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Audit Progress Report
**Walsall Metropolitan
Borough Council**

December 2004

Changes since the last report are shown in **bold**

Reference:	Audit Progress Report for December 04...doc
Date:	December 2004

Introduction

Audit programme	Planned start date	Completion date	Progress to date	Comments										
1 Planning	Dec 2003	Dec 2003	Final audit and inspection fee agree with Carole Evans on 19 December 2003.	<p>The total fee for the audit and inspection for the council for 2002/2004 is £597,000. This is below the midpoint of the Audit commission fee scale and is within the budget held in the resources directorate. In addition we will charge approximately £135,000 for the audit of claims for specific grant.</p> <p>We anticipate that the fee will be sufficient to cover all our statutory audit work.</p> <p>The analysis of the fee is:</p> <table><tr><td>Planning, management and reporting</td><td>£150,000</td></tr><tr><td>Accounts</td><td>£104,000</td></tr><tr><td>Financial aspects of corporate governance</td><td>£140,000</td></tr><tr><td>Performance audit</td><td>£ 86,000</td></tr><tr><td>Inspection (CPA, Housing)</td><td>£117,000.</td></tr></table> <p>Members should note that the above analysis covers the Audit Commission work.</p>	Planning, management and reporting	£150,000	Accounts	£104,000	Financial aspects of corporate governance	£140,000	Performance audit	£ 86,000	Inspection (CPA, Housing)	£117,000.
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2 Financial Governance	Feb 2004	May 2004	<p>Work completed and a d report has been discussed with officers.</p> <p>Internal Audit work has been taken into account as part of our review</p>	<p>This is work we carry out during the year in advance of the audit of the accounts which helps us to plan our accounts audit work and provides us with a view of the soundness of the Council's arrangements properly to manage its financial affairs.</p> <p>Generally, as expected we found that the Council's financial management processes were robust.</p> <p>Areas where procedures could be strengthened have been agreed and action has been taken or is planned for the near future. Some of these were already being considered by your Finance managers and include</p> <ul style="list-style-type: none">Ensuring that all accounting reconciliations are completed in a timely manner and that resulting action is taken promptlyDelivering a programme of Corporate Finance training for budget managers (particularly in Education)Ensuring service areas take a robust line on the recovery of outstanding debtClarifying reporting of capital expenditure which is not mainstream funded										

				<ul style="list-style-type: none"> Ensuring care managers are aware of the need to ensure information in management systems is kept up to date
3 Final Accounts	Jul 2004	September 2004	Audit work completed	<p>We have reviewed the Council's core financial processes and have concluded that we can place significant reliance on those used to produce information on the annual accounts.</p> <p>The draft accounts were delivered to us on 30th June as planned.</p> <p>We reported our findings to the September Audit Committee and gave an unqualified opinion on the Council's accounts</p>

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4 Detailed review of Internal Audit.	Feb 2004	May 2004	Report has been discussed with Internal audit	<p>We concluded that IA work was of a sufficient standard for us to place reliance on it where appropriate.</p> <p>IA has delivered 93% of its planned audits compared to a target of 90% set for the year. This is a significant improvement on previous years and reflects the additional resources made available and the effective management of the in house staff and the partner organisation.</p> <p>IA has revised its risk assessment methodology so that it focuses even more on key risk areas to the Council.</p> <p>We have suggested that summary reporting could be reviewed to provide a RAG (traffic lights) style which the council has adopted in other performance reporting areas.</p> <p>We have also suggested that more information could be included in the summaries for Audit Committee to provide members with a fuller picture of the findings from each audit</p>
5 Putting the Citizen First Project	Feb 2004		<i>A draft report has been issued outlining our conclusions on the first parts of the project.</i>	<p>We will review the project at discrete stages. This is a key project and our work will be ongoing for the next year.</p> <p><i>We have reviewed the initial phases of the process and have concluded that the Council has put robust controls in place.</i></p>
6 Education outsourcing	Feb 2004	March 2004		<p>Internal audit are carrying out a review and we will tailor our work to their findings.</p> <p>We liaised closely with Internal audit who completed a comprehensive audit and we do not intend to carry out further work this year</p>
7 Pooled budgets	Feb 2004	June 2004	Processes and memorandum account audit has been completed	<p>We concluded that many of the issues raised in our 2002/03 audit had been addressed and that the partnership appeared to be working well.</p> <p>Finance staff provided us with the memorandum account, supported by good working papers, by the agreed date and we gave an unqualified opinion on the memorandum account on 14th June.</p>
8 Use of Agency Staffing in Social Services		Mar 2004	Work completed, report discussed with Director of Health and Social Care, Action Plan in place.	<p>The Council spends about £4m pa on agency staffing within Social Services. In our audit we identified the need for:</p> <ul style="list-style-type: none"> improvements in the way in which contracts for agency staff are let to ensure compliance with EC directives and the council's own procedures

				<ul style="list-style-type: none"> • better guidance to managers on the use of agency staff • better supervision of the application of guidelines • better contract monitoring procedures • improved monitoring of sickness and turnover of permanent staff • a review of recruitment and retention procedures to help reduce the need for agency staffing <p>Officers have extended the findings from our report to cover consideration all aspects of the acquisition and use of agency staff on a Council wide basis.</p> <p><i>An update report on progress was made to the September Audit committee</i></p>
9	Housing Inspection	Jan 2004	Completed	<p>This report has been finalised and an action plan put in place by officers</p> <p><i>A reinspection was carried out in October 2004. this has been reported to the council and an improvement in the service was reported.</i></p>
10	CPA	Feb 2004	Completed	<p>This report has been finalised and an action plan put in place by officers.</p>

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11 2002/2003 grant claim audits	Mar 2004		<p>We now provide detailed written feedback to relevant officers.</p> <p>A summary report has been produced and discussed with Assistant Director of Finance on 12 March.</p>	<p>The Council obtains about £115m income from a wide variety of specific government grants which clearly support a significant proportion of the Council's activity.</p> <p>As in previous years we have qualified a number of grant claims. The level is about the same as in 2001/2002. Whilst many of these arise from minor lapses in procedures which we are required to report there are a number of significant issues for the officers to consider. These are.</p> <ul style="list-style-type: none"> • Internal audit work should be timed to meet both the Council's and our external audit requirements. • The council needs to pay particular attention the accountability regime for grants which involve relationships with third parties (e.g. SRB, Sure Start, New Deal, and Criminal Justice). • A proportion of the grants claims submitted for audit did not immediately reconcile to the ledger. This resulted in significant audit effort and therefore additional audit costs which are avoidable. • Not all project managers appear to be aware of, or fully comply with, CPRs and FPRs. <p>We have helped Finance staff develop and deliver two workshops for officers involved in managing grant aided expenditure.</p> <p>We are currently auditing the 2003/04 grant claims and can report that there has been an improvement in the quality of working papers provided to us from most areas..</p>
12 Performance Indicators	July 2004	September 2004	Audit work commenced on the Council performance plan on 5 th July.	<p>We have liaised with staff throughout the year and provided input to two training workshops for staff in the Regeneration and Built Environment directorate</p> <p>This audit has been completed and an unqualified opinion will be given. We noted a significant improvement in the quality of working papers provide to us, especially from the RBE Directorate. The number of individual PIs with significant errors fell from 12 last year to 3 this year.</p>
13 Environment inspection	September 2004	September 2004	Work has been completed	A final report was issued in November 2004
14 Annual Audit and				This has been drafted and is with officers for consideration. It will be

Inspection letter				distributed to all members before the end of January 2005 and discussed at the next Audit Committee.
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Status of our reports to the Council

Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Reports are prepared by appointed auditors and addressed to Members or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any Member or officer in their individual capacity, or to any third party.

Audit Progress Report
**Walsall Metropolitan
Borough Council**

December 2004

Reference:	Audit Progress Report 04-05 audit December 04...doc
Date:	December 2004

Introduction

Audit programme	Planned start date	Completion date	Progress to date	Comments
1 Planning		August 2004	Completed	Presented to and agreed at September Audit committee
2 Financial Governance	Feb 2005			•
3 Final Accounts	Jul 2005			

Audit programme	Planned start date	Completion date	Progress to date	Comments
4 Detailed review of Internal Audit.	Feb 2005			
5 Putting the Citizen First Project	ongoing			We plan to work with Internal audit on this project
6 SERCO	December 2004	February 2005	Audit brief agreed with Director	
7. ORACLES Implementation	November 2004	January 2005	Project brief agreed with Assistant Director of Finance	We are working with Internal Audit on this project to ensure we bring complementary skills to bear and to avoid duplication
8 Use of Agency Staffing in Social Services				Further follow up planned for February 2005 at the request of the Audit committee
9 Community associations	November 2004	February 2005	Audit brief agreed with director	Fact finding currently being carried out
10. Partnership working	November 2004	January 2005	Audit brief agreed with Director	This audit was brought forward at the request of the Audit committee. Fact finding is currently being carried out. This will involve summarising work DA has already done in this area and liaison with Internal Audit

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