32% did not agree that “we have a policy on consulting and involving staff and their representatives in decision making”. 			

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<ul style="list-style-type: none"> • 32% did not agree that “this is communicated clearly to staff”. • 17% did not agree that “we follow this well in practice”. • 11% did not agree that “systems within the organisation for protecting the rights of staff are effective”. • 5% did not agree that “we exercise well ‘leadership’ for the community”. • 26% did not agree that “we are upholding and demonstrating the spirit and ethos of good governance that the framework sets out to capture”. • 16% did not agree that “we have a process for regularly reviewing our governance arrangements and practice against the framework”. • 89% agreed that “we need to make further improvements”. • 35% did not agree that “we are making public the results of our reviews and our plans for future improvements. We invite feedback from stakeholders and service users”. 			
3.56	High	<u>Communication with Stakeholders / Stakeholder Consultation and Decision</u>	An ineffective and disjointed approach to consultation may	As 3.2.	As 3.2.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p><u>Making (Management of Work)</u></p> <p>A questionnaire was submitted to a random sample of 10 employees. From the 6 completed questionnaires received, the following was found:</p> <ul style="list-style-type: none"> 17% did not think that the council worked well with other organisations in delivering services, and that they did not understand in sufficient detail the various joint working arrangements that are in place and how, what they do, fits into these arrangements. <p>Specific comments received regarding the above are detailed in the confidential Appendix 5.</p>	emerge across the organisation.		
3.57	High	<p><u>Communication with Stakeholders / Stakeholder Consultation and Decision Making (Design of Work)</u></p> <p>Walsall Viewfinder consultation planner and finder is a web based database or catalogue populated with up to date information about</p>	Stakeholders may be misinformed / misled by details regarding the Walsall Viewfinder published on the council's intranet / website.	The future of Walsall Viewfinder should be considered to ensure that it is either developed further so that it is fit for purpose or removed from the website. An alternative to this should be sought should it be decided that it should be removed from the website.	Agreed. Work has commenced with members of partnership consultation and engagement groups regarding the ongoing 'live' register of activities, current proposals are for this to become part of

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		past, present and planned consultation information from across the council and Walsall Partnership. It can be accessed and used by members of the public, council employees and partners. In examining this database it was found not to have been updated since early 2012. The corporate consultation & customer feedback officer confirmed that this had not been utilised for some time due to it being in need of further development and not being successful.			developing LIS. Carol Williams Head of Programme Delivery 31 December 2014
3.58	High	<p><u>Communication with Stakeholders / Stakeholder Consultation and Decision Making (Design of Work)</u></p> <p>At the time of the audit it referred to the Corporate Consultation Group (CCG) and the Partnership Engagement Forum (PEF) on the Walsall Viewfinder website page, the corporate consultation & customer feedback officer stated that neither is now in existence.</p>	Stakeholders may be misinformed / misled by details published on the council's intranet / website.	Reference to the Corporate Consultation Group (CCG) and the Partnership Engagement Forum (PEF) should be removed from the Walsall Viewfinder website page.	<p>Agreed. Work has commenced with members of partnership consultation and engagement groups and information can be updated once review completed. Also considering the ongoing 'live' register of activities and current proposals are for this to become part of developing LIS</p> <p>Carol Williams Head of Programme</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
					Delivery 31 December 2014
3.59	High	<p><u>Communication with Stakeholders / Stakeholder Consultation and Decision Making (Design of Work)</u></p> <p>During February and March 2012 a borough wide Walsall Council / NHS Walsall “Your place, your wellbeing” survey was undertaken. The results have been used in the production of the Walsall Plan and subsequently Area Partnership, Area Plans. The directorate account manager for corporate performance confirmed that area managers are in the process of developing local area action plans which will incorporate actions around relevant issues from the survey.</p>	Issues arising from the “Your place, your wellbeing” survey may not be addressed.	It should be ensured that local area action plans are developed and include actions to address issues from the “Your place, your wellbeing” survey.	<p>Agreed. The local area delivery plans have been constructed to help address local issues that are generated from a range of sources including the, “Your Place, your well being survey.”</p> <p>John Leach Head of Communities and Partnerships</p> <p>Implemented</p>
3.60	High	<p><u>Openness and Transparency (Management of Work)</u></p> <p>A questionnaire, which was based on the CIPFA Solace document “Delivering Good Governance in</p>	The organisation may not be perceived to be open and transparent in its approach. This may have a negative impact on public	A review of the organisation’s approach to demonstrating openness and transparency in decision making should be reviewed as part of the corporate governance group’s wider programme of work.	As 3.2.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>Local Government”, was submitted to 25 senior managers (CEO, executive directors, assistant directors and a sample of heads of service). A summary of the results of the 20 questionnaires completed in relation to ‘good governance means taking informed and transparent decisions which are subject to effective scrutiny and managing risk’ is as follows:</p> <ul style="list-style-type: none"> • 20% did not agree that “our meetings work well”. • 84% agreed that “we need to make them more productive and do our business more effectively”. • 70% did not agree that “the quality of information received across directorates is consistent, including partnerships”. • 30% did not agree that “the information that we have on costs and performance helps us to make rigorous decisions about improving value for money”. • 31% did not agree that “we use this information effectively 	confidence.		

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>when we are planning and taking decisions. We understand how the value we provide compares with that of similar organisations”.</p> <ul style="list-style-type: none"> • 30% did not agree that “this is set out in a clear and up to date statement”. • 20% did not agree that “this is effective as a guide to action for full council and the executive”. • 35% did not agree that “we explain the reasons for our decisions to all those who may be affected by them”. • 15% did not agree that “decision making processes are properly adhered to”. • 10% did not agree that “we ensure full council maintains a key role in debating decisions”. • 10% did not agree that “the information received by all councillors is robust, objective and appropriate for their needs”. • 85% agreed that “the information received could be improved to help support our decision making”. 			

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<ul style="list-style-type: none"> 10% did not agree that “we take professional advice to inform and support our decisions making when it is sensible and appropriate to do so”. 10% did not agree that “the organisations’ risk management systems are effective”. 10% did not agree that “we review whether these systems are working effectively”. 10% did not agree that “we develop an action plan to correct any deficiencies in the systems”. 26% did not agree that “if so, we publish this each year”. 20% did not agree that “the scrutiny function is adequately resourced”. 25% did not agree that “the scrutiny function works effectively. The outcome of constructive scrutiny is taken into account”. 			
3.61	High	<p><u>Openness and Transparency (Management of Work)</u></p> <p>A questionnaire was submitted to a random sample of 10 employees.</p>	The organisation may not be perceived to be open and transparent in its approach. This may have a negative	As 3.2.	As 3.2.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>From the 6 completed questionnaires received, the following was found:</p> <ul style="list-style-type: none"> 67% did not think that the council was perceived well by council tax payers. <p>Specific comments received regarding the above are detailed in the confidential Appendix 5.</p>	impact on public confidence.		
3.62	High	<p><u>Openness and Transparency (Management of Work)</u></p> <p>A separate self assessment questionnaire was submitted and completed by the Leader, Audit Committee Chair and a Scrutiny Committee Chair. A summary of the results in relation to 'good governance means taking informed and transparent decisions which are subject to effective scrutiny and managing risk' is as follows:</p> <ul style="list-style-type: none"> 33% did not agree that "an effective scrutiny function has been developed which encourages constructive challenge and enhances the organisation's performance 	The organisation's scrutiny function may not be as effective as possible.	As 3.2.	As 3.2.

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>overall”.</p> <ul style="list-style-type: none"> 33% did not agree that “the scrutiny function is adequately resourced”. 			
3.63	High	<p><u>Openness and Transparency (Design of Work)</u></p> <p>In September 2011 the Department for Communities and Local Government issued “The Code for Recommended Practice for Local Authorities on Data Transparency”. The code sets out key principles for local authorities through the publication of public data. It specifies the minimum data that should be released as follows:</p> <ul style="list-style-type: none"> Expenditure over £500, (including costs, supplier and transaction information). Any sole trader or body acting in a business capacity in receipt of payments of at least £500 of public money should expect such payments to be transparent. Senior employee salaries, names (with the option for individuals to refuse to consent for their name to be published), job descriptions, responsibilities, budgets and numbers of staff. 	<p>Non compliance with “The Code for Recommended Practice for Local Authorities on Data Transparency” which may result in the council being accused of not being open and transparent.</p>	<p>The Open Data – Encouraging Transparency in Walsall website should be reviewed. It should be ensured that the minimum data, that is specified in the “The Code for Recommended Practice for Local Authorities on Data Transparency”, is published.</p>	<p>Agreed. This stream of work needs review and initial discussion have been undertaken about making use of the Walsall Intelligence Network website to do this along with any available resource. Discussions have also been undertaken Communication Officers following the publication of the governments response to review of this code regarding the work to be completed to ensure information published is compliant.</p> <p>These requirements will therefore have to reviewed following government response and the LGA response published in Jan 2014.</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>'Senior employee salaries' is defined as all salaries which are above £58,200 and above (irrespective of post), which is the Senior Civil Service minimum pay band. Budgets should include the overall salary cost of staff reporting to each senior employee.</p> <ul style="list-style-type: none"> • An organisational chart of the staff structure of the local authority including salary bands and details of currently vacant post. • The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole of the authority's workforce. • Councillor allowances and expenses. • Copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector. • Grants to the voluntary community and social enterprise sector should be clearly itemised and listed. • Policies, performance, external audits and key inspections and key indicators on the authorities' 			<p>Carol Williams Head of Programme Delivery</p> <p>30 June 2014</p>

Ref	Priority	Finding	Risk	Recommendation	Response / Responsibility / Target Date
		<p>fiscal and financial position.</p> <ul style="list-style-type: none"> • The location of public land and building assets and key attribute information that is normally recorded on asset registers. • Data of democratic running of the local authority including the constitution, election results, committee minutes, decision - making processes and records of decisions. <p>In examining the Open Data – Encouraging Transparency in Walsall website on 21 June 2013 it was found that of the above only the expenditure over £500 was listed. The communications manager stated that the site was currently under review.</p>			

Appendix 1: Terms of Reference

Terms of Reference

<p>To: All Executive Directors</p> <p>James Walsh Assistant Director - Finance</p> <p>Tony Cox Head of Legal & Democratic Services</p>	<p>From: Rebecca Neill Head of Internal Audit ☎ 4727 ✉ neillr@walsall.gov.uk</p>
<p>Date of Issue: 18 February 2013</p>	<p>Please ask for: [REDACTED] ☎ 4730 ✉ [REDACTED]@walsall.gov.uk</p>

Corporate Governance

An audit of the above will shortly be undertaken by [REDACTED]. The intended scope of the audit covers the following areas and will seek to provide assurance that:

- a local governance code has been established and is maintained;
- the council's purpose and vision have been consulted on and promoted, via publication of corporate/strategic plan, annual business plan and medium term financial strategy/ resourcing plan (or equivalent);
- an annual report is published on a timely basis, communicating the council's activities, achievements financial position and performance;

- effective arrangements are in place to manage failure in service delivery;
- a complaints procedure has been established;
- the council has appropriate measures in place to review value for money and performance;
- a clear statement of the respective roles and responsibilities of members and executive directors; and senior staff have been established for example via a constitution/record of decisions or supporting material (or equivalent);
- a scheme of delegation and reserve powers within the constitution (or equivalent) exists taking account of relevant legislation; and is monitored and updated when required;
- protocols have been developed for the chief executive and leader detailing roles and responsibilities;
- a senior officer is responsible for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts and for maintaining an effective system of internal control;
- a senior officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with;
- a member/officer protocols exists;
- terms and conditions for remuneration of members and staff have been established and are maintained;
- the council's leadership sets the tone, by creating a climate of openness, support and respect;
- standards of conduct and personal behaviour expected of members and staff are defined and communicated through codes of conduct and protocols, for example: employee/member codes of conduct; anti fraud and corruption policy; and financial and contract rules;
- arrangements are in place to ensure members and employees are not influenced by prejudice, bias or conflicts of interest. For example, procedures are in place to enable gifts and hospitality and declarations of interest to be recorded;
- arrangements are in place to ensure that systems and processes are designed in conformity with appropriate ethical standards and their continuing effectiveness in practice is monitored/scrutinised;
- an effective audit committee and scrutiny function has been developed and maintained;
- risk management is embedded within the council's culture;
- arrangements are in place for whistle blowing to which staff and contractors have access;
- senior employees and members have the skills, resources and support necessary to effectively perform in their roles;
- clear channels of communication are in place between the council and their stakeholders;
- a clear policy exists on how stakeholders and their representatives are consulted and involved in decision making;
- the council is, as a whole, open and accessible and a commitment has been made to openness and transparency in all dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so; and
- prior audit open findings have been closed/addressed.

It will be helpful if the responsible officers for maintenance of the systems above are made aware that their assistance may be required during the audit.

It is important that your audit is as helpful and positive as possible and not a search for errors or mistakes. If you have any areas of concern or interest that should be included within the review please let me know when confirming within the next 5 working days, your agreement to the terms of reference coverage. Should a response not be received, it will be assumed that you are satisfied with the coverage and for the audit to proceed.

Outcomes from the audit will be fully discussed with the responsible manager(s) to allow issue of a draft final report, which will also be shared with senior officers as appropriate. A final report will then be circulated after 5 working days, incorporating comments received, to the responsible manager(s), head of service and assistant director. At the end of the audit I will ask for feedback to help us improve our service.

You should be aware that any audit reports which receive a no or limited assurance opinion are directly reported to Audit Committee where accountable managers and their executive / assistant director, may be required to attend to give necessary assurances that appropriate corrective action is being taken.

You should also be aware that audits undertaken include checks that prior audit findings have been closed / addressed. Failure to address prior audit findings may result in accountable manager's attendance to provide explanation to Audit Committee. To assist in improving performance in this area, I attach a copy of the previous audit report for your information and as a reminder.

Should you require clarification on the above mentioned, please do not hesitate to get in touch with [REDACTED].

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Head of Internal Audit

Appendix 2: Breakdown of Assurance Opinion

	Full Assurance	Significant Assurance	Limited Assurance	No Assurance
Local Code of Governance		✓		
Purpose and Vision		✓		
Annual Report			✓	
Managing Service Failure			✓	
Complaints Procedure			✓	
Measuring Value for Money and Performance			✓	
Roles and Responsibilities		✓		
Scheme of Delegations and Reserve Powers		✓		
Protocols for CEX and Leader			✓	
Financial Records and Accounts and Effectiveness System of Control		✓		
Procedures, Statutes and Regulations		✓		
Member / Officer Protocols		✓		
Remuneration of Members and Staff		✓		
Leadership Tone		✓		
Standards of Conduct (Members and Staff)		✓		
Declarations of Interest / Gifts and Hospitality			✓	
Ethical Standards		✓		
Audit Committee / Scrutiny		✓		
Risk Management		✓		
Whistle Blowing		✓		
Training (Members and Staff)			✓	
Communication with Stakeholders / Stakeholder Consultation and Decision Making		✓		
Openness and Transparency		✓		

Appendix 3: Basis of Our Classifications

Overall Audit Opinion

Full assurance	Full assurance that the system of internal control is designed to meet the organisation's objectives and controls are consistently applied in all the areas reviewed.
Significant assurance	Significant assurance that there is a generally sound system of control designed to meet the organisation's objectives. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk.
Limited assurance	Limited assurance as weaknesses in the design or inconsistent application of controls put the achievement of the organisation's objectives at risk in the areas reviewed. All reports receiving this opinion are routinely reported to Audit Committee.
No assurance	No assurance as weaknesses in control, or consistent non compliance with key controls, [could result / have resulted] in failure to achieve the organisation's objectives in the areas reviewed. All reports receiving this opinion are routinely reported to Audit Committee.

Criteria for ranking audit report findings

High	Significant financial / asset loss or wastage; clear fraudulent opportunity; key control not applied or extensive / persistent non application of a secondary control; failure to meet primary service / corporate aims; public disclosure implication / high reputational damage; legal mandatory; or a significant breach of financial and contract rules.
Medium	Some financial / asset loss or wastage; occasional but regular non application of a secondary control; failure to meet secondary service / corporate aims; public disclosure implication: limited reputational damage; non mandatory regulation and not high risk; a minor instance of non compliance with financial and contract rules; or staff otherwise insufficiently safeguarded while undertaking their duties.
Low	Minor control improvement; no financial / asset loss or wastage; no direct link to achieving service / corporate aims; and public disclosure implication: no reputational damage.

Appendix 4: Limitations and responsibilities

Limitations inherent to the internal auditor's work

Internal audit has undertaken this review subject to limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal audit endeavours to plan audit work so that it have a reasonable expectation of detecting significant control weakness and if detected, will shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, these examinations by internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.