

## **Audit Committee – 25 June 2007**

### **Annual Report of the Chief Internal Auditor on the Overall Adequacies of the Internal Control Environment**

#### **Summary of the Report**

Based solely on work undertaken by internal audit and its partner organisation in 2006/7, a satisfactory level of assurance can be provided in relation to Walsall Council's overall system of internal control.

This opinion is given on the basis of positive action taken by managers to address identified control weaknesses and by providing evidence to auditors confirming that they had implemented or agreed to implement agreed recommendations detailed within report action plans.

#### **Recommendation**

- 1. To note the contents of the report.**



**Carole Evans – Executive Director (CFO)**

**11 June 2007**

#### **Resource and legal considerations**

The Accounts & Audit (Amendment) Regulations 2006 require councils to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. The CIPFA Code of Practice 2006, which sets out the proper practice for internal audit, requires the chief internal auditor to provide an annual report to those charged with governance (this role is discharged by the Audit Committee at Walsall Council), which should include an opinion on the overall adequacy and effectiveness of the council's control environment.

#### **Governance Issues**

##### Responsibilities

It is a management responsibility to develop and maintain the internal control environment. Internal audit's role is to form an independent and objective opinion on the overall adequacy and effectiveness of the internal control environment (system of internal control).

##### Control Environment

The CIPFA Code of Practice 2006 states that the control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- establishing and monitoring the achievement of the organisation's objectives;
- the facilitation of policy and decision making ensuring compliance with established policies, procedures, laws and regulations;
- ensuring the economic, effective and efficient use of resources and for securing continuous improvement in the way in which its functions are exercised;
- the financial management of the organisation and the reporting of financial management;
- the performance management of the organisation and the reporting of performance management.

## **Citizen impact**

This report reinforces the protection to the Council and its officers in respect of the robustness of the internal control framework, and is an integral part of the assurance provided to stakeholders on the security of the Council's activities and operations.

## **Performance Management and Risk Management Issues**

The activities of the Audit Committee are an integral part of the Council's performance management and corporate governance framework. It can challenge, review and advise on service delivery, council activity and policy with the aim of improving results. The internal audit strategic plan is risk assessed to ensure those areas most at risk are examined as a priority. Regular quarterly reports dealing with internal audit performance and achievements during 2006/7 have been received by the Audit Committee and a final report for the year will also be considered at the 25 June 2007 meeting.

## **Equality Implications**

None arising from this report.

## **Consultation**

The executive director's (corporate services) signature on this report demonstrates that it has been endorsed by the Council's statutory chief finance officer.

## **Background papers**

Internal audit reports/files/working papers.

## **Author**

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## **Chief Internal Auditor's Opinion on the Council's Internal Control Environment**

### **Summary of Opinion**

In my opinion, formed solely on the basis of the work undertaken by internal audit and its partner organisation in 2006/7, and the positive action taken by managers to implement agreed recommendations, Walsall Council's overall system of internal control facilitates the effective exercise of the Council's functions and provides a satisfactory level of assurance regarding the effective, efficient and economic exercise of the Council's functions.

Control weaknesses were identified during the 2006/7 financial year and were reported as such to the relevant managers. The opinion as to the level of assurance that can be placed on the system of internal control is based on evidence provided by managers to auditors confirming that they had implemented or agreed to implement agreed report action plan recommendations in the areas for which they are responsible. These are considered within the report.

The system of internal control can only provide reasonable and not absolute assurance regarding the achievement of the Council's policies, aims and objectives. The opinion is based on work in the approved operational audit plan, including irregularity, consultancy and advisory work carried out in 2006/7.

Audit work is subject to the agreed terms of reference, objectives and resources allocated by the Council for that purpose.

The draft external auditor's 'Annual Audit and Inspection Letter' received in April 2007, states that 'Internal Audit continues to provide an effective service to help ensure that (in the main) procedures are followed as laid down.

The Audit Commission undertook a comprehensive review of the internal audit service during 2006/7. Their draft report concludes, amongst others, that the audit service is staffed with appropriately experienced and qualified officers and work is of a good standard. The Audit Commission is able to place reliance on internal audit work which is directly relevant to their Code of Audit Practice responsibilities. Some areas for improvement were noted and recommendations made. These issues had however, previously been identified by internal audit during their recent self assessment exercise undertaken as part of annual review of the effectiveness of the system of internal audit, a requirement under the Accounts and Audit (Amendment) Regulations 2006.

### **Basis of Audit Opinion**

The Council's financial and contract rules require maintenance of an internal audit service to provide an independent and objective appraisal function for reviewing the system of internal control. It should examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

Many discrete elements of audit work form a contribution to the opinion. These include planned cyclical audit work, following up previous years' audit reviews, irregularity and consultancy work and also general professional advice where no formal report may have been issued but which contribute to the overall opinion.

Audit activity is planned on a risk-based, systematic approach which incorporates the results of consultation with executive directors, assistant directors and senior managers. The Council's statutory Section 151 Officer (executive director for corporate services) approves the strategic audit plan which is also endorsed by the strategic leadership team (SLT) and the Audit Committee.

There were no constraints placed on the scope of internal audit work in the year, although a higher than anticipated level of unplanned work resulted in some planned regularity work being allocated to our private sector partner. Resources were available to meet this demand and our private sector partner followed internal audit's approach in undertaking their audit work. The work of the internal audit service is in turn scrutinised each year by the Audit Commission.

For each area of planned audit activity an overall audit opinion is reported with the range of opinions being as follows:

<b>Overall Audit Opinion</b>	
Good	Controls are in place and operating satisfactorily. Reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively.
Adequate	There are some control weaknesses but most key controls are in place and operating effectively. Some assurance can be given that the system, process or activity should achieve its objectives safely and effectively.
Poor	Controls are in place but operating poorly or controls are inadequate. Only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively.
Unsatisfactory	Controls are failing or not present. No assurance can be given that the system, process or activity will achieve its objectives safely and effectively.

**Appendix A** details the overall audit rating for each review undertaken during 2006/7 and **Appendix B** details, among others, the audit opinion on all key systems/processes audited during the year.

#### The Internal Control Environment

During 2006/7, 135 specific audit reviews were undertaken excluding unplanned irregularity and consultancy work. Although most, 114 (84%), received an audit opinion of good or adequate, 19 reviews received an opinion rating of poor (12%) or unsatisfactory (2%). Two of the reviews (LAA/NRF) were ongoing at the year end. While the Council's key financial systems are operating satisfactorily, the payroll and employment support systems were considered to be in need of improvement as follows:

- Although good progress had been made in addressing the previously reported recommendations, control weaknesses continued to be identified within some areas of payroll processing. While it is recognised that management in both payroll and employment support have taken positive action to remind officers of their responsibilities in complying with procedures and policies, some weaknesses continued to be identified during audit testing. It was noted however, that in comparison to the 2005/6 audit review, the number of exceptions had reduced in most areas tested.

Auditors were advised that certain exceptions identified were beyond the payroll, pensions and employment support's control in that they relate to council managers' actions, where payroll, pensions and employment support have only an 'influencing role' in ensuring compliance with control and procedures. The commitment of SLT to ensuring that these recommendations are effectively communicated to managers across the organisation is considered to be critical in ensuring their successful implementation.

The HRD employee services manager has stated her intention to address areas of control weakness, such as lack of segregation of duties, during the impending restructure of human resources and development.

During 2006/7 audit reviews were undertaken of other financial/non financial systems and processes that contribute to the Council's overall corporate governance arrangements. The work identified that although in most audit assignments the processes examined were generally working satisfactorily, system weaknesses were identified in some services including direct payments, inventories and stock, establishment visits, revenue contract reviews, contractors' final accounts and 2 of 9 IT reviews. These projects are shown on **Appendix C**. A number of high priority recommendations were made during the year to address control weaknesses and all were accepted for implementation by managers.

Areas where control weaknesses were identified are summarised as follows:

- **Direct Payments:**

The direct payment initiative enables service users to purchase their own care arrangements as an alternative, or in addition, to commissioned care arranged and purchased on their behalf by the Council. Walsall Council launched a pilot direct payment scheme in 1997 with 12 participants and the number of direct payment recipients has increased steadily since that date to approximately 250 at the time of audit, with numbers expected to rise in future years. The administration of direct payments is currently located in the younger adults and disability service (YADS) within the social care and inclusion directorate. In reviewing the service, procedural controls in the management and administration of direct payments were found to be insufficient. Concerns were noted in relation to care plan achievement evidence, agreement signatures, support services procurement (fcrs), review and monitoring of service user records and budgetary control.

- **Inventories and Stock:**

Of the five reviews undertaken, within meals on wheels, fleet services, fuel stocks, highways and waste management, only the meals on wheels service was found to have satisfactory procedures in place to control their inventory/stock operations. Areas requiring action in the other 4 services included, setting up and maintaining appropriate records, improving stock security, promptly resolving discrepancies and managing obsolete stock.

- **Revenue contract reviews:**

A total of six revenue contracts from several directorates were examined and issues of concern were noted in three, namely the contacts with Portakabin, Reg Vardy and Tarmac.

**Portakabin:** (supply of mobile classrooms where sufficient permanent classroom accommodation is not available - £331k spend between April and November 2006). The controls in place to regulate this large contract were found to be of an unsatisfactory standard. There was a failure to comply with financial and contract rules or the previous financial and contract procedures in several respects including authority to tender, tender procedures, arranging a formal contract under seal, contractor payments, contractor performance monitoring, reporting arrangements (urgency) and budgetary control/contract funding.

**Reg Vardy** (supply of vehicles - £803k spend between April and November 2006). The controls in place to regulate this large contract were found to be of a poor standard. There was a failure to comply with financial and contract rules or the previous financial and contract procedures in several respects including authority to tender, tender opening, arranging a formal contract under seal, contractor payments, reporting arrangements and budgetary control/contract funding.

**Tarmac:** (providing services including planing and resurfacing of the road network system - £2.34m spend during the period April to November 2006). The controls in place to regulate this large contract were found to be of a poor standard. There was a failure to comply with financial and contract rules or the previous financial and contract procedures in certain respects including authority to tender, providing evidence of tender issue to all contractors at the same time, a senior officer approving price fluctuations, reporting arrangements and budgetary control.

- **Contractors' final accounts**

In accordance with financial and contract rule 15.3.1 (b) final accounts with a value £150k or more should be made available for review by internal audit along with details relating to obtaining authority, planning, tendering, award, operation and payments relating to the project.

A total of 25 final accounts were cleared during the year and while a good percentage were rated as adequate or good overall, a number were considered to have been poorly managed and recommendations for improvement made. There have been four major reasons for criticism of systems used to control major contracts:

**Failure to seek appropriate authority:** In a number of instances officers have failed to obtain executive director's or cabinet's authority to seek tenders or to accept a tender on the Council's behalf. This is due, in some part to an erroneous belief that the Council's rules did not apply where works are undertaken for schools or funded by external grants.

**Failure to make contracts:** This is consequent upon the failure to obtain appropriate approval prior to seeking tenders or formally accepting the winning tender to enable the Council's legal officers to seal a contract.

**Failure to control variations:** On a number of occasions variations to the contract have been written and priced only after the contract's completion.

**Failure to control completion dates:** Contractors have been allowed, in a number of instances, to adjust contracts' completion dates. In most cases there has been good reason for an extension of time, but this has not been certified in accordance with contracts' requirements.

Auditors have received assurances from managers that procedures have already been put in place to minimise the risk of recurrence of these control weaknesses. Such assurance has also been received in respect of those accounts relating to Property Services where procedures are also being implemented as part of their transformation agenda. This follows a period during which managers had envisaged the service being transferred to United Utilities as part of the "Putting the Citizen First" project.

By their nature these final accounts are historical and those officers responsible for failure to comply with financial and contract rules, or previous procedures, have now, in the main, left the authority's employment. The recently appointed senior managers are anxious to ensure that previously encountered procedural difficulties are not repeated and have stated to auditors their intention to take robust action in making sure that their officers follow the rules at all times.

Following approval to the new constitution in 2006, arrangements were made for those officers with responsibility for seeking quotations/tenders and for contract awards, to attend the internal audit training sessions on financial and contract rules. This has resulted in nearly 500 officers attending the sessions. Internal audit officers continue to respond to operational queries in relation to the rules.

Internal audit has recently drafted detailed procedures in relation to the steps to be followed in all stages up to, and including, contract awards. These will be the subject of discussion with directorate leadership teams prior to issue within directorates for use by those officers involved in awarding contracts for works, goods and services. This should go some way in assisting managers in their compliance with financial and contract rules.

**Appendix C** lists the 19 audit reviews where a poor or unsatisfactory opinion was given (excluding unplanned irregularity and consultancy work). The summary shows the status of each review as at 31 March 2007 and gives an indication of the positive actions confirmed as having been taken by managers to implement agreed recommendations or to agree the action plan recommendations and timescales.

#### Local Area Agreements (inc NRF)

During 2006/07, in conjunction with the Audit Commission, internal audit completed a follow up of 3 audit reports issued between November 2004 and February 2006, in respect of the Council's management and administration of neighbourhood renewal funding (NRF).

The follow up review, reported to the Audit Committee in October 2006, concluded that overall satisfactory progress had been made in implementing the agreed recommendations set out in the earlier reports, but that the new arrangements for the management and administration of NRF were still in the process of being fully embedded. The review recommended that officers should continue to work towards ensuring these new arrangements were fully implemented and evidenced as such.

For the first time in 2006/07, the chief internal auditor must provide an independent assurance to the *Office for Communities and Local Government*, that the statement of grant usage for the local area agreement (LAA), which includes NRF, in all material respects, fairly represents the eligible expenditure in accordance with the definitions and conditions of the grant. This opinion is required to be provided to GOWM by 1 July 2007 and audit work is currently underway to ensure this opinion can be given.

#### Advice and Consultancy

Professional advice and consultancy assistance was requested and provided to managers during the year. Details of this work are reported quarterly to the Audit Committee.

#### Fraud and Irregularity

A total of 125 suspected frauds and irregularities were reported to the service during the year, of which 4 were through the whistleblowing procedure. A contingency exists within the annual audit plan for this type of work, including consultancy, but a higher level than anticipated was experienced during the year; an additional 42 days. A summary of the audit inquiry work undertaken is reported quarterly to the Audit Committee. While none of the cases were material in the context of the Statement of Internal Control, a small number demonstrated an existence of control weaknesses as follows:

##### **Internet / e mail systems' misuse.**

Several managers from a number of directorates reported concerns with employees allegedly making inappropriate use of the Council's internet and e mail facilities. All reported cases were investigated and the majority resulted in disciplinary action being taken and appropriate sanctions imposed.

In undertaking the audit inquiries it became evident that there were omissions and/ or inconsistencies in the coverage provided by the existing procedure which had last been updated in September 2001 and required amendment. A new policy was agreed by SLT on the 15 March 2007 and the Standards Committee on 26 March 2007 and is in the process of being rolled out to all councillors, staff, partners and consultants using the Council's systems. The policy is intended to provide clarification for all users in what they can or cannot do when using the Council's internet and e mail systems and the actions which will be taken in the event of misuse.

##### **Neighbourhood Renewal Fund (NRF)**

The 3 special investigation reports were presented for Audit Committee's consideration on the 4 September 2006 and discussion on the 16 October 2006. A review of the actions taken on the recommendations detailed within the 3 reports was also presented to the October meeting. The report, as referred to earlier, concluded that satisfactory progress had been made in implementing the action plan recommendations.

##### **Former Head of Programme Management**

Internal audit officers were interviewed by the District Auditor in relation to his inquiry into the circumstances which gave rise to the ET case brought against the Council by the former head of programme management. The DA's report should be issued in the near future.



### **Independent inquiry into employment matters linked to NRF management**

Internal audit officers were interviewed by the external consultant in relation to the manner in which whistleblowing complaints are received and investigated. This report should also be issued in the near future.

#### Other audit activity

**Appendix B**, in addition to providing the audit opinion on key system work, also sets out completed computer audit activity and school audit visits.

Computer audit work involved 8 specific projects of which 6 received a good or adequate rating overall. Our partner also assisted in updating the computer audit strategic plan and provided advice in connection with the new e mail/internet policy.

Based upon the audit reviews undertaken at the 30 school establishment visits, the control environment is considered to be of an overall adequate standard. FMSiS work commenced within secondary schools during the year and will be rolled out to primaries during 2007/8.

#### Performance of the Internal Audit Service

The overall performance of internal audit in 2006/7 will be reported to the Audit Committee on 25 June 2007 and will demonstrate a high level of performance indicator achievement for the year including undertaking 96% of the approved audit plan work.

The report will also show that 79% of agreed recommendations were confirmed as implemented at internal audit's next visit, an improvement on last year's 74%. This level of implementation is encouraging and has been made possible due to internal audit's revised follow-up arrangements now in place to improve management's performance in this area and the positive action taken by directorate managers to implement recommendations. The directorate management teams' involvement in seeking assurance from their managers that they have implemented or were taking action to implement recommendations has also assisted the process. The Audit Committee has remained insistent that this level of achievement improves and the potential for managers who fail to implement recommendations, having to attend before the Committee to provide explanation, has been effective.

As part of the Statement of Internal Control process, executive directors and assistant directors were asked to sign off the schedule of reports and recommendations confirming that their managers had taken all appropriate action to implement agreed recommendations. All have returned their schedules appropriately signed.

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**DAVID BLACKER**  
**CHIEF INTERNAL AUDITOR**  
**12 JUNE 2007**

**Audit opinions given to fundamental systems/processes in 2006/7**

<b>System/process</b>	<b>Opinion</b>
Benefits system	Adequate
Council tax	Adequate
NNDR	Adequate
Nom ledger / central accounting	Good
Budgetary control	4 good 1 Adequate
Payments – creditors	Adequate
Capital accounting	Good
Capital programme	Good
Payroll / employment support	Poor
Pensions	Adequate
Treasury management	Good
Income – debtors	Adequate
Bank account reconciliations	Adequate
Banking hall/cash receipting management	Adequate

**Computer Audit**

- 1 A partnership arrangement was entered into during 2003/4 with a private sector firm, HW Consulting, to undertake specifically computer audit work over a 30 month period ending 31 03 06. As provided for under the contract terms, the contract period has been extended for 2 years ending 31 March 2008.
- 2 Key IT audit activities undertaken and in accordance with the planned work during 2006/7 included reviews of:
  - IT Transformation: The IT transformation programme was established as part of the wider corporate transformation programme to enable the Council to deliver to the strategic vision for 2008 and beyond. The review sought to establish whether a formal programme has been developed that provides clear direction, scope and management of the transformation of services using ICT and to assess the adequacy of programme governance arrangements in place; (overall opinion - good)
  - Cash Receipting (Income Management System). The review sought to identify the key IT controls in place for the income management processing system to manage risks to key business processes and to assess the adequacy of key controls to maintain the confidentiality, integrity and availability of data stored and processed within the system; (overall opinion - adequate)
  - PARIS is the Council's primary social care and inclusion information system which is used to manage social workers' case work. The review sought to assess the adequacy of key IT controls in place for the application to maintain the

confidentiality, integrity and availability of data stored and processed within the system; (overall opinion - poor)

- Oracle general Ledger Application: Oracle financials is the Council's main financial accounting application which was implemented in 2004. The review sought to assess the adequacy of key IT controls in place for the application to maintain the confidentiality, integrity and availability of data stored and processed within the system; (overall opinion – adequate)
  - Physical and Environmental Security: The review sought to identify how risk is assessed and managed in relation to the physical and environmental security of key IT systems and the network infrastructure, to assess the procedures and controls in place in relation to good practice and council policy and to assess whether they were correctly and consistently applied; (overall opinion - adequate)
  - Electronic Payments: The web and telephone payment systems were implemented in November 2005. The review sought to assess the adequacy of key IT controls in place for electronic payment systems to maintain the confidentiality, integrity and availability of data stored and processed within the system; (overall opinion – adequate)
  - IT/Information Security Policy: The review sought to compare the draft Information Security Policy against the International Standard governing Information Security Management Standard (ISO/IEC FDIS 27001:2005) to ensure it was representative of accepted good practice and to advise on weaknesses and omissions (gap analysis); (overall opinion – poor)
  - Unix/Oracle Databases are the underlying software technologies used to store and process data within the corporate financial information system. The review sought to assess the adequacy of technical security controls in place for the UNIX and oracle environments to maintain the confidentiality, integrity and availability of data stored and processed within the information system; (overall opinion – adequate)
  - Other work: Our partner offered assistance/advice in updating the IT strategic audit plan and also during preparation of the council's new 'E mail and internet usage policy'.
- 3 A number of recommendations were made in each of the areas examined and internal audit has received confirmation from managers that recommendations have been actioned or will be actioned by agreed deadlines.

### **Schools audit**

Audit reviews of 18 primary schools, 8 secondary schools, 2 special schools and 2 nurseries were undertaken during 2006/7. Based on the audit conclusions from this work, my overall opinion is that the control environment within the council's schools is of an overall adequate standard. Recommendations have been made and were accepted by management during the year which should help to ensure that improvements take place where needed.

A number of recurring high priority recommendations (3\*) were made during the school visits, the top 5 being in respect of voluntary funds' reconciliation and independent review, orders being properly authorised, proper invoice certification prior to payments, seeking of quotations/governor approval where appropriate and income checks and controls.

All schools are required to comply with the financial management standard in schools (FMSiS) by March 2010. As part of this process, secondary schools were required to demonstrate compliance by March 2007. In the case of schools that are currently not meeting the standard, the section 151 officer will need to make a declaration in the section 52 outturn statement that appropriate steps are being taken to rectify this and ensure that those schools will meet the standard by 31 March 2008.

# **Number of Completed Jobs - 2006/07**

Audit Task	Auditor	Completed Date	Not Achievable
<b>COUNCIL STRATEGIC:</b>			
Charity Meetings	Various	31.03.07	
Financial & Contract Rules	SO	31.03.07	
Corporate Governance	DB	31.03.07	
Equalities - Internal Audit	RN	31.03.07	
RIPA (DB)	DB	31.03.07	
Service Plan (IA)	CB	31.03.07	
IPM (IA)	Various	31.03.07	
<b>UNPLANNED/FR6</b>	Various	31.03.07	
<b>MAJOR SYSTEMS:</b>			
<i>ECONOMIC REGENERATION:</i>			
Economic Regeneration	MW	02.05.07	
<i>WALSALL BOROUGH STRATEGIC PARTNERSHIP:</i>			
Walsall Borough Strategic Partnership	JS	30.01.07	
Local Area Agreements	MA	ongoing	
Neighbourhood Renewal Fund	MA	ongoing	
<i>NEW DEAL:</i>			
New Deal - Finance	SM	Draft	
New Deal - Economic Development	CONS	Draft	
<i>FINANCE:</i>			
Council Tax	SC	04.04.07	
Benefits	CONS	Draft	
Banking Hall / Cash Receipting Management	JS	06.06.07	
Pensions	NP	08.06.07	
NNDR	SC	04.04.07	
Nominal Ledger & Central Accounting	CONS	25.04.07	
Treasury Management	CONS	28.03.07	
Accountable Body Status	NP	*	*
<i>BUILT ENVIRONMENT:</i>			
Highways Management	CONS	17.04.07	
<i>SAFER WALSALL BOROUGH PARTNERSHIP:</i>			
Safer Communities - Anti Social Behaviour	JS	10.01.07	
<i>NEIGHBOURHOOD PARTNERSHIPS &amp; PROGRAMMES</i>			
ESF/ERDF	DW	*	*
<i>LEISURE CULTURE &amp; LIFELONG LEARNING:</i>			
Leisure Centres			
Bentley Leisure Pavillion & Grange Golf	MW	30.08.06	
Willenhall Lesiure Centre	MW	30.08.06	
Darlaston Multi Purpose Centre	MW	30.08.06	
<i>EDUCATION CLIENT / SCHOOLS:</i>			
Education Partnership	DW	*	*
<i>YOUTH &amp; COMMUNITY:</i>			
Community Development Team	ZK	19.04.07	
<i>CHILDREN &amp; FAMILIES:</i>			
Foster Care & Adoption	SC	08.02.07	
Residential Care for Children:			
Eldon	SC	13.12.06	
Redruth Road	ZK	26.04.07	
Youth Offending	SW	23.11.06	
<i>ADULT SERVICES:</i>			
Bank Accounts	CONS	24.04.07	
Learning Disabilities Pooled Budget	CONS	03.05.07	
Home Care	CONS	24.04.07	
Independent Sector - Residential & Day Care	ZK	15.05.07	
Physical Disabilities & Sensory Impairment:			
Hollybank House	ZK	15.05.07	
Learning Disabilities Day Care:			

Audit Task	Auditor	Completed Date	Not Achievable
Goscote	SC	25.10.06	
Learning Disabilities Residential:			
Narrow Lane Follow Up	MA	13.03.07	
Fallings Heath Follow Up	MA	13.03.07	
Elderly Residential & Day Care:			
Meadow House	SW	28.09.06	
Rushall Mews	SC	23.11.06	
Bentley Resource Centre	SM	23.04.07	
Delves Resource Centre	SW	13.11.06	
Short Heath Resource Centre	SM	23.04.07	
Asylum Seekers	CONS	18.04.07	
Fairer Charging	NP	23.04.07	
Links to Work	SC	15.09.06	
Direct Payments	MW	08.01.07	
<i>CORPORATE SUPPORT:</i>			
Equalities-	NP	*	*
<i>ALL:</i>			
Creditors	SC	03.05.07	
Payroll	MW	draft	
Debtors	JS	04.06.07	
Budgetary Control	NP	01.06.07	
Grants (compliance with grant manual)	JS	Draft	
Capital Accounting	SC	20.07.06	
Capital Programme	SC	23.04.07	
Service Planning	MW	02.05.07	
<del>CPA</del>	<del>DW</del>	*	*
Risk Management	NP	17.11.06	
Performance Indicators	CONS	30.04.07	
Inventories / Stock	CONS	14.05.07	
Petty Cash	SM	30.04.07	
<b>REGULARITY:</b>			
<i>ECONOMIC REGENERATION:</i>			
Advice	CB	31.03.07	
<i>PHYSICAL REGENERATION:</i>			
Advice	CB	31.03.07	
<i>ENVIRONMENTAL REGENERATION:</i>			
Advice	CB	31.03.07	
<i>WALSALL BOROUGH STRATEGIC PARTNERSHIP:</i>			
Advice	CB	31.03.07	
<i>NEW DEAL:</i>			
Advice	DW	31.03.07	
<i>FINANCE:</i>			
Audit Committee Reports / Attendance	DB/RN/MA/CB	31.03.07	
Bank Account Reconciliations	JS	16.05.07	
Banking Corporate Account Liaison	RN/SC	31.03.07	
Advice	RN/MA	31.03.07	
Housing / Council Tax Benefits:			
Examine Claims	ZK	Draft	
Subsidy Claim	NP	31.03.07	
Benefit Account Reconciliation	SM	10.01.07	
<i>LEGAL SERVICES:</i>			
Advice	RN	31.03.07	
<i>PERFORMANCE:</i>			
Advice	RN	31.03.07	
<i>HUMAN RESOURCES:</i>			
Advice	RN	31.03.07	
<i>ORGANISATIONAL DEVELOPMENT:</i>			
Advice	RN	31.03.07	
<i>BUILT ENVIRONMENT:</i>			

Audit Task	Auditor	Completed Date	Not Achievable
Advice	CB/DW	31.03.07	

Audit Task	Auditor	Completed Date	Not Achievable
<i>SAFER WALSALL BOROUGH PARTNERSHIP:</i>			
Advice	CB	31.03.07	
<i>NEIGHBOURHOOD PARTNERSHIPS &amp; PROGRAMMES:</i>			
Advice	CB	31.03.07	
<i>LEISURE CULTURE &amp; LIFELONG LEARNING:</i>			
Advice	CB/DW	31.03.07	
<i>EDUCATION CLIENT / SCHOOLS:</i>			
LMS - advice & support	Various	31.03.07	
Advice	CB/DW	31.03.07	
Secondary Schools:			
Frank F Harrison Community	SC	31.01.07	
Joseph Leckie Technology College	SM	22.11.06	
Pool Hayes Community School	MW	04.01.07	
Queen Marys Grammer	JS	04.12.06	
Queen Marys High	MW	07.07.06	
Rushall Community College	MW		with Rushall Comr
Shelfield Sports & Community College	MW	Draft	
St Francis of Assis	SC	11.09.06	
St Thomas More Business & Enterprise College	SC	30.03.07	
<b>Primary Schools:</b>			
Abbey JMI	ZK	*	*
Alumwell Infants	SM	11.06.06	
Alumwell Junior	SM	18.07.06	
Barcroft JMI	ZK	15.05.07	
Bentley Drive JMI	SM	25.06.06	
Bentley West JMI	SW	20.07.06	
Birchills JMI	SM	19.07.06	
Chuckery Junior	ZK	13.04.07	
Delves Junior	SM	04.10.06	
Edgar Stammers JMI	SW	13.07.06	
King Charles JMI	SM	10.01.07	
Kings Hill JMI	MW	07.11.06	
Moorcroft Wood JMI	ZK	12.04.07	
New Invention Junior	SM	30.03.07	
St Marys of the Angels	DW	18.01.07	
Rushall JMI	MW	24.11.06	
St Francis JMI	SM	05.03.07	
Walsall Wood JMI	SM	06.10.06	
Whitehall Infants	MW	08.12.06	
<b>Nursery Schools:</b>			
Sandbank	SM	11.12.06	
Valley	SM	28.07.06	
<b>Special Schools</b>			
Jane Lane	SM	30.03.07	
Mary Elliot	SM	05.03.07	
LMS General - School Audit Follow Up	DW		
<i>YOUTH &amp; COMMUNITY:</i>			
Advice	CB	31.03.07	
<i>CHILDREN &amp; FAMILIES:</i>			
Advice	RN/MA/NP	31.03.07	
<i>COMMUNICATIONS:</i>			
Advice	RN	31.03.07	
<i>PROCUREMENT:</i>			
Advice	CB	31.03.07	
<i>ADULT SERVICES:</i>			
Advice	RN/MA	31.03.07	
<i>HOUSING SERVICES:</i>			
Advice	RN	31.03.07	
<i>STRATEGIC SUPPORT &amp; PARTNERSHIP:</i>			



Audit Task	Auditor	Completed Date	Not Achievable
Advice	RN	31.03.07	
<i>CORPORATE SUPPORT:</i>			
Advice	RN	31.03.07	
<i>ISS:</i>			
Advice	RN	31.03.07	
<i>BUSINESS &amp; SUPPORT SERVICES:</i>			
Advice	RN	31.03.07	
<b>CONTRACT AUDIT:</b>			
Final Accounts:			
Palfrey Park Landscape Improvements	SO	19.04.06	
Paper Bulk Unit 1	SO	24.04.06	
Somerfield Road / High Street Right Turn Facility	SO	24.05.06	
Ryders Hayes JMI Phase 1	SO	08.06.06	
Mossley JMI - Fire Damaged Kitchen	SO	22.08.06	
Shelfield College Dance Studio & Fitness Suite	SO	5.10.06	
Valley Nursery Extension	SO	11.10.06	
Darlaston Transform Your Space	SO	31.10.06	
Willenhall Transform Your Space	SO	31.10.06	
Bus Showcase Routes 529 and 311	SO	22.11.06	
Brownhills West JMI Classroom Extension	SO	30.11.06	
Willenhall College Alterations	SO	21.02.07	
Sneyd School Artificial Hockey & Football Pitch	SO	10.01.07	
Beechdale Park Transform Your Space	SO	15.01.07	
Bentley Youth & Community Refurbishment of Sports Hall	SO	30.01.07	
Bluecoat College New Multi Sports Facilities	SO	31.01.07	
Brownhills & Aldridge North Transforming Your Space	SO	13.02.07	
Willenhall College New Astro Pitch & Changing Room	SO	09.02.07	
Bloxwich Transforming Your Space	SO	16.02.07	
North Walsall Transforming Your Space	SO	19.02.07	
George Rose Park Environmental Improvements	SO	22.02.07	
Aldridge South Transforming Your Space	SO	21.02.07	
Primley Ave Park Environmental Improvements	SO	05.03.07	
The Old Coach House	SO	21.03.07	
Reinstatement of Mint Condition Fitness Suite	SO	20.03.07	
Systems Based	SO	31.03.07	
Advice	SO	31.03.07	
Contracts:			
ECT Recycling	CONS	18.04.07	
Portakabin	CONS	17.04.07	
Reg Vardy	CONS	18.04.07	
Tarmac	CONS	18.04.07	
TDR (Mechanical Services)	CONS	18.04.07	
Tribal Resources	CONS	19.04.07	
Procurement-	SO	*	*
<b>COMPUTER AUDIT:</b>			
IT Audit Plan Review	CONS	31.03.07	
IT Transformation	CONS	17.05.07	
Cash Receipting (IMS)	CONS	23.05.07	
PARIS	CONS	17.05.07	
Internet & E Mail Acceptable Use Policy	CONS	31.03.07	
Oracle General Ledger Application	CONS	draft	
Physical & Environmental Security	CONS	17.05.07	
Electronic Payments (web, automated & agent present)	CONS	draft	
IT/Information Security Policy	CONS	23.05.07	
UNIX / Oracle Database	CONS	17.05.07	

Appendix A

Overall Rating
n/a
n/a
n/a
n/a
n/a
n/a
n/a
n/a
Adequate
Adequate
Adequate
Adequate
Adequate
Adequate
Adequate
Adequate
Good
Good
✖
Good
Adequate
✖
Good
Good
Adequate
✖
Adequate
Adequate
Adequate
Adequate
Adequate
Good
Adequate
Adequate
Adequate

Overall Rating
Adequate
Some progress made Some progress made
Adequate Adequate Adequate Adequate Adequate Adequate Adequate Adequate Poor
*
Adequate Poor Adequate 4 good 1 adequate Adequate Good Good Adequate * Good Good 3 Poor 1 Adeq 1 Unsatis Adequate
n/a
n/a
n/a
n/a
n/a
n/a Adequate n/a n/a
Adequate n/a Adequate
n/a
n/a
n/a
n/a

Overall Rating
n/a



Overall Rating
n/a
n/a
n/a
n/a
Poor
Good
Good
Adequate
Poor
Poor
Adequate
Adequate
Adequate
Good
Adequate
Adequate
Poor
Good
Good
Good
Poor
Good
Poor
Good
Adequate
Good
Adequate
Adequate
Adequate
Adequate
n/a
n/a
Good
Unsatisfactory
Poor
Poor
Good
Good
✖
n/a
Good
Adequate
Poor
n/a
Adequate
Adequate
Adequate
Poor
Adequate

Summary of Poor / Unsatisfactory Audit Reports - 2006/07

Service Area	Audit	Rating	Progress
Social Care & Inclusion All	Direct Payments	Poor	28 recs agreed in action plan
	Payroll	Poor	Draft
	Inventories & Stocks - Highways	Poor	7 recs agreed in action plan
	Inventories & Stocks - Waste Management	Unsatisfactory	2 recs agreed in action plan
	Inventories & Stocks - Fleet	Poor	4 recs agreed in action plan
	Inventories & Stocks - Fuel	Poor	5 recs agreed in action plan
Schools	King Charles JMI	Poor	25 recs agreed in action plan
	Shelfield Sports & Community College	Unsatisfactory	Draft. Follow up visit arranged. Evidence to be provided to internal audit that recommendations have been or are being implemented.
Contracts	Portakabin	Unsatisfactory	20 recs agreed in action plan
	Reg Vardy	Poor	20 recs agreed in action plan
	Tarmac	Poor	8 recs agreed in action plan
	Final Accounts:		
	Palfrey Park Landscape Improvements	Poor	8 recs agreed in action plan
	Mossley JMI Fire Damaged Kitchen	Poor	4 recs agreed in action plan
	Shelfield College Dance Studio & Fitness Suite	Poor	4 recs agreed in action plan
	Sneyd School Artificial Hockey & Football Pitch	Poor	7 recs agreed in action plan
	Bluecoat College New Multi Sports Facilities	Poor	7 recs agreed in action plan
	Willenhall College New Astro Pitch & Changing Room	Poor	7 recs agreed in action plan
Computer	PARIS	Poor	9 recs agreed in action plan
	IT/Information Security Policy	Poor	Draft