

Audit Committee - 13 October 2008

Annual Audit and Inspection Letter: Progress Report

Summary of report

This report sets out an update on progress on implementing the findings and recommendations from the annual audit and inspection letter published in March 2008 and presented to Audit Committee in April.

Recommendations:

1. To note the progress in respect of the annual audit and inspection letter at **Appendix 1.**



James T Walsh – Chief Financial Officer

3 October 2008

Background

The annual audit and inspection letter provides an overall summary of the Audit Commissions assessment of the council, drawing on the corporate performance assessment, findings and conclusions from the audit of the council's statement of accounts for 2006/7 and from any inspections undertaken since the previous annual audit and inspection letter.

The Audit Commission report identified both areas for improvement and strengths. The update presented at Appendix 1 reports progress on action being taken in relation to the key areas for improvement. It is also worth noting the strengths highlighted by the letter which were:

- A continued improvement in services
- The maintenance of good standards of financial management
- Overall CPA score of 3 and direction of travel judged as "improving well"
- An unqualified audit opinion on the annual accounts for 2006/7 and on arrangements for ensuring value for money
- An overall score of 3 out of 4 for the annual use of resources assessment and an acknowledgement that we have made improvements in all areas of the assessment

Resource and Legal Considerations

There are no direct financial or legal implications, however the council is responsible for ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money.

Risk Management

None relating directly to this report.

Equality implications

None relating directly to this report.

Consultation

The report is prepared in consultation with relevant senior managers.

Background Papers

Annual Audit and Inspection Letter 2006/7

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Progress Update: Annual Audit and Inspection Letter (AAIL)

Audit Commission Assessment Area	Areas for Improvement (AFI)	Progress Report
<p>Corporate Performance Assessment 2007</p> <p>The following service blocks were identified as a score of 2 out of 4:</p> <ul style="list-style-type: none"> • Culture • Housing • Social care (adults): providing adequate services but capacity for improvement is uncertain (judged a 1 star service by CSCI) 	<ul style="list-style-type: none"> • Performance Indicators • Supporting people (see below) • Evaluation of healthier lifestyles initiatives so council is confident of their impact • Better engagement of partners to ensure better access to a range of services and support • Systems of governance and project management need strengthening 	<p>Our Direction of Travel (DoT) submission for this year is to be submitted on 3 October and will be followed by field work being conducted by the Audit Commission who are scheduled on site late October to complete this. Current prediction for DoT is 'improving well/ improving adequately'. Our CPA score for 2008, and outcome of DoT, is expected in February 2009.</p> <p>A progress update on culture was provided to Audit Committee at their last meeting. Further detail on SP is below.</p> <p>The following is an update on social care:</p> <ul style="list-style-type: none"> • Following criticism of the quality and pace of improvement of adult's social care services in CSCI's statutory letter following Walsall's 2007 Annual Review Meeting, and in the Audit Commission's Annual Audit and Inspection letter, a comprehensive action plan was agreed with the CSCI Business Relationship Manager in January 2008. This includes the issues of evaluation of healthier lifestyles initiatives, engagement of partners, and systems of governance and project management. • Discussion between relevant officers and CSCI resulted in the welcome offer of assistance and resources from the Department of Health Care Services Efficiency

Delivery (CSED) and Care Services Improvement Partnership (CSIP).

- A formal meeting at the Department of Health between Paul Snell – Chief Inspector (CSCI), the Chief Executive (Paul Sheehan), the Cabinet Portfolio Holder and the Executive Director, Social Care and Inclusion, and a subsequent meeting with CSCI resulted in agreement to prioritise specific areas of work. The agreed priorities are:
 - Assessment and care management process and procedures
 - Implementing the Personalisation Agenda
 - Commissioning for quality outcomes
 - Services for carers
- Work was undertaken to refine the outcome measures in the plan, better to measure and demonstrate the impact of the improvements on the experiences of and outcomes for users of our social care services. The enhanced action plan was presented to CSCI and CSIP at the regular business meeting on 14 May, where the changes received positive feedback.
- The assistance and resources from CSED are being translated into business cases for the specific activities listed above. CSED presented their outline business cases to officers on 8 July. These comprised:
 - Development of an Access Centre
 - Enhancement of public information and website
 - Brokerage
 - Personalisation
 - Commissioning
 - Web-based commissioning
 - Re-ablement
 - Organisational design and infrastructure
 - Processes, documentation and performance

- management
- Retail equipment model
- Development of third sector
- Their proposals will lead to changes to a number of the work streams in the action plan.
- Of the 34 work streams, 23 are programmed for completion by December 2008 and are either already complete or are on target. The others are either components of longer term programmes, or are awaiting the production and approval of detailed business cases by the People First team, which is now fully operational.

Supporting People programme Inspection:

Assessed as poorly administering the programme with uncertain prospects for improvement although acknowledgement that firm action was being taken since (September 2007) to improve the position

- Commissioning body leadership
- Relationships with service providers
- The review programme was not carried out in a consistent/thorough manner and did not sufficiently address vfm/ineligible services
- Service user involvement underdeveloped and users not involved in governance or monitoring services. Information on website is limited
- Performance management underdeveloped and information not shared
- Permanent team recruited (replacing temporary team) to address AFIs
- The improvement towards excellence plan produced from inspection report has been endorsed at CMT, scrutiny and cabinet (DEC 07)
- Reporting on progress is comprehensive. Monthly monitoring of all the actions in the improvement towards excellence plan is done by the SP team. This is fed into quarterly performance monitoring at strategic housing performance board. This is then fed into SCI performance board and then to health and social care scrutiny and also is part of the performance report to CMT. This is also reported as part of the performance reporting done to the SP core strategy group and the SP commissioning body. Which ensures the plan is monitored by all our partners.
- The team are making good progress against all actions. A number of targets have slipped, however there are no reported causes for concern. In addition, the Audit Commission undertook an 'advice and assistance' audit in June which has been used to refresh the action plan.

- In addition to the above, The AD has bi monthly meetings with the Audit Commission and CLG on progress against the action plan. The next one is in November. A further update on progress will be provided after this meeting.

**Use of Resources 2007:
Financial reporting (score of 3)**

- All working papers should be made available to auditors at start of process
- 2 significant error in accounts
- senior officer review revealed an adjustment needed to fixed assets prior to accounts being authorised
- Annual report should be made part of the final accounts process to ensure prompt production and consultation process should be expanded to ensure report meets needs of public
- Action taken to address this and all papers were available for auditors at start of 2007/8 process
- 1 adjusted error with no impact on reserves
- Annual report produced alongside statement of accounts
- Unqualified opinion given on accounts on 18 September 2008 in respect of 2007/8

**Use of Resources 2007:
Financial Management (score of 3)**

The identified AFIs are recommended to the council in seeking to achieve best practice (score of 4)

- Embed process whereby annual report is main vehicle for demonstrating how financial plans and strategies have contributed to the achievement of corporate objectives
- Provide accrued budget reports and balance sheets quarterly (rather than just year end)
- Executive should review its effectiveness and leadership with regard to financial management
- Annual report produced alongside annual accounts
- Partially accrued accounts provided quarterly: fully accrued planned as part of the Finance Direct project (oracle financials upgrade)
- Best practice being sought concerning last AFI

**Use of Resources 2007:
Internal Control (score of 3)**

- Development of a partnership risk register
- Key financial system (payroll) assessed as poor
- Partnership group set up and draft register and toolkit established. This is expected to be finalised within the next few weeks and rolled out across the council.
- All key financial systems now assessed as adequate.

- Demonstration that arrangements to prevent and detect fraud and corruption are fully embedded
- The intranet site contains details of guidance which allows staff to report concerns (whistleblowing) and audit are about to issue a fraud awareness paper re-iterating what is on our website and stressing some important day to day safeguards. These will be publicised council wide.

Increasing Bus Use in the West Midlands

The overall long term decline in bus use has continued (despite number of significant schemes to improve the infrastructure): numbers fell by 11% between 2000/1 and 2005/6

A range of integrated and sustained actions are needed to address decline: a clear and comprehensive agreement on way forward, owned by all partners, is lacking. 3 main AFIs identified:

- Partnerships: effectiveness of strategies for improvement of services is limited by lack of shared understanding and ownership by key agencies involved in delivery
- Leadership: difficult due to multiple organisations involved and not consistently provided
- Performance management: procedures for target setting, monitoring and taking effective remedial action are not sufficiently robust. Issue of why schemes to increase use are not having predicted impact has not been regularly or rigorously addressed.

- Even though Centro identified an 11% fall in bus passenger numbers across the West Midlands between 2000/01 and 2005/06, person trips by bus into Walsall Town Centre in the morning peak (07:30 – 09:30) between 2001 and 2005 actually increased by 6.9%. A recent survey in 2007 did show that levels had dropped back to those in 2001. However, this survey was done during significant disruption works to our town centre road networks, resulting in a 12% reduction in overall person trips into the town centre within the morning peak period. The modal share of bus trips into the Town in the morning peak in 2007 actually increased by 1% from 2005 and by over 5% since 1999.
- During 2007 and 2008, the following bus routes serving communities within Walsall have been enhanced through Voluntary Partnership Agreements between Centro and National Express West Midlands:
 - 934 Birmingham to Pheasey
 - 993 Birmingham to Streetly
 - 997 Birmingham to Walsall
 - 377 Walsall to Sutton
- The partnership involves upgrading the routes through state-of-the-art buses, increased frequencies, better shelters with improved cleaning regimes and Real Time Information. Surveys in December 07 on the 377 service identified a 10% increase in passenger numbers from the same period in 2006.
- The success of these partnerships has encouraged their roll out to other routes in Walsall, including the 51 service between Birmingham and Walsall Town Centre, which has

recently received £1.3m of engineering improvements in the Walsall section alone through the Bus Showcase and Red Route initiatives, delivered jointly by Centro and Birmingham, Sandwell and Walsall Councils.

- Walsall Council has also worked successfully with Centro and Walsall's Local Strategic Partnership (LSP) in delivering a number of bus-based projects to improve people's ability to access jobs and opportunities, particularly those most deprived communities within the borough.
- The Work wise initiative, which provides free travel for people attending interviews and new jobs, has been running in Walsall since 2004 and has consistently exceeded its target in issuing travel passes to employment over that time. Work wise recently won the Guardian Public Service Award under the Service Delivery – Transport section. It was also mentioned as an exemplar of good practice by Rt Hon. Rosie Winterton MP, Minister of State for Transport, in a speech at the National Royal Town Planning Institute and TRICS Conference: 'New Directions in Transport Planning.
- We are also working with Walsall Community Transport (CT), Centro and the LSP in supporting the Route Rider scheme that provides a dedicated service by Walsall Community Transport that links the Blakenall and Bloxwich New Deal Area to key employment areas in Aldridge and Green Lane. Patronage has been growing since its inception in July 2007. The success of this scheme is encouraging its expansion to support other deprived areas of the borough.
- Walsall Council has also been leading a partnership looking at future transport priorities for Walsall, which included The Council's Regeneration Scrutiny Panel appraising this work and inviting views from key partners including Centro and public transport operators. This has

identified improvements to bus interchange facilities within Walsall Town Centre as being critical to the future growth and development of the town. Investigations into options for these enhancements are now being driven forward through a partnership approach.

Audit of User and Carer Engagement in Learning Disability (LD) service and Young Adults Disability Service (YADS)

- Identify barriers and facilitators to inclusion of people with communication impairment and developing practical ways to promote involvement
- Work has been undertaken through a user friendly survey to establish what mechanisms people prefer for communication.
- All board presentations are created in one format which is an agreed easy read accessible format
- Paperwork is produced ahead of partnership board meetings in 3 different formats to support different communication needs
- A poster is displayed at each meeting outlining agreed rules for communicating during the meetings
- Only accessible venues are used for meetings
- The partnership board website enables clear communication across learning disability partnership board
- A training session is being undertaken in October 2008 to share the learning from the directorate on communication needs of disabled people with corporate council staff, to enable wider council services to provide accessible information for users and carers.
- Clarify relationship between various partnership structures and roles and representation of users and carers
- An updated terms of reference and membership has been completed for all advisory groups and the LDPB board this review is on target to be complete by April 2009.
- A new constitution and membership were developed; the role of the chair is under review, with a move towards an independent chair being appointed.
- A review was undertaken of the healthy communities and vulnerable adult's board, a new board structure was agreed and a revised engagement process

introduced in June 2007 inclusive of communication routes for users and carers.

- Review effectiveness of communication pathways to and from users and carers
- A review of the Learning Disability partnership board function is underway, communication pathways, approaches and work plans are being developed for each advisory group and feedback into the board is being structured
- Work has been undertaken with the Physical and Sensory impairment partnership board to examine the ways they work
- An away day for the PSI board was held to learn from other boards experience,
- Plans are in place to adopt different ways of working to continue to improve the board progress overall, ensuring learning from the review in Learning Disability partnership board to enable adoption of better communication pathways for all board members.
- Develop a performance management approach that has a clear planning framework to prioritise user and carer activity; identifies how work will be managed, monitored and delivered; establishes and evaluates outcomes for initiatives that will make an impact
- A new user engagement policy has been designed and is due to be fully launched in November 2008. This policy sets out the agreed framework and standards for all Social Care and Inclusion staff to use when communicating and engaging with our customers. This will ensure all of our communication and engagement activity is effective, co-ordinated and consistent.
- User and carer engagement activity is now recoded on viewfinder, a partnership web based database to ensure it is managed effectively, linked to actual service changes and evaluated.
- Evaluation of outcomes from a user perspective is being piloted through the pacesetters programme, using a range of techniques for participatory evaluation. Work will be undertaken in 2008/9 to test these tools and consider how it can be best used to further review outcomes for service users.

<p>Audit of Performance Management in Social Care</p> <p>Can Walsall Social Care and Inclusion Directorate rely on the information it collects to plan and modernise services, with particular reference to the PARIS information system?</p>	<p>SCI cannot wholly place reliance on the information it collects to plan and modernise services. PARIS not used consistently and difficult to ensure all information is entered</p> <ul style="list-style-type: none"> • Recognition needed that not merely an ICT system, but facilitator for business transformation • Staff need to understand how to use it, what progress has been achieved, provide clarity as to what it can and cannot do, re-emphasise need to make effective use of it, and ensure important data is entered 	<ul style="list-style-type: none"> • Appointment of full time programme manager for PARIS: The Paris Team is currently undergoing a two part review in conjunction with ICT, Part 1, team structure, Part 2, Paris application. An interim manager is in place pending the review outcome. • Re-launched training programme: Training has been reviewed and new user and refresher training are completed on a monthly basis, with additional floor walking in each team on a monthly basis, as well as specific one to one sessions. • Improved governance: A report template has been introduced; further detailed work on governance is being undertaken as part of the review. The development of checklists for all staff and procedures/process being embodied into Paris is currently being developed. • Better interfacing with financial management systems: A review by ICT of finance systems (Nurrcis/Fiscom) has been completed with an improvement plan put in place.
<p>Public Interest report issued September 2007 regarding Employment Tribunal case. AAIL acknowledged that action was being taken to address the identified weaknesses</p>	<p>Separate report issued identifying a number of weaknesses with HR and legal procedures.</p>	<p>The report was considered by Council on 27 September 2007 and an action plan implemented. All actions arising from this apart from the following have now been implemented:</p> <ul style="list-style-type: none"> • Grievance policy: currently being finalised • Legal retention strategy (due by Dec 08)
<p>Grant Claims</p>	<p>Problems were again encountered with the claim for Sure Start grant funded services, which are administered by the Council's education partner, and the housing benefit grant claim. However:</p> <ul style="list-style-type: none"> • these were significantly fewer 	<p>Additional testing of housing benefit data and cells has been carried out as a result of this audit.</p> <p>Sure start claims were also subject to a separate audit and an action plan implemented.</p> <p>Grant claims are currently being audited at this point in time and progress on implementation and success or otherwise of</p>

- than issues raised in previous years; and
- officers have clearly taken action to address many of the problems we had previously identified.

these in relation to the recommendations will be reported to Audit Committee once the audits are complete.

Corporate Assessment (CA)

Once the CA is published, its recommendations should form a key part of actions the council needs to take

At the start of 2008 the council was assessed by two teams of external inspectors, a corporate assessment (CA) led by the Audit Commission and a joint area review (JAR) led by Ofsted. The conclusions of those reviews were announced in June 2008. The Audit Commission concluded that the council is performing well, that our priorities reflect the needs of service users and local communities, and that there is a sustained focus on value for money, with an overall score of 3 (out of 4), maintaining the council's previous score, but based upon more challenging criteria. The JAR found that our services for children were 'good' with 'good capacity to improve'. In response to these inspections areas for improvement identified in the JAR have been embedding into existing plans utilising the performance information management system (PIMS).

In terms of CA recommendations the initial action plan is going to Cabinet on 22 October and the inspection report and plan will then be presented to Audit Committee.