

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM</b>
<b>4 SEPTEMBER 2006</b>	
<b>INTERNAL AUDIT: ACTIVITY FOR THE YEAR ENDING 31 MARCH 2006</b>	
<p><b>Summary of report:</b>  This report presents internal audit's activity for the year ended 31 March 2006, outlining ongoing and completed work and providing performance information.</p>	
<p><b>Background papers:</b>  Internal audit reports/quarterly monitoring reports.</p>	
<p><b>Reason for scrutiny:</b>  The audit committee's activities include ensuring that an effective internal control environment is maintained and regular and ongoing scrutiny of internal audit work. This report supports the committee in exercising that role.</p>	
<p><b>Recommendations:</b></p> <ol style="list-style-type: none"> <li>1. <b>To note that in 2005/6 Internal Audit had delivered on all of its performance targets; maintaining a high level of overall performance for the year.</b></li> <li>2. <b>To select for detailed scrutiny, a sample of completed audit reports from the list at Appendix 4.</b></li> </ol> <p><b>Signed:</b> .....</p> <p><b>Executive Director: Carole Evans</b></p> <p><b>4 August 2006</b></p>	
<p><b>Resource and legal considerations:</b>  Paragraph 6 of the Accounts and Audit Regulations 2003, as amended by the 2006 regulations, requires councils to maintain an adequate and effective system of internal audit of accounting records and system of internal control in accordance with proper internal audit practices. Under section 151 of the Local Government Act 1972, the council has designated the executive director (corporate services) as the chief finance officer, who is responsible for making arrangements for the proper administration of the council's financial affairs. The cost of providing internal audit is fully charged to services based on audit activity.</p>	
<p><b>Citizen impact:</b>  Internal audit work is intended to ensure that effective systems of internal control are in place. This protects the council and its officers and provides an assurance to stakeholders regarding the security of our operations.</p>	
<p><b>Environment impact:</b>  None arising directly from this report.</p>	

**Performance Management and Risk Management Issues:**

Many audit committee activities are an important and integral part of the council's performance management and corporate governance frameworks. The internal audit strategic plan is risk assessed to ensure areas most at risk are examined as a priority.

**Appendix 5** shows quality targets and performance indicators (PIs); summarised below.

Quality Targets/PIs (e.g. Response Time)	% Target	% Achieved 2005/06	% Achieved 2004/05
Audits completed within planned time	95	95	95
Spending within budget	100	100	100
Productivity rate	65	74.2	70.1
Audit plan achievement	90	96.2	95.1
Report issued within 10 working days of exit meeting	80	92	94
Recommendations accepted/implemented or agreed	95	99	98
Returned customer questionnaires to show satisfaction	95	100	100
Overall perception of quality of service from Council wide Internal Audit survey	95	-	-
Recommendations confirmed as actually implemented at next audit visit (see below)	95	74	73

At the year end the service had delivered in all of its performance targets; maintaining a high level of overall performance for the year.

On completion of an audit review, a recommendation action plan is agreed with the relevant directorate manager who is then responsible for ensuring its implementation. A level of 73% and 74% respectively was achieved in each of the last 2 years against a target of 95%. Although implementation of agreed recommendations is a directorate manager's responsibility, an audit follow up process is in place to improve performance in this area.

It is important that agreed internal audit recommendations are implemented promptly by accountable managers, as this helps to secure and strengthen the internal control environment. The follow process is briefly, as follows:

- Internal audit advise all managers being audited that failure to implement agreed audit recommendations may result in their being called to the audit committee to provide explanation;
- Within a short period of completing the audit review, formal confirmation is sought from the manager that agreed recommendations contained within the audit report action plan have been implemented;
- If the manager does not respond to the initial confirmation request, a follow up

reminder is issued advising that failure to implement may result in their being asked to provide explanation to the audit committee;

- Failure by the manager to then respond results in a memorandum/letter advising that should their response not be received by a certain date (ie: after a further 7 days) it will be assumed that the recommendations are agreed and will be fully implemented. (This practice has changed for 2006/07 and will require, without exception, that formal responses, to confirm actions taken, are received from managers).

Confirmation of implemented recommendations is sought at the next audit visit. Although this approach has proved successful in most cases, a small number of managers have been found to have inaccurately confirmed that recommendations had been implemented when in fact they had not been. This has resulted in a performance level against this indicator of 74% at the year end.

**Equality Implications:**

None arising from this report.

**Consultation:**

The proposed annual work plan was discussed with relevant senior directorate managers during April and May 2005. Following completion of each piece of audit work, and before issuing the final version, the manager's agreement to implement recommendation(s) listed in the audit report action plan is sought.

**Vision impact:**

Internal audit work contributes towards the council's vision in ensuring services operate in a sound control environment and provide excellent customer services.

**Contact Officer**

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## INTERNAL AUDIT - REPORT FOR THE YEAR ENDED 31 MARCH 2006

### 1 Audit Plan/Performance

- 1.1 Internal audit coverage is determined using a risk assessment and high risk areas are audited as a priority. **Appendix 1** shows planned activity for 2005/6; summarised below:

2004/5		FULL YEAR WORK PLAN DETAILS	2005/6	
DAYS	%		Days	%
1,596	70	Systems/probity (computer, contract , corporate)	1,605	68
683	30	Irregularity/consultancy requiring urgent attention	771	32
<b>2,279</b>	<b>100</b>	<b>TOTAL</b>	<b>2,376</b>	<b>100</b>

- 1.2 **Appendix 2** compares actual and planned activity for the year, including that of the chief internal auditor and partner work and is summarised below:

DESCRIPTION	Estimated days for year	Actual days for year	%
Available weekdays	3,111	3,129	
<b>Less: allowances:</b>			
Leave, bank holidays	(-) 425	(-) 381	
Vacancies	-	(-) 198	
Administration	(-) 149	(-) 160	
Contingency/other lost time (inc sickness)	(-) 84	(-) 196	
Training & development	(-) 77	(-) 18	
<b>SUB TOTAL</b>	<b>2,376</b>	<b>2,176</b>	
<b>Time allocation:</b>			
Systems/probity	1,605	1,311	59
Irregularity/consultancy	771	896	41
<b>TOTAL</b>	<b>2,376</b>	<b>2,207</b>	<b>100</b>

- 1.3 **Appendix 2** shows that although 2,376 net productive days were estimated to be available, actual days were 200 days less, at 2,176 days. This was due to sickness/medical appointments not budgeted (57 days), higher than anticipated contingency/admin (66 days - see section 3.6), vacancies (198 days), continued assistant auditor reduced hours due to medical condition (104 days), assistant auditor reduced hours (11 days) but was offset by additional work undertaken by our partner (133 days) and a saving of 59 days on training and 44 days on leave.
- 1.4 At 01.04.05 the service's establishment comprised 12 posts (11.5 FTEs). The structure and team responsibilities are shown at **Appendix 3**.

### 2 Audit Work Allocation and Charging Basis

- 2.1 In March 2005 proposed work programmes and charges for 2005/6 were sent to executive directors and other senior managers. During April and May 2005, meetings took place with most of those officers, to discuss and receive feedback on the proposals.
- 2.2 Each auditor had a personal annual work plan and was responsible for planning, monitoring and achieving their workload. All were aware of the service's quality indicators and the need to not exceed planned times without prior approval from their manager. Where actual time exceeded planned time due to issues arising in the service being audited, additional costs were charged to the relevant service.

### 3 Performance

#### 3.1 Overall Level

3.1.1 Based on the summary of actual time spent on assignments shown on **Appendix 2**, the productive/non-productive apportionment for 2005/2006 was as follows:

2004/05		2005/06		
%	Description	Days	Total Days	%
	Total available days		3,129	
	Less: vacancies		(-) 198	
100.0			2,931	100.0
	Non productive:			
14.8	Bank holidays/annual leave	381		13.0
1.8	Sickness/medical appointments	57		2.0
4.8	Administration	160		5.5
5.2	Contingency	115		3.9
0.1	Compassionate/special leave	7		0.2
1.6	Training – post entry	4		0.2
1.6	Training – other	14		0.5
-	Staff instruction/development	-		-
-	Strike Action	7		0.2
-	Jury Service	10		0.3
			(-) 755	
70.1	Productive days		2,176	74.2
100.0				100.0

3.1.2 One of the service's performance targets was to achieve 65% productive time. Despite higher than anticipated sickness levels, it was pleasing to note that productive time levels remained above target.

3.1.3 A key performance target was to achieve 90% of the jobs within the audit plan. This has previously proved difficult to achieve due to higher than estimated time having to be spent on fraud, irregularity and consultancy work, placing pressure on a small service. While the time spent on these areas was again high, budget provision was available for the year to enable planned work, which would not otherwise have been concluded, to be undertaken by our audit partner Haines Watts. (3.3.1). 96.2% was achieved as follows:

Year	No of Jobs	No Completed	% Completed
2003/04	219	205	93.6
2004/05	165	157	95.1
2005/06	160	154	96.2

3.1.4 The difference in the number of jobs completed appears reduced as it was intended to audit all key systems (debtors, creditors, payroll) at a corporate level and issue the same report to all directorates i.e. counting as one job. In the event however, individual reports were issued detailing the relevant findings/recommendations within each directorate.

## 3.2 **Irregularity/Consultancy Work**

3.2.1 This partly relates to potentially fraudulent activity reported under financial procedure rule 5 in respect of irregularities and confidential reporting in accordance with the council's whistleblowing policy and the '*Anti Fraud and Anti Corruption Policy and Strategy*'. The service also undertakes consultancy/advisory work, including corporate projects, at the request of senior managers. The service has tackled a higher than anticipated number of irregularity/fraud inquiries during the period. Although the 2005/6 plan had 771 days for irregularity/consultancy work, 896 days were charged (125 extra).

## 3.3 **Probity/Systems Work**

3.3.1 Nearly all assignments were completed within planned timescales during the year. The extent of irregularity/consultancy work undertaken and unexpected staff absences would normally have impacted adversely on the quantity of systems/probity work completed. The audit partnership arrangement assisted however, in mitigating this risk. The partnership with Haines Watts initially covered a 2½ year period ending 31.03.06. This has been extended under the contract provisions until 31.03.08. The partner undertakes computer audit reviews and is also allocated regularity work to manage workloads arising from irregularity and consultancy work, vacancies and staff absence.

## 3.4 **Computer Audit**

3.4.1 This work was undertaken by our audit partner and involved eight projects for the year including business continuity, virus controls, payroll, benefits, council tax and NNDR.

## 3.5 **Contract Audit**

3.5.1 27 final accounts with a value of just over £4.8m were cleared during the year. Advice on procedural improvements was provided on these accounts, along with other advice and assistance, to senior managers on financial and contract procedure rules and the development of safe contracting processes.

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

3.6.1 An additional 123 days have been charged to contingency during the year arising mainly from the following:

- 57 days sickness/medical appointments;
- 17 days introducing the new audit software package;
- 25 days other absences for special leave, jury service and strike days; and
- 24 days extra time on staff/partner related issues.

This overhead is continuously monitored to ensure charges are minimised.

## 3.7 **Overall Budget Position**

3.7.1 The service has stayed within its approved budget spend for the year despite a high level of unanticipated sickness. Where possible, audit officers have spent less time on certain projects to enable the resultant savings to be used in covering audit assignments which would otherwise not have been undertaken. As referred to earlier, resources were available within budget to enable work to be undertaken by our partner.

## **4 Progress Reports to Services**

- 4.1 Directorates were charged monthly based on a share of the annual planned time for routine, regularity and system audits. Actual costs for irregularity/unplanned work were also charged. **Appendix 4** shows work completed and/or near completion. Of the 2,994 recommendations made 2,927 (98%) were agreed for implementation. Relevant managers are responsible for ensuring these are promptly actioned.

## **5 Performance Management**

- 5.1 Internal audit has for a number of years participated in the CIPFA national benchmarking club. As part of this exercise the service continues to compare itself with upper quartile authorities to set even more challenging targets for improvement while also improving processes and achievement. Local performance indicators (PIs) at **Appendix 5** show that the service achieved in all of its indicators applicable for the year.
- 5.2 The PI relating to 'agreed recommendations confirmed as actually implemented at the next audit visit' is currently below target. Following completion of an audit, a recommendation action plan is agreed with the relevant manager who is accountable for implementation. To improve performance, robust follow up action by internal audit was introduced during 2003/04 which seeks managers' formal confirmation that recommendations have been implemented. Managers are advised that where a response is not received, confirming action taken, it is assumed that all recommendations have been fully implemented. Managers are also advised that failure to implement recommendations may require their attendance at the audit committee to provide explanation.
- 5.3 Although this action has proved successful in the majority of cases, with managers taking steps to implement recommendations, a small number have failed to take appropriate steps even some of those confirming to audit that the necessary action had been taken. **Appendix 5** shows where confirmed recommendations were not actioned.
- 5.4 With regard to seeking managers' confirmation that recommendations have been implemented, this practice has been revised for 2006/07. This will now require managers, without exception, to formally confirm to internal audit that recommendations have been actioned or that they have been rescheduled for action to a later stated date.
- 5.5 Directorate leadership teams will also receive a summary of planned work start dates for the year and details of previously agreed recommendations with a view to seeking confirmation from relevant managers, to their team meetings, that recommendations have been actioned.

## **6 Other Initiatives**

- 6.1 The service continues to work towards achieving the requirements of the Race Relations (Amendment) Act 2000 and the Commission for Racial Equality Standard for Local Government. The service is part of the corporate services equalities board and is currently working towards achieving level 3 of the Commission for Racial Equality Standard for Local Government. The service has a current *Investors in People* recognition.

## INTERNAL AUDIT– AUDIT FULL YEAR PLANNED TIME 2005/06

	<u>Team 1</u>	<u>Team 2</u>	<u>Comp Audit</u>	<u>CIA</u>	<u>Grand Total</u>
<b>Available days</b>	<u>1,174</u>	<u>1,566</u>	<u>110</u>	<u>261</u>	<u>3,111</u>
<b>Allowances</b>					
Annual Leave	129	163	-	30	322
Bank Holidays	40	54	-	9	103
Sickness	-	-	-	-	-
<b>Sub Total (a)</b>	<u>169</u>	<u>217</u>	<u>-</u>	<u>39</u>	<u>425</u>
Administration	20	20	-	109	149
Contingency	52	30	-	2	84
Training – Post Entry	15	5	-	-	20
- Other	<u>23</u>	<u>30</u>	<u>-</u>	<u>5</u>	<u>57</u>
<b>Sub total (b)</b>	<u>109</u>	<u>85</u>	<u>-</u>	<u>116</u>	<u>310</u>
<b>PLAN DAYS AVAILABLE</b>	<b><u>896</u></b>	<b><u>1,264</u></b>	<b><u>110</u></b>	<b><u>106</u></b>	<b><u>2,376</u></b>
<b>Allocation :</b>					
FR6/Unplanned	313	393	-	65	771
Systems	441	288	-	-	729
Regularity	104	416	-	20	540
Computer	-	-	110	-	110
Contracts	-	130	-	-	130
Council Strategic	<u>38</u>	<u>37</u>	<u>-</u>	<u>21</u>	<u>96</u>
<b>TOTAL</b>	<b><u>896</u></b>	<b><u>1,264</u></b>	<b><u>110</u></b>	<b><u>106</u></b>	<b><u>2,376</u></b>



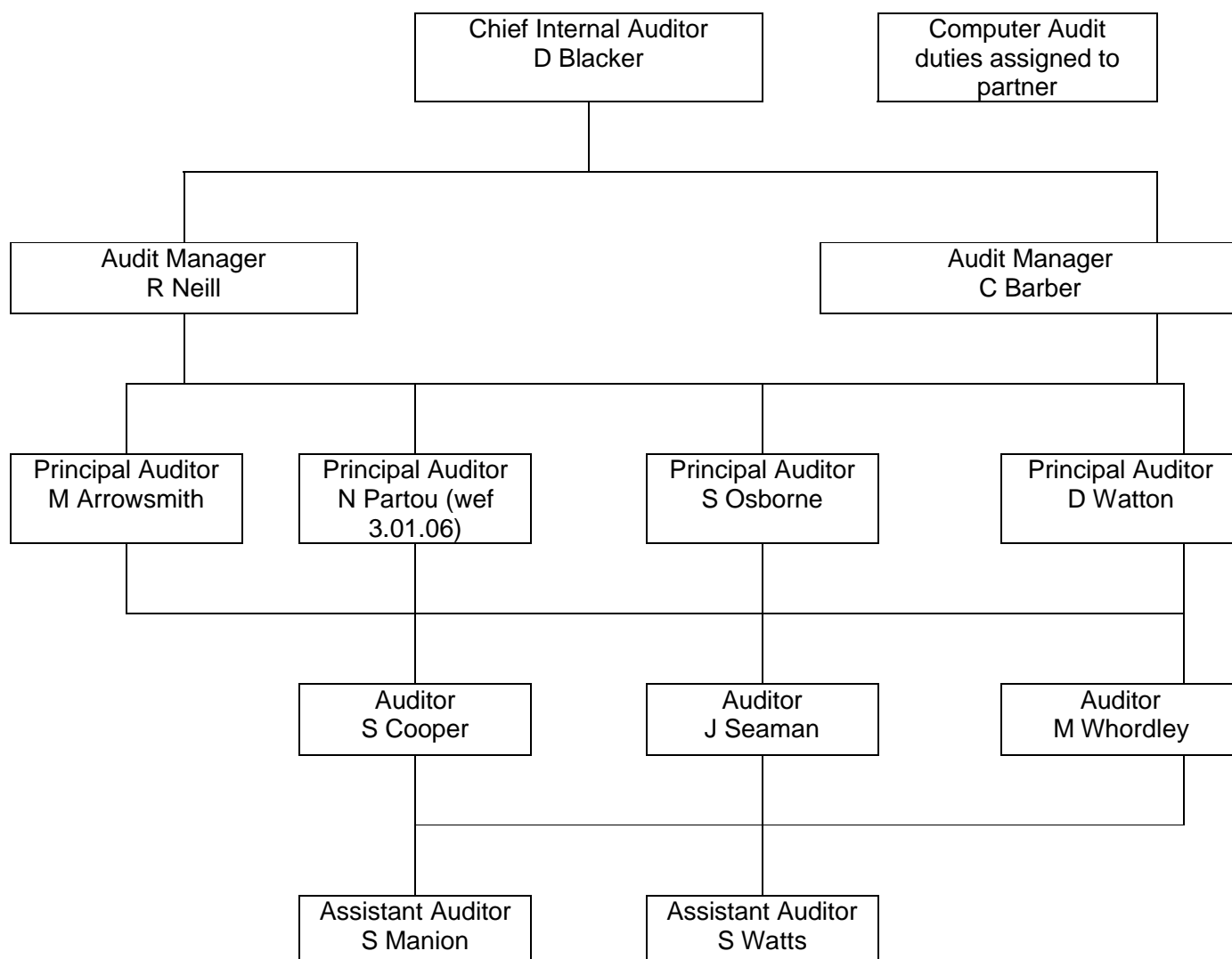
## INTERNAL AUDIT– AUDIT ACTUAL TIME – YEAR ENDED 31 MARCH 2006

## APPENDIX 2

	Team 1	Team 2	Cons	CIA	Total	ORIGINAL Full Year	DIFFERENCE Col (7) - Col (6)
	(2)	(3)	(4)	(5)	(6)	(7)	(9)
<b>Available days (a)</b>	1,174	1,451	243	261	3,129	3,111	18
Less:							
Annual Leave	102	157	-	30	289	322	33
Bank Holidays	35	48	-	9	92	103	11
Vacancies	198	-	-	-	198	-	(-) 198 loss
Elections	-	-	-	1	1	-	(-) 1 loss
Special Leave	2	2	-	-	4	-	(-) 4 loss
Compassionate Leave	1	2	-	-	3	-	(-) 3 loss
Jury Service	-	10	-	-	10	-	(-) 10 loss
Strike Action	3	4	-	-	7	-	(-) 7 loss
Sickness/Medical Appointments	6	51	-	-	57	-	(-) 57 loss
Administration	13	42	-	105	160	149	(-) 11 loss
Contingency	80	34	-	-	114	84	(-) 30 loss
Training - Post Entry	-	4	-	-	4	20	16
- Other	5	7	-	2	14	57	43
<b>Sub Total (b)</b>	445	361	-	147	953	735	(-) 218 loss
<b>Plan days available (a) - (b)</b>	729	1,090	243	114	2,176	2,376	200 less days available
Comprising:							
Unplanned	322	493	-	81	896	771	(-) 125
Systems/Regularity/VFM	406	542	153	54	1,155	1,365	210
Computer	-	-	70	1	71	110	39
Contract	6	58	20	1	85	130	45
<b>GRAND TOTAL</b>	<b>734</b>	<b>1,093</b>	<b>243</b>	<b>137</b>	<b>2,207</b>	<b>2,376</b>	<b>169 less days available</b>

**INTERNAL AUDIT**

**1) Establishment and 2) Team Responsibilities - 31 March 2006**



**2) Committee/Service Area Responsibilities**

**Team 1:**

Community Regeneration & Housing Partnerships  
 Finance  
 Legal Services  
 Performance Management  
 ISS  
 Corporate Support  
 Members & Democratic Services  
 Communications  
 Personnel & Employee Relations  
 Organisation & Development  
 Social Care & Inclusion

**Team 2:**

Built Environment  
 Urban Regeneration  
 Service Improvement  
 Resources (Lifelong Learning & Community)  
 Schools  
 Arts Events & Tourism  
 Libraries Heritage  
 Youth & Community  
 College of Continuing Education  
 Parks & Outdoor Amenities  
 Sport & Operational Services

**Computer**

Ongoing	Draft	Final	Date of Final Report	Recommendations				Date of Last Audit	Conclusions
				Current Made	Agreed	Previous Agreed	Act'd		
<u>Schools</u>		Frank F Harrison *	04.05.05	22	22	8	0	2001/02	The financial and other systems operated were found to be of an adequate standard. Some of the financial systems in place at the school are not sufficient to protect the staff that operate them. There is a lack of central control to ensure that all invoices are approved prior to payment, and staff are currently able to order items verbally without any authorisation or review of the expenditure. A licensed deficit approved by Education Walsall in the sum of £110,000 presently exists although the deficit for the current year is likely to be slightly greater than originally expected. The head teacher and governors are committed to ensuring that the forecasted surplus shown in the five year plan will be achieved by 2007/8.
		Oakwood Special School *	04.05.05	26	26	24	18	2000/01	The financial and other systems operated at the school were found to be of an adequate standard. The school secretary and the head teacher are aware that some controls need to be amended to ensure that there is sufficient staff protection. Implementation of the recommendations in this report will assist the improvement of controls, reporting and financial management of the school.
		St Giles *	04.05.05	31	31	17	10	2000/01	A number of the financial and other systems operated at St Giles C of E Primary School were found to be of a poor standard. There are several areas of good practice, for example, financial planning, budget monitoring and tax accounting. Controls in several areas were however identified as being poor or unsatisfactory.
		Palfrey Infants *	04.04.05	32	16	17	12	2000/01	The financial and other systems operated at the school were found to be of an adequate standard. Both the secretary and the head teacher are aware of some key practices that need to be introduced or improved as soon as possible. These tasks will be included within staff personal improvement plans for the next financial year.
		Short Heath Junior *	15.04.05	26	26	7	7	2000/01	The financial and other systems operated at the school were found to be of a poor standard. The head teacher has been unable to supply some of the information to complete the audit and this has been addressed within the audit action plan. The main priority is to ensure that voluntary funds income and expenditure is kept up to date and audited annually by an independent auditor and that a school improvement plan covering a three year period is produced.
		Lakeside JMI	02.06.05	13	13	14	11	2001/02	The financial and other systems operated at Lakeside Primary School were found to be of an adequate standard. A number of good practices were noted during the audit, including; budget monitoring, the administration of income, the petty cash imprest and voluntary funds. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.

Ongoing	Draft	Final	Date of Final Report	Recommendations				Date of Last Audit	Conclusions
				Current Made	Agreed	Previous Agreed	Act'd		
		Blue Coat CE Performing Arts Specialist College	10.06.05	28	28	24	18	2003/04	The financial and other systems operated at Blue Coat CE Performing Arts Specialist College were found to be of a poor standard. A number of good practices were noted during the audit, including; petty cash and financial planning. However, purchasing, income and banking were found to be areas in need of some improvement. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school. (Recommendations confirmed as implemented).
		Darlaston Community Science College	13.05.05	19	19	11	7	2002/03	The financial and other systems operated at Darlaston Community Science College were found to be of a good standard. A number of good practices were noted during the audit, including; budget monitoring, the administration of purchasing and income controls. The auditing arrangements for school fund could, however, be improved. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Shire Oak Science College	03.05.05	26	26	17	10	2003/04	The financial and other systems operated at Shire Oak Science College were found to be of an adequate standard. A number of good practices were noted during the audit, including; governance, banking, voluntary funds and the implementation of an asset tracking system. In particular however, purchasing arrangements are in need of improvement. The headteacher and finance manager have agreed to the prompt implementation of recommendations contained within this audit report which will assist in enhancing procedures undertaken within the school. (Recommendations confirmed as implemented).
		Manor JMI	30.06.05	37	37	28	11	2000/01	The financial and other systems operated at the Manor Primary School were found to be of a poor standard. The finance administrator is the only member of staff administering the SIMS software which includes purchase ordering, bank reconciliations, payments and debtors. Frequent reviews are not being made by the head teacher; there is an insufficient separation of duties offering poor protection to staff. In previous years a substantial carry forward has been accrued. However pupil numbers are now falling and the carry forward is reducing accordingly. Budgets for this and the next year financial year will be tight and therefore there is a need to establish good financial controls. The implementation of the recommendations in the action plan will assist in satisfactorily addressing these issues.
		Greenfield JMI	29.06.05	23	23	12	9	2001/02	The financial and other systems operated at Greenfield Primary School were found to be of an adequate standard. There are several areas of good practice, for example, financial planning, budget monitoring and extended activities.

Ongoing	Draft	Final	Date of Final Report	Recommendations				Date of Last Audit	Conclusions
				Current Made	Agreed	Previous Agreed	Act'd		
		Fullbrook Nursery	30.06.05	25	25	7	7	2000/01	The financial and other systems operated at Fullbrook Nursery School were found to be of a good standard. The financial records for the Wrap Around activity are not maintained as diligently as those for the base budget and school fund. The head teacher should be aware that facilities and building maintenance costs are to be incorporated and the activity is to be operated as an independent enterprise.
		Ryders Hayes JMI	16.05.05	17	17	15	11	2001/02	The financial and other systems operated at Ryders Hayes School were found to be of a good standard. A number of good practices were noted during the audit, including; financial controls, purchasing and the administration of the LMS bank imprest. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		St Peters JMI	02.06.05	9	9	8	6	2001/02	The financial and other systems operated at St Peters Catholic School were found to be of a good standard. A number of good practices were noted during the audit, including; financial planning, budget monitoring, voluntary funds and the administration of the LMS bank imprest. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Woodlands JMI	20.07.05	9	9	15	13	2001/02	The financial and other systems operated at Woodlands Primary School were found to be of a good standard. A number of good practices were noted during the audit, including; financial planning, budget monitoring, financial controls, payroll, insurance and data security. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Alumwell Business & Enterprise College	20.07.05	13	13	23	18	2002/03	The financial and other systems operated at Alumwell Business & Enterprise College were found to be of a good standard. A number of good practices were noted during the audit, including; budget monitoring, and the management of data security. However, control weaknesses with regard to the banking, voluntary funds, assets & security were found to be in need of improvement. In requesting confirmation that the school had implemented the agreed recommendations from the last audit a response was received from the assistant head teacher on 27 February 2004 stating that 22 of the 23 recommendations had been successfully implemented.
		Park Hall Infants	08.07.05	6	6	6	3	2001/02	The financial and other systems operated at Park Hall Infant School were found to be of a good standard. A number of good practices were noted during the audit, including; governance, financial planning, budget monitoring, financial controls and the administration of the bank imprest. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.

Ongoing	Draft	Final	Date of Final Report	Recommendations				Date of Last Audit	Conclusions
				Current Made	Agreed	Previous Agreed	Act'd		
		Streetly Specialist Sports College	21.07.05	25	24	14	8	2002/03	The financial and other systems operated at Streetly Sports College were found to be of an adequate standard. A number of good practices were noted during the audit, including financial planning, budget monitoring, petty cash administration and accountability for VAT. Some areas for improvement were identified however, particularly the purchasing procedures. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Radleys JMI	20.07.05	26	26	7	5	2001/02	The financial and other systems operated at Radleys Primary School were found to be of an adequate standard. A number of good practices were noted during the audit, including; financial planning, asset management and the arrangements in place for insurance. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		St Annes JMI	20.07.05	23	23	14	9	2002/03	The financial and other systems operated at St Anne's Catholic Primary School were found to be of an adequate standard. A number of good practices were noted during the audit, including; financial planning, budget monitoring, payroll, insurance and data security. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Meadow View JMI	26.09.05	33	33	11	6	2001/02	The financial and other systems operated at the school were found to be of an adequate standard. The head teacher has only recently been appointed to the school. Miss Richards (head teacher) and Mrs Chiles (financial administrator) had recently reviewed the financial systems prior to the audit. They have taken the initiative to introduce financial controls in many areas. This has been demonstrated by the financial diary which includes all income and expenditure transactions for each day. The head teacher welcomed the timing of the audit to help achieve and maintain good financial practices. She has also with the help of Pheasey Park Farm primary schools joint Wrap Around scheme, managed to increase pupil numbers by offering reception places that some parents may not have known were available, and in the process increased funds to eliminate the current budget deficit.
		Whitehall Junior	26.07.05	27	27	18	14	2001/02	The financial and other systems operated at the school were found to be of an adequate standard. Although a number of good financial practices are already in place, there are areas in need of improvement including, purchasing, banking and the security of assets. Implementation of the recommendations in this report will ensure that the office manager is sufficiently protected in the process of carrying out her duties.

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		Lane Head Nursery	20.07.05	13	13	2	1	2001/02	The financial and other systems operated at Lane Head Nursery School were found to be of a good standard. A number of good practices were noted during the audit, including; financial planning, budget monitoring, payroll, insurance data security. Governance procedures can be improved however, and the prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Delves Infants	06.07.05	23	23	15	12	2001/02	The financial and other systems operated at were found to be of a poor standard. During the previous year it has been recognised that some financial procedures were not taking place especially with regard to the monthly monitoring reports being reconciled to budgeted expenditure. The office administrator has recently been installing financial controls to ensure that reconciliations will take place in future on a regular basis. When the budget variance analysis has been updated with purchases and commitments for April and May 2005 and the recommendations within this report have been actioned this will assist in ensuring that there is adequate staff protection and good internal financial controls being operated within the school.
		County Bridge JMI	20.07.05	18	18	20	17	2002/03	The financial and other systems operated at County Bridge Primary School were found to be of a good standard. A number of good practices were noted during the audit, including; financial planning, budget monitoring, financial controls, payroll, administration of the petty cash imprest and insurance. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Cooper & Jordan JMI	08.12.05	25	25	11	3	2001/02	The financial and other systems operated at Cooper & Jordan CE Primary School were found to be of an adequate standard. A number of good practices were noted during the audit, including; budget monitoring, financial controls, payroll, insurance and data security. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school
		Harden JMI	30.11.05	33	32	31	22	2002/03	The financial and other systems operated at the school were found to be of an adequate standard. Although there are areas of good practice, some systems require attention. In particular, the school improvement plan needs to be approved by governors and action is needed to ensure all assets are promptly and accurately recorded in the inventory along with serial numbers and costs.
		Holy Trinity	04.11.05	41	40	11	9	2001/02	The financial and other systems operated at the school were found to be of an adequate standard. Although a number of good financial practices are already in place, there are areas in need of improvement including, purchasing, banking and the recording of assets. Implementation of the recommendations in this report will ensure that the secretary is sufficiently protected in the process of carrying out her duties.

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		Park Hall Junior	11.11.05	3	3	5	3	2001/02	The financial and other systems operated at Park Hall Junior School were found to be of a good standard. A number of good practices were noted during the audit, including; financial planning, budget monitoring, financial controls, payroll, insurance and data security. The prompt implementation of recommendations contained within this audit report should further assist in enhancing procedures undertaken within the school.
		Daw End	08.12.05	14	14	10	6	2001/02	The financial and other systems operated at Daw End School were found to be of a good standard. A number of good practices were noted during the audit, including: the administration of governance, budget monitoring, financial controls, banking, payroll, insurance and data security. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Brownhills Community Technology College	07.03.06	15	15	18	16	2003/04	The financial and other systems operated at Brownhills Community Technology College were found to be of an adequate standard. There are several areas of good practice, for example, the finance officer maintains detailed records for budget monitoring, income and school fund, and the office manager reviews reconciliations. Assets have been security tagged. There are concerns however that contract procedure rules applicable to schools with delegated budgets have not been applied to a building project and Education Walsall has not been consulted with regard to an apparent extended activity which impinges on the school's delegated budget. Due to the concerns regarding these two particular areas, this has reduced the overall opinion to adequate.
		Barr Beacon Language College	06.02.06	14	14	5	5	2002/03	The financial and other systems operated at Barr Beacon Language College were found to be of a good standard. There are several areas of good practice, for example, financial planning, the administration of school bank accounts and payroll. Budget monitoring is also of a good standard but the school has identified a deficit of £387,000 in this financial year which will result in a small surplus of £3,000 at 31 March 2006. It is forecast that the deficit may increase to £500,000 in the future. The school has taken steps regarding this issue and governors have agreed to address staffing issues with a view to reducing the size of the leadership team.
		Palfrey Junior	23.03.06	17	17	18	15	2002/03	The financial and other systems operated at Palfrey Junior School were found to be of an adequate standard. A number of good practices were noted during the audit, including; financial planning, financial controls, petty cash, banking and voluntary funds. Income and payroll procedures however, are in need of improvement and the prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.



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		Sneyd Community	15.03.06	19	19	23	16	2002/03	The financial and other systems operated at Sneyd Community College were found to be of an adequate standard. A number of good practices were noted during the audit, including; governance, financial planning and budget monitoring. However, control weaknesses with regard to the purchasing, assets & security and income processes were found to be in need of improvement.
		Lindens JMI	05.01.06	20	20	7	2	2001/02	The financial and other systems operated at Lindens Primary School were found to be of an adequate standard. A number of good practices were noted during the audit, including; financial planning, budget monitoring, financial controls, insurance and data security. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Willenhall School Sports College	08.05.06	25	23	38	26	2003/04	The financial and other systems operated at Willenhall School Sports College were found to be of an adequate standard. A number of good practices were noted during the audit, including; financial planning, banking and petty cash procedures. There are however, some areas which require improvement, including purchasing and asset management. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school. In requesting confirmation that the school had implemented the agreed recommendations from the last audit a response was received from the assistant head teacher on 29 September 2004 stating that 35 of the 38 recommendations had been successfully implemented. During the current review it was noted that 26 of the recommendations rather than 35 had actually been actioned (please refer to comment at section A6, page 1). The 12 unimplemented recommendations have been included in this report.
		Aldridge School	20.03.06	24	24	28	20	2003/04	The financial and other systems operated at Aldridge School were found to be of an adequate standard. A number of good practices were noted during the audit, including; banking, payroll and budget monitoring. However, assets, income and purchasing were found to be areas in need of some improvement. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Brownhills West JMI	31.03.06	30	30	16	14	2001/02	The financial and other systems operated at Brownhills West Primary School were found to be of an adequate standard. A number of good practices were noted during the audit, which include good data security and governance. In order to improve the control environment within the school. There are some areas in need of attention including procedures relating to, purchasing, income, inventory and school fund. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.

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		Old Church JMI	31.03.06	33	31	16	13	2002/03	The financial and other systems operated at Old Church Primary School were found to be of an adequate standard. A number of good practices were noted during the audit, including financial control, payroll cost supervision and effective financial planning. In order to improve the control environment within the school however, there are some areas in need of attention including procedures relating to income, banking and voluntary funds. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Old Hall Special School	13.03.06	14	14	7	6	2001/02	The financial and other systems operated at Old Hall School were found to be of an adequate standard. A number of good practices were noted during the audit, which include accurate budgeting and effective financial planning. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		St Patricks JMI	03.02.06	21	21	10	7	2001/02	The financial and other systems operated at St Patrick's Catholic Primary School were found to be of an adequate standard. While a number of good practices were noted during the audit, including; budget monitoring, income controls, voluntary funds and insurance, there are some areas which require improvement, including governance, financial planning, purchasing and data security. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		St Michaels JMI	13.03.06	20	20	10	9	2001/02	The financial and other systems operated at St Michael's CE Primary School were found to be of an adequate standard. A number of good practices were noted during the audit, which include consistent financial reporting, separation of duties and financial planning. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Salisbury JMI	13.03.06	18	18	22	19	2001/02	The financial and other systems operated at Salisbury Primary School were found to be of an adequate standard. The school is likely to have a deficit budget at the end of this financial year estimated at £20,000. Capital grants are due to cover some expenditure on the building: however these are included within the calculated deficit. All appropriate officers at Education Walsall and the LEA have been notified of the current financial position. The finance officer is working with the head teacher to establish a recovery plan.

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		St Thomas of Canterbury JMI	31.03.06	27	27	7	4	2001/02	The financial and other systems operated at St Thomas of Canterbury Primary School were found to be of an adequate standard. A number of good practices were noted during the audit including budget monitoring, financial controls and payroll procedures. In order to improve the control within the school environment there are some areas in need of attention including procedures relating to purchasing, petty cash, banking and the breakfast club. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		Millfield JMI	25.01.06	21	21	7	2	2001/02	The financial and other systems operated at Millfield Primary School were found to be of an adequate standard. A number of good practices were noted during the audit, including; financial planning, budget monitoring, financial controls, insurance and data security. There are some areas which require improvement, including governance, banking procedures and income controls. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the school.
		St Thomas More PFI Payments	23.05.06	8	8	0	0	-	The financial and other systems operated were found to be of an adequate standard. Although checks on services provided had been carried out by the bursar and a representative of the facilities management company, at the time of the audit, records of those undertaken had not been kept. This has now been rectified.
		Pelsall Village JMI	07.06.06	17	17	13	10	2001/02	The financial and other systems operated at Pelsall Village School were found to be of a poor standard. A number of good practices were noted during the audit, including arrangements for insurance, the submission of the PLASC return and data and physical security arrangements. However, there are some areas which require urgent attention, including financial planning, income controls and the potential conflicts of interest and lack of segregation of duties in the income and banking arrangements as a direct result of the finance clerk's dual employment at Natwest bank where the school voluntary fund and LMS accounts are held. The prompt implementation of recommendations contained within this audit report will assist in enhancing procedures undertaken within the school.
<u>Libraries Heritage</u>		School Library Support Service *	09.05.05	28	28	0	0	-	The financial and other systems operated at were found to be of a poor standard. Service planning can be improved by updating the development plan with links to the corporate vision and risk management issues. Fuller records need to be kept of books and other assets under the service's control and improved separation of duties is necessary in both the expenditure and income systems.

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<b><u>Parks &amp; Outdoor Amenities</u></b>		Central Library/Branch Library *	05.07.05	10	10	0	0	-	The financial and other systems operated at the libraries were found to be of a good standard. A number of good practices were noted during the audit, including banking procedures, recovery of overdue items, computer security and booking procedures. There are however, weaknesses in controls for petty cash and some staffing procedures.
		Grounds Maintenance *	28.04.05	8	8	0	0	-	The financial and other systems operated for grounds maintenance were found to be of an adequate standard. Some areas examined were controlled to a good standard, in particular performance management. However, there is no inventory of vehicles used by the service area, nor a schedule of vehicle replacement dates. Some order requisitions have been artificially disaggregated to avoid the need to obtain three quotations from suppliers. The organisational structure has been reshaped following the transfer of staff from the grounds maintenance PSE, but further efforts should be made to integrate the roles of parks maintenance officers and parks rangers.
		Museum *	20.10.05	16	16	0	0	-	The financial and other systems operated at the museum were found to be of an adequate standard. There are a number of emerging good management practices but absence of a community history museum service plan, underpinned by a range of local performance indicators and a knowledge base derived from consultation and benchmarking means that best value in the service cannot be readily demonstrated at this point in time. This area is however being discussed with Fujitsu as part of the Putting the Citizen First project within the wider context of the whole museums service. The curator's plans to secure the museum's collection and progress document management systems are also key to the secure and effective development of the service. Basic financial systems are generally sound.
<b><u>Arts Events &amp; Tourism</u></b>		New Art Gallery	04.11.05	29	28	0	0	-	The procedures and other systems operated at the new art gallery were found to be of a poor standard. A number of good practices were noted during the audit, including computer and physical security and the administration of non authority funds. There were some control weaknesses identified with relation to financial planning and budget monitoring procedures and the administration of programming and exhibitions. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the new art gallery. Art gallery staff have taken appropriate action following a previous special audit of financial management at the gallery. This is the first full routine audit of the establishment.

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		Music Support	30.06.06	12	12	9	8	1994/95	The financial and other systems operated within the Forest Arts Centre music department were found to be of a good standard. Several good practices were noted during the audit, including performance management, budget monitoring, the administration of the PDA teaching database, inventory records and maintenance of the income reconciliation spreadsheets. There are some areas which require improvement, including the timely raising of purchase orders. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.
<b><u>Resources (LL&amp;C)</u></b>		Partnership Accountable Body Status/Contract Monitoring *	25.07.05	7	7	17	15	2003/04	The financial and other systems operated for the monitoring of the education contract and accountable body status, were found to be of an adequate standard. Significant progress has been made with the management arrangements over the education partnership since the last audit and Serco have now signed up to the council's financial and contract procedure rules in relation to management of the council's retained budgets. Serco have also agreed to comply with the council's grant administration procedures, although there remain a number of unresolved issues arising from Audit Commission grants audits. The client side performance monitoring unit is not fully staffed.
		Partnership Accountable Body Status/Contract Monitoring	22.05.06	2	2	8	7	2004/05	The systems operated within the Education Walsall partnership were found to be of an adequate standard overall. A number of good practices were noted during the audit including contractual requirements, payment of bills, management of contract variations, and monitoring arrangements. The control environment can be improved in some areas, including recruiting to vacant client unit posts, audit of profit statements and the review of accountable body protocol with Education Walsall.
<b><u>Urban Regeneration</u></b>		Physical Regeneration	21.03.06	13	13	0	0	-	The procedures and other systems operated were found to be of an adequate standard. Some good practices were noted during the audit, including performance management and the establishment of a workplan to monitor responsibility for and progress on service priorities. A number of control weaknesses were identified in relation to information obtained for the annual monitoring report and procedures relating to ordering and purchasing. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within physical regeneration.
<b><u>Built Environment</u></b>		Road Safety Unit *	09.05.05	13	13	0	0	-	The financial and other systems operated within the service area were found to be of an adequate standard. Controls are generally adequate but could be better evidenced in some areas. Performance management needs to be improved by creating a service or team plan for the unit and by undertaking a full risk assessment of its activities.
Highways Management									

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		Pollution Control *	04.04.05	7	7	0	0	-	The financial and other systems operated by pollution control were found to be of an adequate standard. Some areas examined were controlled to a good standard, in particular, human resources (IPMs, communications and time record approvals), ordering of goods and services, and budgetary control. However, the corporate sickness absence management policy was subject to a delayed implementation; inventories were not complete for lower value items and items used on location; billing and collection of debts have been hampered by Oracle implementation issues; and while a sound performance management framework is in place, staff vacancies have put the service at risk of not meeting all performance indicators.
		Recycling *	25.05.05	13	13	0	0	-	The controls within the recycling section were found to be of an adequate standard. The recycling strategy is well communicated and underpinned by sound performance management and procurement processes. The strategy needs updating on how medium term aims will be achieved and financed. A review is also due on fixed site utilisation. Financial procedures are adequate although attention is required in managing debtor amounts.
		Fleet - Trading Activities *	27.04.05	6	6	0	0	-	The procedures were found to be of an adequate standard. The level activity on the employee service scheme has reduced as a result of concerns expressed by the insurance officer. The service is no longer advertised although a limited service is provided as a result of existing customers and word of mouth recommendations. Most of the recommendations relating to the scheme agreed following the audit in May 1999 have not been implemented. Those which remain applicable have been re-iterated in this report. Also as a result of concerns expressed by the insurance officer, engineers' reports are no longer provided.
		Fleet - Overall Management Arrangements *	27.04.05	1	1	0	0	-	Progress has been made towards the implementation of the recommendations in the report. As the fleet manager has only recently commenced his duties a number of the actions required are still to be addressed.
		Grounds - Contractors *	10.05.05	10	10	0	0	-	The financial and other systems operated for the procurement of grounds services were found to be of a poor standard. Value for money cannot be fully demonstrated as tenders have not always been obtained. Additionally full consideration has not been given to utilising the Black Country Purchasing Consortium and procurement procedures have not been clarified or reviewed. Shortcomings in contract documentation could put the council at risk of disputes.

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<u>Community Regeneration &amp; Housing</u>		Highways - Tenders In/Out *	27.04.05	12	12	4	4	2000/01	The financial and other systems operated within the highways PSE for tenders were found to be of an adequate standard. The highways PSE tenders are considered to be beneficial as they achieve better prices for the council than the Black Country Purchasing Consortium (BCPC). A number of good practices were noted during the audit, including the assessment of returned tenders and the special list process. However, the documentation provided to tenderers is considered to be poor and formal contracts are not entered into. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the service.
		PFI Street Lighting	27.04.06	8	8	9	8		A review of the financial and other systems was undertaken during February / March 2006 where issues were identified requiring attention. Based on actions taken by managers to resolve these issues an overall opinion of good is now appropriate.
		WHG/Watmos Transfer Agreement *	06.06.05	6	6	0	0	-	The controls with regards to WHG & WATMOS post transfer action points were found to be of an adequate standard. The review highlighted a number of good practice points, for example, income due from WHG and WATMOS is raised and collected in a timely manner; responsibility for 'development clawback' agreements and individual service level agreements between the council and WHG and WATMOS have been formally assigned. A number of areas have been identified for improvement, including ensuring interim legal arrangements are in place to cover the council with regard to its provision of building cleaning services to WHG until WHG re-tender this service; resolving uncertainty regarding the TUPE arrangements for certain cleaning staff, ensuring that street lighting charges to WHG and WATMOS have been appropriately indexed and that corporate responsibility for monitoring the WHG and WATMOS post transfer action points are formally assigned.

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				Current		Previous			
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		New Deal - Programme Management	20.02.06	7	7	0	0	-	The systems operated in programme management were found to be of an adequate standard. Overall, the controls surrounding programme management at NDC are adequate. Effective project appraisal, approval, programme monitoring, reporting and sound governance arrangements were identified. NDC utilise a programme management database, known as system K, which facilitates timely reporting. Some areas for improvement were, however, identified most notably in ensuring that financial records held in respect of projects, agree to the council's ledger. Other areas included ensuring that potential conflicts of interest are adequately recorded during formal meetings; that the accountable body agreement between the council and NDC is subject to periodic review; and that efforts continue to be made to ensure that project progress and visible improvements are broadcast by NDC to the wider community.
		New Deal - Community Development	31.03.06	0	0	0	0	-	The systems surrounding NDC community development were found to be of a good standard. Overall, there is a good administration of the NDC development programme. There is an effective and efficient delivery plan which has been developed through an extensive community participation. Elected residents sit on the NDC board provide a strategic role with a view to ensuring success. Engaging the community is seen as one of the six key themes of the NDC board and this is communicated throughout the wide and diverse range of events, activities and forums.
		Improvement Grants	20.04.06	0	0	1	1	2002/03	The procedures and controls relating to improvement grants were found to be of a good standard. The audit highlighted a number of good practices. Files held relating to improvement grants were comprehensive and up to date and procedures underpinning the improvement grant system are clearly documented and defined, covering all aspects of the grant claim cycle. Initial assessment, applications, tendering, approval, site monitoring, payments to contractors, completion, monitoring and budgetary control were all found to be well controlled. No significant control weaknesses were identified within the current arrangements for management and administration of improvement grants.
		Safer Communities - CDRP	29.03.06	7	7	34	34	2003/04	The systems operated in safer communities were found to be of an adequate standard overall. The systems underpinning the operation of safer communities exhibited a number of good practices, notably around the appropriateness and effectiveness of the schemes chosen to deliver against the crime and disorder agenda, the associated performance management framework to measure progress and the arrangements to account for staff time. However, weaknesses were noted that require attention, including the need to ensure that supporting documentation exists for all income received and procedure notes are in place documenting day to day tasks and processes.



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<b><u>Social Care &amp; Supported Housing</u></b>		Local Neighbourhood Partnerships	21.07.06	20	20	0	0	-	The financial and other systems operated for local neighbourhood partnerships were found to be of an adequate standard. A number of good practices were noted during the audit, including clear election / appointment processes, minuting of meetings, risk assessed officer work plans, an equality impact survey, project appraisal and authorisation, LNP workshops, press liaison and council control of projects. There is scope for further development of LNP systems and procedures. Specifically in the checking of project monitoring reports and project reimbursements, monitoring of officer work plans, co-ordinating links between LNPs and progression of the LNP training programme.
	Childrens Fund *	Travellers Site *	16.05.05	25	25	0	0	-	The procedures and other systems operated at the caravan site were found to be of an unsatisfactory standard. A number of good practices were noted during the audit, including the monitoring of any rent arrears and repairs & maintenance procedures. However, control weaknesses with regard to the budget, rent calculation and collection, utility services, procedures, staff records, site administrations, rent arrears management, and assets & security were found to be in need of significant improvement.
	Voluntary Sector Contract - NCH Ltd (Childrens Fund)	Home Care *	16.05.05	6	6	30	29	2000/01	The processes in place regarding the collection and monitoring of domiciliary care payments were found to be of an adequate standard. A number of good practices were noted, in particular procedural documentation and the collection of income. Some areas for improvement were identified including the signing of care orders and the correct recording of care details within the FISCOM database. The prompt implementation of recommendations contained within this report will assist in enhancing the procedures undertaken.
	Bank Accounts	Rehabilitation Services *	05.05.05	35	35	0	0	-	The financial and other systems operated at Rushall Mews Rehabilitation Centre were found to be of a poor standard. While a number of good practices were noted in particular controls surrounding; personal allowances, food and cleaning material stocks, several areas for improvement were identified including; inventory, property and savings, staff records, security and procedures. The prompt implementation of recommendations contained within this report will assist in enhancing the control environment present.
	ICES Pooled Budget	Independent Sector Residential *	03.05.05	6	6	0	0	-	The financial and other systems operated within independent sector residential were found to be of an adequate standard. The controls relating to the means testing and recharging of service users together with those relating to budget monitoring are good. Also the controls relating to invoicing and recharging procedures and compliance with policy were found to be adequate. However, there are significant control weaknesses within debt recovery.

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		Learning Disabilities Residential *	03.05.05	6	6	0	0	-	The financial and other systems operated for learning disabilities residential care were found to be of an adequate standard. The controls in place covering the areas of budget monitoring, means testing and recharging were found to be of a good standard. However, in general, procedures were not adequately documented, specifically in relation to the recovery and arrears procedures.
		Assessment & Inclusion *	16.05.05	11	11	0	0	-	The procedures and other systems operated within the assessment & inclusion team were found to be of a good standard. A number of good practices were noted during the audit, including the monitoring of WSS80 applications for financial assistance, staff records and procurement procedures. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken within the service.
		Foster Care & Adoption *	16.05.05	5	5	5	5	2001/02	The procedures and other systems operated within the foster care and adoption team were found to be of an adequate standard. A number of good practices were noted during the audit, including the monitoring of WSS80 applications for financial assistance, foster care placement records and the procedures implemented for the recovery of overpayments. The service's budget requires review, in light of the current year overspend, to ensure long term financial stability.
		Residents Personal Monies & Reconciliation *	25.05.05	14	14	0	0	-	The procedures for administering and reconciling residents' personal monies were found to be of a poor standard. Residents' personal monies are not being held securely. Controls in respect of residents' personal monies are insufficient and not operating effectively. Further, a £20 discrepancy was identified which could not be explained. The recommendations made in this report should assist in improving procedures and should be implemented as a matter of urgency.
		Elderly Day Care *	07.06.05	31	30	17	12	2001/02	The systems and procedures in operation at Bentley and Delves day care centres were found to be of an adequate standard. Most areas reviewed were found to be of an adequate standard. However, the inventory, computer security and collection and recording of lunch monies were identified as a poor standard but could be improved by implementing the recommendations made within this report.
		Emergency Response Team *	15.08.05	31	28	0	0	-	The systems and procedures operated by the emergency response team were found to be of a poor standard. While a number of good practices were noted in particular controls surrounding; ordering procedures, car allowance and budget monitoring, several areas of improvement were identified including; inventory, use of council mobile telephones and timesheets. The recommendations made in this audit report should help to improve procedures.

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		The Limes	29.11.05	20	18	2	0	1999/00	The financial and other systems operated within The Limes were found to be of an adequate standard. A number of good practices were noted during the audit, including; the administration of residents' personal money, budget monitoring and performance management. There are some areas which require improvement, including the administration of petty cash, written documentation of internal procedures, the correct accounting for part 3 accommodation charges, budget monitoring to ensure any potential overspend is adequately addressed and evidence of the correct authorisation of annual leave entitlement. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.
		Transition & Leaving Care Team	29.11.05	23	22	49	43	2004/05	The financial and other systems operated within the transition and leaving care team were found to be of an adequate standard. While a number of good practices were noted in particular; administration of the care leavers bank account, petty cash and budget monitoring, some areas for improvement were identified including; procurement and cash held. The prompt implementation of recommendations contained within this report will assist in enhancing the procedures undertaken.
		Hollybank House	21.12.05	29	28	14	11	2000/01	The financial and other systems operated within Hollybank House were found to be of an adequate standard. A number of good practices were noted during the audit including residents' admissions and discharges, receipt of income and staff records. There are some areas which require improvement including the documentation of office procedures, procurement arrangements and ensuring board and lodge payments are collected in full and clients are promptly notified of amounts outstanding. The prompt implementation of recommendations contained within this report will further assist in enhancing the control environment present.
		Pinfold Centre	22.12.05	13	13	3	2	1999/00	The financial and other systems operated within Pinfold rehabilitation centre were found to be of an adequate standard. A number of good practices were noted during the audit including the accountability for cash held, collection of lunch money, performance management, procedures for the private use of council facilities and inventory arrangements. There are some areas which require improvement including the documentation of office procedures, the issue of contracts to service users, procurement arrangements and complete and prompt accounting entries for day care client contributions. The prompt implementation of recommendations contained within this report will further assist in enhancing the control environment present.

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		Mental Health Team	01.02.06	27	27	0	0	-	The systems and procedures operated within Brace Street mental health team were found to be of a poor standard. A number of good practices were noted during the audit, including; the administration of petty cash and maintaining the register of service users. There are some areas which require improvement, including; ordering procedures, obtaining relevant supporting documentation for financial assistance applications (WSS80), undertaking budget monitoring to ensure that any overspend is adequately addressed, setting up and maintaining details of domiciliary care packages and filing individual service contracts. Wider governance issues have also been noted in the review of the council's integrated mental health service arrangements with Walsall teaching Primary Care Trust (WtPCT). These include the need for a written agreement defining the relationship, roles and responsibilities of the council and the WtPCT and finalisation of the strategy for mental health services.
		Streets Corner Day Care Centre	01.02.06	27	27	12	6	2001/02	The financial and other systems operated within Streets Corner Day Centre were found to be of an unsatisfactory standard. Some areas of good practices were noted during the audit, including; qualification for service provision and the administration of attendance records. There are, however, some areas which require significant improvement, including the production of procedure notes, cash collection procedures, client contributions, procurement procedures, staff records, security and the administration of petty cash. It was identified by the auditors that lunch monies collected between 14 June 2004 and 9 September 2005 had not been banked and resulted in an immediate investigation. A separate action plan has already been issued to the service manager (older people's services), head of finance (children's services, social care and inclusion) and the resource centre manager (St James) detailing the recommendations made as a result of the findings from the investigation undertaken.
		St James Resource Centre	16.01.06	27	27	13	11	2001/02	The financial and other systems operated within St James Resource Centre were found to be of an adequate standard. A number of good practices were noted during the audit, including; cash held and the records maintained for admissions & discharges. There are some areas which require improvement, including the collection and receipting of money for staff meals, written documentation of internal procedures, and procurement procedures. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.

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		Broadway North	14.02.06	20	20	7	5	2001/02	The financial and other systems operated within Broadway North Resource Centre were found to be of an adequate standard. A number of good practices were noted during the audit, including; qualification for service provision, the administration of residents' property & savings and security arrangements. There are some areas which require improvement, including the procedures for contributions / board & lodge payments and the administration of cash held. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.
		Baytree House Resource Centre	11.01.06	37	34	10	7	2001/02	The financial and other systems operated within Baytree Resource Centre were found to be of an adequate standard. A number of good practices were noted during the audit, including; the administration of residents' personal allowances and maintenance of the inventory. There are some areas which require improvement, including the production of procedure notes, procurement arrangements, charging for and collection of staff meals and the organisation/payment for service user activities. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.
		Sanstone Resource Centre	16.01.06	36	34	0	0	-	The financial and other systems operated within Sanstone House Resource Centre were found to be of an adequate standard. A number of good practices were noted during the audit, including arrangements for residents' day trips and performance management. There are some areas which require improvement, including the production of procedure notes, ensuring prompt recovery is undertaken in respect of client contributions, petty cash is appropriately administered, correct charges are made for staff meals, payments from residents' personal allowances are appropriately witnessed and procurement is in accordance with contract and financial procedure rules. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.
		Physical & Sensory Impairment Team	10.01.06	24	24	0	0	-	The financial and other systems operated within the Sensory Support Team were found to be of an adequate standard. A number of good practices were noted during the audit, including; qualification for service provision, security arrangements and performance management. There are some areas which require improvement, including the completion of staff records, ensuring CRB checks and car mileage documentation are valid for all volunteers, the availability of budget monitoring information to relevant officers and accountability for all stock purchased and issued. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.

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		Castleview	03.02.06	39	39	20	15	1999/00	The financial and other systems operated within Castleview Home were found to be of a poor standard. While some good practice was noted in relation to procedures for residents admissions and discharges, stock control and security there are a number of areas which require improvement. These include the production of procedure notes, accounting for part 3 accommodation charges, budget monitoring and reporting, the administration of residents fund & day trips, the procedures for controlling cash holdings and ensuring that procurement is in accordance with the council's contract and financial procedure rules. The prompt implementation of recommendations contained within this audit report should assist in enhancing procedures undertaken.
		Learning Disabilities Pooled Budget	08.06.05	17	16	0	0	-	The system of control for the administration of the learning disabilities pooled budget was found to be of a good standard. A number of good practices were noted, in particular procedures for monitoring grant income and expenditure, management information and contributions to the pool. Some areas for improvement were identified, including; corporate governance arrangements and the partnership agreement. The prompt implementation of recommendations contained within this report will assist in enhancing the procedures undertaken.
		Looked After Childrens Team	24.04.06	25	25	0	0	-	The financial and other systems operated within the looked after children's team were found to be of an adequate standard. A number of good practices were noted during the audit, including; security and the administration of the financial assistance (WSS80's) to children. There are however, some areas of the control environment which require improvement and include the maintenance of the inventory and the authorisation of staff records. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.
		Independent Sector Residential	03.05.06	3	2	6	6	2004/05	The financial and other systems operated within the independent sector residential care were found to be of an adequate standard. Overall, there is a good and effective administration of independent sector residential care. A number of good practices were noted during the audit including the documentation of procedures, means testing and records maintained and segregation of duties. There are, however, some areas which require improvement including ensuring appropriate authorisation is on file for all residential placements; and that the current overspend budget position is monitored at the year end.

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		Northgate Centre	04.05.06	5	5	17	17	2001/02	The financial and other systems operated within Northgate Centre were found to be of a good standard. A number of good practices were noted during the audit including procurement, administration of petty cash, budget monitoring and performance management. There are some areas, however, which require improvement including the verification of bankings to the Oracle system and the overall accounting arrangements for day care charges. The prompt implementation of recommendations contained within this report will further assist in enhancing the control environment at the centre.
		Brewer Street Centre	04.05.06	7	7	10	10	2000/01	The financial and other systems operated within Brewer Street Centre were found to be of an adequate standard overall. A number of good practices were noted during the audit, including procurement, administration of staff records, budget monitoring and performance management. There are some areas however, which require improvement, including overall accounting arrangements for client contributions; documentation of office procedures; reconciliation of petty cash; and maintenance of the inventory. The prompt implementation of recommendations contained within this report will assist in enhancing the overall control environment.
		Commissioning Contract - Lonsdale (Midlands) Ltd	09.05.06	4	4	0	0	-	The procedures and controls relating to this contract were found to be of a poor standard. Some good practices were found to be in place, including an annual contracts directory produced by the contract officers. However, a pro active monitoring system is not in place or a risk assessment of the service undertaken which could provide assurance on the quality of care being delivered by LM. Additionally, annual review of the contract has not been undertaken except for the annual inflationary up lift.
		Commissioning Contract - Lifeways Community Care	09.05.06	4	4	0	0	-	The procedures and controls relating to this contract were found to be of a poor standard. Some good practices were found to be in place, including record of care workers' concerns. However, a pro-active monitoring system is not in place or a risk assessment of the service undertaken which could provide assurance on the quality of care being delivered by LCC. Additionally, an annual review of the contract has not been undertaken except for the annual inflationary up lift.
		Narrow Lane	27.06.06	48	48	5	3	1999/00	The financial and other systems operated within Narrow Lane were found to be of a poor standard. Some good practices were noted during the audit, including residents' admissions and discharges and the payment of residents' personal allowances. There are a number of areas which require improvement, however and include the administration of residents' personal monies, the production of procedure notes and the compliance with financial procedure rules when procuring goods and services. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.

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		Fallings Heath	28.06.06	44	44	50	43	2004/05	The financial and other systems operated at Fallings Heath home were found to be of an adequate standard. Some good practices were noted during the audit, including residents admissions, discharges and residents' contributions/board and lodge payments and staff records. There are a number of areas however, which require improvement and include the operation of petty cash and the compliance with financial procedure rules when procuring goods and services. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.
		Voluntary Sector Contract - Age Concern	07.07.06	4	4	0	0	-	The procedures and controls relating to this contract were found to be of a poor standard overall. Age Concern provides day care services for 17 year olds to 50 year olds; aged 60 and over; and elderly who suffer from confusion and mental health at three of its day centres. In the process of reviewing available documentation for the audit, it was not possible to establish ownership of the contract. The audit objectives could not therefore, be tested fully.
		Voluntary Sector Contract - NCH Ltd (Resource Centre)	11.07.06	4	4	0	0	-	The procedures and controls relating to this contract were found to be of a poor standard overall. In 1994 a service level agreement (SLA) was established with NCH Ltd to provide a wide range of services for children with disabilities in Walsall. This resulted in the Walsall Resource Centre being created in Walsall. NCH Ltd has since been the service provider in this area. The first contract between the council and NCH Ltd was drawn up for the period April 2004 to September 2005. This contract was not sealed and signed by the council until September 2005, which was also the month which the contract expired. It has been recognised by the council that this contract should be put out for tender. The executive director for children's services has authorised extension of this contract until the year ending 31 March 2006.
		Voluntary Sector Contract - Apna Ghar	07.07.06	6	6	0	0	-	The procedures and controls relating to this contract were found to be of a poor standard overall. Apna Ghar provides day care services on behalf of the council. The council has used Apna Ghar for over ten years. This contract has in the main been renewed annually. Each annual contract that has been raised contains a clause which allows the contract to be extended by a further twelve months but this does not seem to have been invoked. No documentation on the contract file exists to suggest that both parties have agreed to continue the contract for another year; and in the process of collating evidence for the audit, establishing ownership of the contract has not been possible. The audit objectives could not therefore, be fully tested.



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		Voluntary Sector Contract - After Care Services	07.07.06	5	5	0	0	-	The procedures and controls relating to this contract were found to be of a poor standard overall. As a result of the Children (Leaving Care) Act 2000, the council put out to tender in February 2002, a contract to provide suitable accommodation for young people leaving public care. CAHA Ltd was successful in attaining this three year contract. The contract expired on 31 March 2005 and has since been renewed with CAHA Ltd for a further three years until 2008. The contract to date has not yet been signed and sealed by the council.
		Learning Disabilities Pooled Budget	20.07.06	6	6	16	15	2005/06	The overall audit opinion based on the actions taken to date is that good progress has been made. Of the 16 agreed recommendations from the last audit 9 had been implemented; 2 had been partially implemented; 3 were not yet due for implementation; 1 had been presented to the partnership executive group who had not agreed to its implementation; and 1 had not been implemented.
		Meals on Wheels	23.05.06	52	50	22	6	2003/04	The financial and other systems operated within Meals on Wheels were found to be of an unsatisfactory standard. The meals on wheels service is required to collect a great deal of income from vulnerable clients. Over recent weeks there have been three instances of weaknesses within cash handling, including a potential theft of £987 by an agency driver and the misappropriation of £1139 cash by another driver but subsequently repaid. Throughout the course of this audit all procedures relating to the collection, banking and reconciliation of income were found to be of an unsatisfactory standard. While the implementation of recommendations within this report would assist in improving current procedures, management should consider implementing a system whereby drivers would not be responsible for collecting cash from clients.
		Commissioning - Teenage Pregnancy	22.05.06	1	1	0	0	-	The procedures and controls relating to this contract were found to be of a good standard overall. The audit has identified a number of good practices within the system underpinning the grant. Controls are sound with respect to the grant claims process and an effective framework of performance and budgetary monitoring is in place. In light of issues highlighted in other audit reviews concerning awareness of respective roles and responsibilities under an accountable body arrangement, the service should also consider putting into place a formal written agreement that clearly establishes the terms of reference for joint working.
		Commissioning - Southern Cross	07.07.06	6	6	0	0	-	The procedures and controls relating to this contract were found to be of a poor standard. Some good practices were found to be in place, including records of care workers' concerns. However, a pro-active monitoring system is not in place or a risk assessment of the service undertaken which could provide assurance on the quality of care being delivered by SCH. Additionally, annual review of the contract has not been undertaken except for the annual inflationary up lift.

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<b>Finance</b>	Accountable Body Status	Agency Workers	08.05.06	7	7	14	12	2001/02	The systems surrounding the administration of the appointment of agency workers within social care & inclusion were found to be of an adequate standard. Overall, there is effective and efficient administration in the engagement of agency workers. A number of good practices were noted during the audit including the introduction of the agency clearing house and the agency database for monitoring purposes. However, there are some areas which require improvement including the monitoring of documentation to support the appointment of agency staff, including timesheets and approval forms.
		Independent Sector Day Care	08.05.06	4	4	6	4	2004/05	The systems surrounding the administration of independent sector day care were found to be of an adequate standard. Overall, there is a good and effective administration of independent sector day care. A number of good practices were noted during the audit including control of purchase orders, update of FISCOM, the custom card system and budget monitoring. There are, however, some areas which require improvement including contract monitoring of private sector day care providers and procedure notes. The 6 agreed recommendations which remain applicable from the last audit in 2004/05 were formally notified as implemented by the interim service redesign programme manager on 22 July 2005. However, 2 of these recommendations were found to have not been fully implemented.
		Residency Checks *	22.04.05	11	11	39	39	2001/02	A total of 11 cases (55%) have been identified that will require further investigation/action by the benefit fraud investigation team.
		Council Tax *	13.05.05	22	22	9	5	2003/04	The systems operated in council tax were found to be of an adequate standard. There are good systems in place for receipting, refunds, recovery and enforcement. Performance management systems and updates to procedures are in place and are regularly monitored. There are, however, weaknesses in controls surrounding valuations, void properties and write offs. The prompt implementation of the recommendations in this report will assist in strengthening the controls in these areas. (Recommendations confirmed as implemented).
		Housing Benefits *	05.05.05	12	12	7	3	2003/04	The financial and other systems operated for housing and council tax benefits were found to be of an adequate standard. While a number of good practices were noted in particular the back up procedures, password control and amendments to standing data, several areas for improvement were identified including; reconciliations to Oracle and Council Tax and security of files. The prompt implementation of recommendations contained within this report will assist in enhancing the control environment present. (Recommendations confirmed as implemented/no response received).

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		Housing Benefits Administration *	09.05.05	7	7	0	0	-	The systems operated in benefits administration were found to be of an adequate standard. There are good systems in place for implementing changes in legislation and also Department for Work and Pensions (DWP) procedures. Performance management systems and updates to procedures are in place and are regularly monitored. There are, however, weaknesses in evidencing some areas of the benefits training and development programme. The prompt implementation of the recommendations in this report will assist in strengthening the controls in these areas.
		Benefits - Compliance with Performance Standards *	26.04.05	2	1	0	0	-	The financial and other systems operated to evidence compliance with performance standards were found to be of a good standard. A number of good practices have been identified within the appeals and regulations section of the housing and council tax benefits service. These include:- <ul style="list-style-type: none"> <li>• "yes" responses were supported with relevant evidence, which was arranged in a retrievable form;</li> <li>• managers have a number of years experience in the post, and have appropriately trained alternates;</li> <li>• relevant documentation is held by managers and their alternates and is made available to all officers who need it;</li> <li>• managers are to be supplied with good practice material for the compilation of new performance standards and encouraged to become involved in compilation of the department of work and pensions' new standards; and</li> <li>• senior managers have already received briefing sessions on the new requirements. Further training is to be made available.</li> </ul>
		Nominal Ledger & Central Accounting *	02.06.05	8	7	4	2	2003/04	The controls surrounding the main accounting system were found to be of an adequate standard. Two main accounting systems were in place during the 2004/2005 financial year. LAFIS was in place from the start of the financial year to July 2004. This system was replaced by Oracle in August 2004. Data from the LAFIS system to Oracle was electronically migrated. A number of good practice points have been noted. Procedure notes have been formally documented for general ledger functions for Oracle and these are available to all staff through the intranet. Access to Oracle is password protected and passwords are changed every fifty days. However, a number of areas have been identified for improvement. In particular journal authorisation procedures need to be reviewed and the delays in posting journals should be investigated. Of the 18 agreed recommendations that remain applicable from the last audit, 2 have been successfully implemented, 14 are no longer applicable to this audit. This is despite the financial systems manager confirming to internal audit on 9 September 2004 that they had all been implemented.

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		NNDR	10.02.06	10	10	7	3	2004/05	The financial and other systems operated for NNDR were found to be of an adequate standard. A number of good practices have been identified within the NNDR section. The management authorisation process is subject to strong segregation of duties and controls in relation to user access, audit trail and back up are operated to a good standard with access to the system protected via passwords. There are, however, a number of significant weaknesses, largely due to the implementation of Sx3, the council's new NNDR system. The most notable weakness is the absence of reconciliation between Sx3 and Oracle, the council's general ledger. Further weaknesses identified included controls surrounding void properties, write offs and the absence of written procedure notes.
		Council Tax	10.02.06	18	18	22	18	2004/05	The systems operated in council tax were found to be of an adequate standard. There are good systems in place for receipting; refunds; valuations; recovery and enforcement. There are, however, a number of significant weaknesses, largely due to the implementation of Sx3, the council's new council tax system. The most notable weakness is the absence of reconciliation between SX3 and Oracle, the council's general ledger. Further weaknesses identified included controls surrounding void properties; write offs and the absence of written procedure notes. Given that the new council tax system is still operating within its "bedding in" period, the prompt implementation of the recommendations in this report is of particular importance, and will assist in strengthening the controls in the areas of weakness. Of the 22 agreed recommendations, which remain applicable from the last audit, 18 have been successfully implemented. Of the 4 outstanding recommendations, 1 has been partially implemented and 3 were not due to be actioned until 31 December 2005.
		Nominal Ledger & Central Accounting	30.03.06	3	3	7	6	2004/05	The controls surrounding the main accounting system were found overall to be of a good standard. Oracle Financial, the council's main accounting system, is a relatively new package having only been implemented since August 2004. A number of good practices have been noted during the audit, particularly around procedure notes for the Oracle Financial general ledger functions. These procedure notes are readily available to all staff through the intranet as well as in hardcopy format. Access to Oracle is password protected and passwords are prompted for change every sixty days. A number of areas have, however, been identified for improvement. Notably in the timeliness of the posting of journals and updating the council's financial procedure rules for journal authorisation levels. Of the 7 agreed recommendations from the last audit 6 have been successfully implemented. The 1 outstanding recommendation, which was due for implementation on 31 March 2006, has been incorporated into the report as appropriate and has been marked (*) in the action plan.

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		Grant Expenditure	23.06.06	19	19	4	2	2003/04	Grant expenditure and administrative procedures were found to be of an adequate standard. The system and control environment surrounding the receipt of the grant income, completion and reconciliation of grant claims and the control of income appeared to be generally sufficient and in accordance with grant agreements. While controls were largely operating effectively, some areas for improvement were identified, in particular the production of localised written procedures to ensure all officers are aware of their individual roles and responsibilities, the establishment of a written agreement between Walsall MBC and Future Foundations, ensuring that procurement complies with the Authority's contract and financial procedure rules, ensuring that match funding is applied in accordance with grant terms and consideration being given to budget recording within the ledger.
		Examination of Benefit Claims	17.07.06	25	25	0	0	2004/05	Examination of a sample of 40 new benefit claims received during 2005/6 identified that controls were of a poor standard. Some good practices were noted during the audit, for example; a benefit training pack is issued to all staff attending an induction training session and updates are made to guidance notes when there are changes to benefit regulations. There are a number of areas requiring improvement to the control environment, including; file maintenance, particularly the locating of files; claim processing, for example, the excessive time taken to process the majority of new benefit claims; the number of benefit overpayments arising due largely to all information held on file not being input to SX3; and SX3 processing errors such as the rent free week indicator not being correctly set up. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken. A follow-up of the previous audit recommendations was not possible due to the re-structure of the benefits service and the implementation of a new computer system.
		Bank Account Reconciliations	11.05.06	5	5	5	5	2004/05	The systems surrounding the administration of the corporate bank accounts were found to be of an adequate standard. Overall, there is effective and efficient administration of the corporate bank accounts. A number of good practices were noted during the audit including the maintenance of procedures notes and security of accounts. However, there are some areas which are in need of improvement and include evidence of independent verification of reconciliations and the updating of the corporate bank mandate.

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		Treasury Management	13.06.06	4	4	4	3	2004/05	The financial and other systems operated within the treasury management section were found to be of a good standard. There are effective controls operating within treasury management, with particular reference to segregation of duties, evidence of authorisation and transaction trails. However, in order to improve the control environment further, emphasis needs to be placed upon the monitoring of cash flow forecasting (an issue noted in last year's review) and updating the broker lists. Of the 4 agreed recommendations from the prior year audit, 3 have been successfully implemented. The 1 unimplemented recommendation has been reiterated in this report, marked (*) in the action plan. This recommendation was formally notified as implemented by the capital performance and treasury manager to internal audit on 24 June 2005.
		Housing Benefits	17.07.06	8	7	12	11	2004/05	The systems operated within benefits were found to be of a poor standard overall. Some good practices were noted during the audit, for example, in the procedure notes / guidance issued for management of benefits. There are, however, a number of areas which require improvement including the application process, benefit assessment, maintenance of records and administration of reconciliations. Of the 12 recommendations which remain applicable from the last audit, 11 have been successfully implemented. A follow up memorandum, seeking a formal response on progress made in implementing agreed recommendations, was issued to benefits managers on 11 July 2005, as part of internal audit's normal follow up procedure. The memorandum stated that should a response not be received by 18 July 2005, it would be assumed that all recommendations have already been fully implemented. Since no response was received to this memorandum internal audit therefore assumed that all recommendations had been successfully implemented. The 1 unimplemented recommendation has been reiterated in this report, marked (*) in the action plan.
		Corporate Procurement *	25.05.05	14	13	0	0	-	The systems operated in strategic procurement were found to be of a poor standard. A comprehensive performance strategy has been developed and published to outline the objectives of the corporate procurement section. There are good systems in place to utilise the intranet to provide officers with advice, guidance and information on corporate contracts. There are, however, weaknesses in controls surrounding contract identification and monitoring and in demonstrating the quality of performance management. The prompt implementation of the recommendations in this report will assist in strengthening the controls in these areas.
<b>Corporate Support</b>									
<b>Members &amp; Democratic Services</b>									

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		Constitution *	25.05.05	11	10	0	0	-	The system of control governing the constitution was found to be of an adequate standard. The controls in operation regarding the council's constitution were mainly sufficient and operating effectively. Some minor issues were identified with regard to manager's awareness and take up of training on the constitution and on the constitutional arrangements of new areas such as local neighbourhood partnerships. There is also a need for the council to be mindful of the impact on the constitution of the council's strategic partnership with Fujitsu.
<u>Partnerships</u>		Walsall Borough Strategic Partnership *	20.06.05	8	8	0	0	-	The financial and other systems operated within the WBSP were found to be of an adequate standard. A number of good practices have been identified within the administration of WBSP, including:- <ul style="list-style-type: none"> <li>• decisions to approve the making of grants and commissions are seen to be taken at quorate meetings of the appropriate bodies,</li> <li>• board and commissioning executive agendas, reports and minutes are published on an internet site along with performance monitoring details,</li> <li>• regular claims are made for NRF grant payments,</li> <li>• a tender process has been used to select the provider of a commission whose out-turn is anticipated to exceed £25,000,</li> <li>• formal monitoring reports are resented to the board and commissioning executive by the strategic director of partnerships, and</li> <li>• performance measurement activities are being undertaken.</li> </ul> This report does, however, make a number of recommendations which should assist in improving the control environment further.
<u>Sport &amp; Operational Services</u>		Generic Procedures *	18.01.05	34	34	19	10	2003/04	The financial and other systems operated at the three centres visited were found to be of an adequate standard. Banking and booking procedures are of a good standard. There are however, weaknesses in controls for petty cash and staffing procedures and control over equipment could be improved. Council policy on IPM and news and views needs to be fully implemented. (Recommendations confirmed as implemented).

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		Leisure Centres	06.10.05	50	49	25	16	2004/05	The financial and other systems operated at the three centres visited were found to be of a poor standard. Physical and computer security procedures are of a good standard. There are however, weaknesses in controls for petty cash, banking and cash holding machine procedures. Council policy on IPM, news and views and sickness absence monitoring needs to be fully implemented and a process needs to be developed to control and update generic quality procedures in use at all leisure centres. The 19 agreed recommendations which remain applicable from the last audit in 2004/05 were formally notified as implemented by the service manager (Walsall sport & leisure PSE) on 5 May 2005. However 9 of these recommendations were found not to have been fully implemented during this audit.
<b>Youth &amp; Community</b>		Willenhall Drop in Centre	14.07.06	9	9	0	0	-	The financial and other systems operated within the Willenhall drop in centre were found to be of a poor standard. Some good practices were noted during the audit including the completion of attendance registers and prompt submission of returns. There are however, some areas of the control environment which can be improved upon, including the establishment of general centre procedures and the maintenance of the inventory. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.
		Pool Hayes Youth Club	14.07.06	11	11	0	0	-	The financial and other systems operated within the Pool Hayes community association's youth club were found to be of a good standard. Several good practices were noted during the audit, including the completion of attendance registers and procedures for cash handling, banking and procurement. Some areas of the control environment can be improved upon, including the establishment of general office procedures and the maintenance of the inventory. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.
		Pelsall Youth Club	14.07.06	18	18	0	0	-	The financial and other systems operated within the Pelsall youth club were found to be of a poor standard. Some good practices were noted during the audit, including the maintenance of an income analysis book and prompt submission of returns. There are however, some areas of the control environment which can be improved upon, including the establishment of general centre procedures, income and banking procedures and the maintenance of the inventory. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.



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		Bentley Youth Club	14.07.06	8	8	0	0	-	The financial and other systems operated within the Bentley community association's youth club were found to be of a good standard. Several good practices were noted during the audit, including the administration of general procedures, the completion of attendance registers and procedures for cash handling. Some areas of the control environment can be improved upon, including an independent review of the income & banking records and the maintenance of the inventory. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.
		Aldridge Manor House	14.07.06	9	9	0	0	-	The financial and other systems operated at Aldridge Manor House youth and community centre's youth club were found to be of an adequate standard. A number of good practices were noted during the audit, including the completion of attendance registers and procedures for cash handling, banking and procurement. There are however, some areas of the control environment which can be improved upon, including the establishment of general office procedures and the maintenance of the inventory. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken.
		Youth Service	14.07.06	19	18	0	0	-	The financial and management systems operated by the youth service were found to be of an adequate standard. Some good practices were noted during the audit, including implementation of contractual/SLA arrangements, implementation of district service plans, evidence supporting funding allocations, use of standard documentation to feed attendance and performance records and involvement of senior officers in reviewing quarterly performance data. The youth service has implemented several new procedures over the last year, including those governing funding applications, calculation of funding allocation, quality assurance and management information. These initiatives provide a good platform for development of the service and have helped to achieve the recent positive inspection opinion. Due in part to the pace of change, and the natural time it will take to embed new practices, the audit highlighted that some key areas for improvement are required to fully realise the service improvements being made.

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<u>All</u>	Accounts Payable: ♦ Neighbourhood Services ♦ Corporate Services ♦ Social Care & Inclusion ♦ Regeneration	Management Development *	03.06.05	16	16	0	0	-	The procedures followed with regard to management development were found to be of a poor standard. The management development strategy was approved by cabinet in September 2003 and is still in its infancy. A number of good practices were noted during the audit, in particular the documentation of policies and procedures. However, while processes continue to be improved there remain areas where further development is still required, these include; procurement, ongoing monitoring, key performance indicators and the corporate strengths database. The prompt implementation of recommendations made within this report will assist in the continued development of the management development strategy.
	Accounts Receivable: ♦ Neighbourhood Services ♦ Corporate Services ♦ Social Care & Inclusion ♦ Childrens Services ♦ Regeneration	Individual Performance Management *	12.05.05	2	2	2	2	2003/04	The IPM scheme is being successfully implemented and developed across the council. There has been significant progress in applying the IPM scheme across the council in the last year and there has been positive feedback received from staff. There is now an opportunity to develop the scheme further as a part of corporate performance management by improving the quality of information being fed back to senior managers.
	Payroll	Debtors *	30.06.05	43	39	23	7	2003/04	The system operated for accounts receivable across all directorates was found to be of a poor standard. Throughout the course of the audit a number of good practices were noted including accounts receivable users being aware of relevant guidance manuals. There are, however, a number of areas where urgent attention is required; namely the absence of issuing debt reminder letters; lack of systems capability for automatic processing of periodic income; lack of segregation of duties; absence of management and exception reporting arrangements. These weaknesses could, if left unchecked, have significant impact upon the council's income recovery arrangements and ultimately adversely affect the council's cash flow. The prompt implementation of recommendations contained within this report will assist in improving procedures. (Recommendations confirmed as implemented/no response received).

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	Budgetary Control: ♦ Neighbourhood Services ♦ Social Care & Inclusion ♦ Regeneration	Recruitment & Selection *	04.07.05	25	22	0	0	-	Recruitment and selection processes were found to be of an adequate standard. Within the last two years the recruitment and selection team have experienced a large increase in their workload, the introduction of the TRENT system has also impacted on the work of the section. It has also been noted throughout the course of this audit that the initial stages of recruitment and selection are undertaken within human resources while the later stages of the process are completed by employment support. Several areas of good practice were noted, for example in recruitment and selection policies/procedures, redeployment process and performance monitoring. There were, however, areas where improvement is needed, including; vacancy management and the selection process. The prompt implementation of recommendations contained within this report will assist in enhancing the procedures further.
	Inventories/Stock - Occupational Therapy	Payroll *	30.06.05	103	98	105	46	2004/05 2003/04	The systems and procedures in operation were found to be of an unsatisfactory standard. Significant systematic control weaknesses continue to be present within the processing of the council's payroll. This affords little protection to council or its officers, giving limited assurance that the council's payroll is being adequately controlled. Basic control weaknesses such as a lack of segregation of duties, lack of evidence of authorisation and senior / independent review have been identified. This is largely a result of failure to identify and apply appropriate controls at the outset and the lack of finalisation of many of the roles, responsibilities and procedures surrounding processing. (Recommendations confirmed as implemented/no response received for 2003/04 audit reviews). The trent payroll & personnel audit report was finalised on 10.12.04. The audit of payroll & personnel systems which commenced in early January 2005 concluded that little progress appeared to have been made in addressing the recommendations made).
		Service Planning *	19.05.05	11	11	3	2	2003/04	Service planning across all directorates was found to be of an adequate standard. A number of good practices were noted, in particular the linkage of service plan actions to the council's vision, accountability for service plan actions and the monitoring of service plans. Some areas for improvement were identified, including; the setting of performance targets and improved financial management to allocate budget resources to specific action in both service and team plans. The prompt implementation of recommendations contained within this report will assist in enhancing the procedures undertaken.
		Creditors *	29.06.05	66	66	117	101	2003/04	The system operated for accounts payable (creditors) across all directorates was found to be of a poor standard. (Recommendations confirmed as implemented/no response received).

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		Best Value *	18.05.05	13	13	1	1	2003/04	Best Value processes were found to be of an adequate standard. A number of good practices were noted, in particular clear planning and delegation arrangements, monitoring of best value improvement plans and review outcomes. Some areas for improvement were identified including the need to get the review programme back on target, to ensure changes to the review programme are appropriately authorised and that the engagement of external consultants is in compliance with the authority's contract and financial procedure rules. The prompt implementation of recommendations contained within this report will assist in enhancing the procedures undertaken.
		Financial Planning/ Budgetary Control *	11.07.05	11	11	62	58	2003/04	The financial and other systems operated in relation to budgetary control were found to be of a good standard across most directorates. A number of good practices have been identified including: <ul style="list-style-type: none"> <li>• The responsibilities of all officers in the budgeting process have been clearly defined in the budget monitoring and control manual.</li> <li>• Budget monitoring reports are produced on a monthly basis and formally reviewed by the management teams.</li> <li>• The authority's medium term financial plans have been aligned with the authority's strategic objectives.</li> </ul> However, a number of areas have been identified for improvement including: <ul style="list-style-type: none"> <li>• Accountability memos are not always returned in a timely manner by senior accountable managers and budgets are not formally assigned to cost centre managers through accountability memos.</li> <li>• Budget virements exceeding £60k are formally approved by the head of corporate &amp; strategic finance.</li> </ul>
		Performance Indicators *	02.09.05	19	19	0	0	-	Processes followed with regard to performance indicators were found to be of an adequate standard. Within a sample of 10 best value performance indicators (BVPI) it was noted that 7 showed an upward performance trend between the 2002/3 and 2003/4 financial years. In addition realistic future year targets had been set for 8 of the BVPI's sampled which were aimed at achieving upper quartile performance where this had not already been achieved. A number of good practices were noted in particular; measuring progress and achievements, the monitoring of indicators which had been qualified by the audit commission and accessibility to performance management information. Several areas for improvement were identified including; general procedures and data collection. The prompt implementation of recommendations contained within this report will assist in enhancing the procedures undertaken.

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		Grants to Voluntary Organisations	26.09.05	18	18	0	0	-	The financial and other systems operated for grants to voluntary organisations were found to be of an adequate standard. The grants budget for 2005/06 is £514,719 with awards having been approved to 19 organisations. Clear service level agreements are in place, supported by regular monitoring. Grant payments are clearly linked to performance. These key controls have been maintained against a background of change where policy services have assumed primary responsibility for monitoring all grants. Improvement actions have been agreed on the recording and authorising of withheld grants and the collating of monitoring information on to applicants files.
		Inventories/Stock - Support Services	22.03.06	5	5	0	0	-	The systems operated in support services were found to be of an adequate standard overall. The audit highlighted a number of good practices namely that inventory records were being accurately and comprehensively maintained and an annual inventory check was undertaken. Some areas have been identified for improvement notably the need to maintain stock records showing stock levels and movements in stock.
		Inventories/Stock - Town Hall Restaurant	22.03.06	5	5	0	0	-	The systems operated in town hall catering were found to be of an adequate standard overall. Although inventory records are held securely and annual checks are conducted they are not a complete record of all items held. Improvements can be made on the completeness of the inventory details. In particular, the office and changing room items should be added to inventory records. Controls over stock were of a high standard. The only concern noted in this area was that the annual stock take was not conducted by an independent officer but by the officer who maintains the stock records.
		Inventories/Stock - Environmental Regeneration	22.03.06	7	7	0	0	-	The systems operated in environmental regeneration were found to be of a poor standard overall. Although inventory records are held securely they are not a comprehensive record of all items held. Improvements can be made in the completeness of inventory details and, importantly, regular physical checks should be made to ensure that items are still held.
		Inventories/Stock - Mayors Secretariat	22.03.06	7	7	0	0	-	The systems operated in the mayor's secretariat were found to be of an adequate standard overall. While the operational controls for inventory were found to be generally adequate, there were a number of issues identified, such as lack of segregation of duties and completeness of inventory records. Controls over stock were of a high standard. The only concern noted for this area was that the annual stock take was not conducted by an independent officer but by the officer who maintains the stock records.

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		Capital Programming	28.04.06	1	1	0	0	-	The systems underpinning corporate capital programming were found to be of an adequate standard overall. The council has experienced high levels of slippages against the capital budget in recent years, partly arising from weaknesses in project management and reporting arrangements. A formal structure of reporting is now in place, which requires regular reporting by project managers, strategic level consideration of issues by the Capital Strategy Group and progress reporting to Cabinet. Centralised guidance notes would assist in addressing some of the variability that remains in terms of the quality and extent of information provided by project managers. The council has started to address this issue and the performance management team has put out, by way of consultation, guidance for this area and anticipates it to be in place by April 2006.
		Capital Accounting	31.03.06	0	0	5	5	2004/05	Of the 5 agreed recommendations from the last audit all have been successfully implemented.
		Petty Cash - Banking Hall	15.03.06	2	2	12	12	2003/04	The systems operated in petty cash were found to be of a good standard overall. Staff are aware of the petty cash limits applicable to the service. The arrangements over custody of petty cash comply with the requirement of financial procedure 6.5.4 (c) as well as relevant insurance conditions. The cost centre manager signs off all expenditure funded by petty cash and regular petty cash reconciliations are undertaken. The audit issue raised last year concerning accurate reporting of VAT has been fully addressed. However, overall robustness of controls could be improved further with the introduction of a petty cash key register.
		Petty Cash - Initial Response Team	14.03.06	5	5	0	0	-	The systems operated in petty cash were found to be of an adequate standard overall. Staff are aware of the petty cash limits applicable to the service and these limits are supported by insurance documentation held within the service. The cost centre manager signs off all expenditure funded by petty cash and weekly petty cash reconciliations are undertaken. However, custodial arrangements over petty cash were unsatisfactory in that the arrangements were in breach of financial procedures. The audit also identified an instance where the transaction limit of £50.00 had been breached and overall robustness of controls could be improved further with the introduction of a register of petty cash key holders.
		Petty Cash - Youth Service	14.03.06	3	3	0	0	-	The systems operated in petty cash were found to be of an adequate standard overall. Staff are aware of the petty cash limits applicable to the service. The arrangements over custody of petty cash comply with the requirement of financial procedure 6.5.4 (c) as well as relevant insurance conditions. The cost centre manager signs off all expenditure funded by petty cash and regular petty cash reconciliations are undertaken. The overall robustness of controls could be improved further with the introduction of a register of petty cash key holders and the retention of the insurance certificate within the service setting out the petty cash limit applicable to it.

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		Petty Cash - Neighbourhood Services	14.03.06	3	3	0	0	-	The systems operated in petty cash were found to be of an adequate standard overall. Staff are aware of respective petty cash limits. The arrangements over custody of petty cash comply with the requirement of financial procedure 6.5.4 as well as insurance conditions. The cost centre manager signs off all expenditure funded by petty cash and year-end imprest figures are submitted in a timely manner to central finance. However, periodic reconciliation of the petty cash is not being undertaken as required by financial procedures and an issue relating to the identification and recording of VAT that was reported last year had yet to be implemented. In addition, overall robustness of controls could be improved further with the introduction of a register of petty cash key holders.
		Petty Cash - Community Arts Team	14.03.06	4	4	0	0	-	The systems operated in petty cash were found to be of an adequate standard overall. Staff are aware of the petty cash limits applicable to their service. The cost centre manager signs off all expenditure funded by petty cash and year-end imprest figures are submitted in a timely manner to central finance. The issue relating to VAT recording reported last year had been fully implemented. However, custodial arrangements over petty cash were unsatisfactory in that they did not conform fully to financial procedure rules and insurance conditions. In particular, the community arts team was not undertaking periodic reconciliations of its petty cash, thereby compromising the accuracy and completeness of petty cash. The overall robustness of controls could also be improved further with the introduction of a register of petty cash key holders.
		Accounts Payable - Childrens Services	19.07.06	20	20	0	0	-	The system operated for accounts payable (creditors) within the childrens directorate was found to be of an adequate standard. While a number of good practices were noted in particular; system security, receipt of goods, timeliness of payment, allocation of financial codes and accountability of VAT, several areas for improvement were identified including; requisitioning/ordering procedures, payment of invoices, segregation of duties, quotation/tendering procedures and returned cheques. The prompt implementation of recommendations contained within this report will assist in enhancing the procedures undertaken.

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<u>ISS</u>		Budgetary Control - Corporate Services	10.07.06	16	14	8	7	2004/05	The system operated for budgetary control within the corporate services directorate was found to be of a good standard. A number of good practices were noted, in particular budget setting, budget monitoring, amendments/virements and the relationship between cost centre managers and accountants. Some areas for improvement were identified and include general procedures, budget accountability, review of budgets and the loading of capital budgets onto oracle. Of the 25 agreed recommendations which remain applicable from previous budgetary control audit reports 18 have been successfully implemented. Two of the unimplemented recommendations relate to the corporate directorate and are reiterated within this report, marked (*) in the action plan. The remaining 5 have been reiterated within the relevant directorate report. In requesting confirmation that previous audit recommendations had been implemented a response was received from the head of corporate and strategic finance stating that all agreed recommendation had been successfully implemented.
		Budgetary Control - Childrens Services	29.06.06	11	10	0	0	-	The system operated for budgetary control within the children's services directorate was found to be of a good standard. A number of good practices were noted, in particular information provided to management and the relationship between accountants and cost centre managers. Some areas for improvement were however, identified and include the prompt input of virements and the potential for improved allocation of budgets across some cost centres.
		Contact Centre & First Stop Shop	28.04.06	8	8	0	0	-	The systems operated in the first stop shop and the contact centre were found to be of an adequate standard overall. The first stop shop has now been in operation for a year and its primary purpose is to provide customers with a single point of access for all council services. The contact centre has been in existence for several years. Both areas exhibit good controls over identifying staff training needs, maintaining staff records, banking arrangements and dealing with complaints. Due to being in its first year of operation, understandably the first stop shop has a number of areas that require development, such as establishing a performance management framework and ensuring that a tender process is instigated to obtain a longer term contract for its security arrangements. Staff need to ensure that they are aware of the council's financial procedure rules and the procedures manual at the contact centre needs to be updated as a matter of urgency.



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<u>Organisational Development</u>		Training	04.05.06	5	5	6	6	2004/05	The systems operated in organisational development were found to be of a good standard overall. A number of examples of good practice were identified during the audit, primarily the awareness of the skills and knowledge programme and performance management. Consideration has, however, yet to be given to how the organisational development strategy can be adopted to address the potential wide ranging training implications of the local area agreement initiative; the finalisation of the organisational development strategy and the potential overspend on the skills and knowledge budget. The prompt implementation of recommendations contained within this report will further assist in enhancing the control environment present.
<u>Contract</u>	Revenue Contract - Chrystal Computing	Revenue Contracts - Education Services *	13.05.05	2	2	0	0	-	Procurement systems were found to be of a poor standard. The procurement methods used by schools may, on an individual basis, be compliant with the authority's contract procedure rules, but on a corporate basis, it is unsatisfactory to not give schools the opportunity to benefit from collective buying power. There is a potential saving that can be made by procuring high value goods or services via a collective contract.
		Revenue Contracts - Maintenance Services *	19.05.05	7	6	0	0	-	The financial and other systems operated for the procurement of maintenance services were found to be of a poor standard. Although the establishment unit have now clarified procurement procedures in writing there is not yet full awareness of them amongst staff and, some examples were found where the procedures have not been consistently applied. Some additional work inappropriately requested by schools directly to contractors has not been reflected in the establishment unit's records. There may also be future opportunity to aggregate work into large, more cost effective, contracts. There is a pressing need to create an electronic contracts register to demonstrate how work has been awarded and provide summary management information.

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		Revenue Contracts - Employment Services *	13.05.05	8	8	0	0	-	The financial and other systems operated for the procurement of employment agency services were found to be of a poor standard. Although Steps to Work and Starting Point offer services to the council, competing with private companies, both have an advantage in that a number of their administration functions are provided by the council. Legally they are arms length operations, yet the council is not trading at arms-length with these employment agencies. There are no formal agreements with Steps to Work for the services it buys back from the council, nor are there any corporate-wide agreements for the procurement of agency staff by the council. However, some areas examined were controlled to a good standard. In particular, social care and supported housing, as well as grounds and street cleansing, have tendered for employment agency services and entered into framework agreements with a number of suppliers including Steps to Work and Starting Point.
		Bradford Place Phase 1 Environmental Improvements	18.05.05	4	4	0	0	-	The auditor was unable to obtain a copy of the sealed contract made between the council and Wyevale Limited, the document having apparently been mislaid by an officer from another area of the council. As a result, it was not possible to prove that the contractor's final account has been created only in accordance with the terms of his contract with the council. It is noted that the time for the contractor to complete the works has been extended by the landscape architect, but that the works' practical completion was achieved one week later than the revised date set.
		Whetstone Field JMI	20.05.05	3	3	0	0	-	The auditor has been unable to obtain a copy of a written agreement from the appropriate director that tenders should be sought for this project. A tender for these works was sought from Elmondstone Construction Limited of Forge Road Willenhall. Examination of the council's unified standing list of consultants does not include the name of this firm. Although a firm with a similar name, trading from a different address is found, Elmondstone Construction Limited has only recently sought application forms for admission to the list. George Law Limited's tender was accepted and the firm appointed by Mr Brian Jackson (Group Co-ordinator – Establishment), despite it being in excess of £100,000. This action was contrary to the requirements of contract procedure rule 25.2-3.
		Walsingham Street/ Chuckery Green	24.06.05	1	1	0	0	-	It is noted that the time for the contractor to complete the works has been extended by the landscape architect. This is evidenced in a letter from the landscape architect to the contractor, a formal certificate of the extension of time having not been created.
		War Memorial - Victoria Road, Darlaston	27.07.05	0	0	0	0	-	The account provided and the system used to provide the account were seen to be in order.
		Delves Infants - staff room and office accommodation	26.07.05	0	0	0	0	-	The account provided and the system used to provide the account were seen to be in order.

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		Alterations & extensions at Woodlands JMI	18.08.05	4	4	0	0	-	Approval for these works to be tendered does not appear to have been in accordance with section 4.6 of Appendix A to the council's standing orders as in force at the time: of tender. Written evidence of funding was provided. The auditor has not been provided with any resolution of a council committee in accordance with the standing orders' requirements as in force at that time. Evidence has not been provided to show that the officer, under whose signature the tender was accepted, held a current delegation from the appropriate committee to accept tenders whose values exceeded £15,000. Neither has the auditor been shown a report on tenders accepted as provided to a committee in accordance with section 9 of Appendix A to the council's standing orders as in force at that time. Many of the Architect's Instructions issued by the contract administrator were not priced at the time of their issue to the contractor.
		St Johns JMI - refurbishment	05.09.05	9	9	0	0	-	Approval for these works to be tendered does not appear to have been in accordance with the council's contract procedure rule 19.3 as in force at the time tenders were sought. Evidence has not been provided to show that the tender was accepted by the cabinet, the council's executive, in accordance with the requirements of contract procedure rule 25.3 as in force at that time. Although evidence was provided of the contractor's insurance, the certificate shows his policies expiring on 31 March 2003. Many of the Architect's Instructions issued by the contract administrator were not priced at the time of their issue to the contractor.
		Refurbishment of custody area - Walsall Magistrates Court	26.10.05	3	3	0	0	-	No formal contract has been created between the council and the contractor. Contract administrator's instructions have been priced; although my auditor expressed some concern that pricing appeared to have been undertaken after the instructions were issued and some instructions had been written after the project achieved practical completion. The contractor has not yet produced a final account to the council.
		Leighswood JMI - nursery extension.	26.10.05	7	7	0	0	-	The auditor has expressed some concern regarding the estimate of the price for the works as originally designed, which was almost twice the sum estimated. The auditor has been shown no surety for the performance of the works. No formal contract has been created between the council and the contractor. Contract administrator's instructions have been priced; although the auditor expressed some concern that fourteen items were requested some six months after the works had achieved practical completion. An extension of time for completion of the works was sought by the contractor and certified by the employer some weeks after original completion date. The auditor was concerned this had not been undertaken at the appropriate time. There is no evidence of a contractor's final account having been agreed.

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		Beechdale JMI - link corridor and alterations.	31.10.05	3	3	0	0	-	The auditor has expressed concern regarding the tendering process followed. Receiving revised tenders from only one firm could be construed by other potential contractors as unfair. It could leave the council and its officers open to criticism particularly as the reduction removed over forty per cent of the original works. No formal contract has been created between the council and the contractor. Contract administrator's instructions have been priced; although the auditor expressed some concern that twenty-one items were requested after the works had achieved practical completion.
		TYS Walsall District & Town Centre	12.12.05	6	6	0	0	-	Although the value of the works to be tendered was anticipated to exceed £100,000, no evidence was provided to show that a director had approved the means of tender. There was no evidence of the contractor having provided a certificate of insurance. There is no evidence of the contractor providing a surety to the council, despite this being documented at the pre-start meeting. A number of landscape architect's instructions have been created after the works had achieved practical completion.
		Landscape Improvements - Bloxwich Park	15.12.05	7	7	0	0	-	Although the value of the works to be tendered was anticipated to exceed £100,000, no evidence was provided to show that a director had approved the means of tender. There was no evidence of the contractor having provided a certificate of insurance. There is no evidence of the contractor providing a surety to the council, despite this being documented at the pre-start meeting. The landscape architect's file does not include a completed race relations questionnaire.
		Brownhills CTC Laboratory Refurbishment	18.01.06	4	4	0	0	-	It has not been possible to demonstrate that works undertaken by this contractor are separate from the laboratory furnishings provided by ESA McIntosh Limited. The auditor remains concerned that separate contracts have been used with these two firms in order to ensure that no contract's value exceed the £100,000 threshold. Based upon the letter of appointment, minutes of site meetings, and the date of the practical completion certificate issued, it is not possible to demonstrate the date by which all works should have been completed. It is not possible, therefore, to state whether this contract was completed on time and whether liquidated damages may have been due to the council for late completion. Only some of the architect's instructions are priced.

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		Walsall Magistrates Court Roofing Works	10.02.06	5	5	0	0	-	There is no evidence of the contractor providing a surety to the council, despite this being documented at the pre-start meeting. Although the appropriate officers were asked to prepare a sealed contract, this has not yet been completed. The pre-start site meeting of 10 February 2005 minutes the agreed completion date for these works as being 8 June 2005. The architect's certificate of practical completion states that the works were not completed until 6 July 2005. The auditor has been shown no certificate extending the time for completion. Only some of the architect's instructions are priced. The contractor obtained possession of the site on 28 February 2005. On 15 March, the architect's first interim certificate and direction valued the works completed at £80,000. The auditor has not been provided with evidence for this unusually high valuation.
		Pool Hayes Community School Laboratory Refurbishment	10.02.06	3	3	0	0	-	It has not been possible to demonstrate that works undertaken by this contractor are separate from the laboratory furnishings provided by ESA McIntosh Limited. The auditor remains concerned that the contracts have been artificially separated. The auditor has received evidence of neither tenders nor quotations having been sought for the works to laboratory P2 or for the laboratory furniture. None of the architect's instructions are priced.
		Refurbishment of Benefits Reception	10.02.06	2	2	0	0	-	Despite seeking documentation over a period of weeks and from a number of sources, the auditor has been unable to demonstrate compliance with contract procedure rules. The contractor's work was certified by the architect as having achieved practical completion two weeks after the latest date set for this. In accordance with the terms of the contract, the employer is entitled to withhold £1,000 from the monies due to the contractor.
		Landscape Improvements - Reedswood Park	15.02.06	0	0	0	0	-	The account provided and the system used to provide the account were seen to be in order.
		Forest Community Association - Space for Sports & Arts	22.02.06	5	5	0	0	-	The council has used a number of consultants to assist in this project. Hawley Associates have been paid £6,900 and Briar Associates £7,295. The auditor has been unable to find any competitive quotations obtained prior to the making of these appointments. Approval for these works to be tendered does not appear to have been granted in accordance with the council's contract procedure rule 19.3. Evidence has not been provided to show that the tender was accepted by the cabinet, the council's executive. There is no evidence of the contractor providing a surety to the council, despite this being documented at the pre-start meeting. Details needed to create and execute a contract under the council's seal were provided to the appropriate officers only after the works' completion.

Ongoing	Draft	Final	Date of Final Report	Recommendations				Date of Last Audit	Conclusions
				Current Made	Agreed	Previous Agreed	Act'd		
		Millfield JMI Extension & Remodelling	22.02.06	3	3	0	0	-	The council has used a number of consultants to assist in this project. These appointments should be made following competitive quotations. Approval for these works to be tendered does not appear to have been granted in accordance with the council's contract procedure rule 19.3. Details needed to create and execute a contract under the council's seal were provided to the appropriate officers but no such contract has yet been completed.
		Remodelling of Delves Infant School	01.03.06	2	2	0	0	-	The council has used a number of consultants to assist in this project, as listed in the pre-start site meeting held on 14 July 2005. Details needed to create and execute a contract under the council's seal were provided to the appropriate officers but no such contract has yet been completed.
		Wolverhampton Road West Demonstration Project	10.03.06	0	0	0	0	-	The account provided and the system used to provide the account were seen to be in order.
		Old Church School - New Multi Sports Area	31.03.06	3	3	0	0	-	Approval for these works to be tendered does not appear to have been granted in accordance with the council's contract procedure rule 19.3. A Special List of contractors appears to have been created for these works, owing to their specialised nature. There is no evidence that a director's authority was obtained prior to the list having been created. The contractor's tender was accepted by the Group Co-ordinator – Establishment, although its value exceeded £100,000.
		WREN Improvements at Palfrey Park	16.03.06	0	0	0	0	-	The account provided and the system used to provide the account were seen to be in order.
		Three Childrens Gymnasia	22.03.06	2	2	0	0	-	Details needed to create and execute a contract under the council's seal were provided to the appropriate officers but no such contract has yet been completed. Owing to difficulties regarding preparation of a contract document, a surety was not provided to the council, despite this being documented at the pre-start meeting.
		Classroom Extension at Woodlands School	31.03.06	2	2	0	0	-	Details needed to create and execute a contract under the council's seal were provided to the council's procurement manager on 17 May 2005. The formal contract under the council's seal is yet to be completed. Although all variations were evidenced in writing, instructions for four items were only created some months after the works had achieved practical completion.

Ongoing	Draft	Final	Date of Final Report	Recommendations				Date of Last Audit	Conclusions
				Current Made	Agreed	Previous Agreed	Act'd		
		Aldridge School Lift Installation	31.03.06	5	5	0	0	-	Details needed to create and execute a contract under the council's seal were provided to the appropriate officers on 29 September 2004, but no such contract has yet been completed. This project achieved practical completion on 18 February 2005. Details of the contractor's insurance cover showed this to expire on 8 October 2004. There is no evidence of the insurance cover having been maintained throughout the period of the contract works. Although all variations were evidenced in writing, instructions for twenty items were only created some months after the works had achieved practical completion. Officers sought quotations for a nominated lift supplier, although the value of the lift exceeded £25,000.
		Leamore Pavillion - Fire Reinstatement Works	31.03.06	4	4	0	0	-	Approval for these works to be tendered does not appear to have been given in accordance with the council's contract procedure rule 19.3. The auditor has been shown no evidence of the formal acceptance of the contractor's tender. Details needed to create and execute a contract under the council's seal were provided to the appropriate officers on 7 September 2004, but no such contract has yet been completed. Although all variations were evidenced in writing, instructions for all twenty items were only created some months after the works had achieved practical completion.
		Revenue Contract - Walsall Voluntary Action	08.05.06	4	4	0	0	-	The procedures and controls relating to this contract were found to be of a good standard overall. A number of good practices are in operation. Controls are sound in respect of the assessment of grant claims and subsequent performance and budget monitoring. The control environment can be improved by ensuring that grant recipients' bank details are recorded and documentation is maintained to support additional funding paid to Walsall Voluntary Action.
		Revenue Contract - Terberg Matec	28.04.06	9	9	0	0	-	The procedures and controls relating to this contract were found to be of an adequate standard. The system in place to control the contract exhibited a number of areas of good practice. This included sound arrangements over the procurement process and robust budget monitoring. Steps should however, be taken to ensure that bids are received by the correct directorate in order to mitigate the risk that the most economic and effective bid is not overlooked or that bids are opened prior to being received by the correct recipient, which could compromise the integrity of the process. Appropriate approval also needs to be obtained prior to procuring services under E.U procedures.

Ongoing	Draft	Final	Date of Final Report	Recommendations				Date of Last Audit	Conclusions
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		Revenue Contract - Real IT	28.04.06	14	14	0	0	-	The procedures and controls relating to this contract were found to be of a poor standard overall. The extent of good practice areas noted were restricted to conduct and monitoring arrangements where notably periodic performance monitoring meetings are held with the consultants. Significant control weakness exists in the other key areas of activity. The contractual relationship with Real IT is characterised by a large number of smaller contracts with a range of suppliers sourced via Real IT. A master agreement with Real IT should therefore be put into place. The service should ensure, as a matter of urgency, that council procedures are followed at all times during the procurement stage and that it has accurate and complete records of all contracts in place under Real IT Resourcing supplier. During the contract making stage evidence should be retained to show that the executive management team has approved the awarding of the contract and that the legal section has reviewed the contract prior to the parties signing the agreement.
		Revenue Contract - BT Global	28.04.06	18	18	0	0	-	The procedures and controls relating to this contract were found to be of a poor standard. The system in place to control the contract exhibited limited areas of good practice, although officers were aware of the procurement and contract making procedures. There were a number of significant control weaknesses. Critically, there is no formal contract in place. The efficiency and effectiveness of this arrangement together with any areas where improvements may be made are therefore not subject to any periodic assessment. In addition, during the contract making stage the relevant documentation had not been forwarded to the council's legal services for review and there is no evidence that a full set of tender documentation had been sent to all bidders. The acting head of ICT stated that many of the issues highlighted within the report have arisen due to ISS officers having to spend time on the PTCF contract which was originally intended to commence in early 2005 but upon which a decision not to progress was taken in January 2006. Clearly had this contract progressed many of the findings would not have been relevant.
		Revenue Contract - Dell	04.05.06	16	16	0	0	-	The procedures and controls relating to this contract were found to be of a poor standard overall. The systems in place to manage the contract exhibited limited areas of good practice although officers stated that they were aware of the procurement and contract making procedures. There were a number of control weaknesses including a failure to determine a likely annual contract value and seeking executive director approval to intended actions. The acting head of ICT stated that many of the issues highlighted within the report have arisen due to ISS officers having to spend time on the PTCF contract which was originally intended to commence in early 2005 but upon which a decision not to progress was taken in January 2006. Clearly had this contract progressed many of the findings would not have been relevant.



Ongoing	Draft	Final	Date of Final Report	Recommendations				Date of Last Audit	Conclusions
				Current Made	Agreed	Previous Agreed	Act'd		
<u>Computer</u>		Mayrise	21.07.05	12	12	0	0	-	The procedures and controls in operation were found to be of an adequate standard. The procedures and controls in operation were found to be of an adequate standard. Two system administrators are in place, with each having extensive experience of the application. Access to system administration functionality is well controlled and ensures that only the system administrators can access key restricted functions. User access is also well defined, with permissions reflecting the job roles and requirements of individual users. The main points for concern relate to password controls, as the accounts held by the system administrators are not subject to a periodic change of password. In addition, the Mayrise facilities provide no apparent means to limit the number of unsuccessful logon attempts. The procedures over dial up access by the Vendor also provide scope for improvement, as the method used permits access to other applications and files.
		Business Continuity	10.02.06	8	7	0	0	-	The approach to ICT continuity planning applied by the business continuity planning project were found to be of an adequate standard. At the present time, the council has no disaster recovery provision. The council has no disaster recovery contracts with third parties and no internal arrangements that could enable services to be recovered in the event of a serious incident. In this respect, ICT business continuity procedures and controls are currently limited to a number of resilience controls that have been instigated and implemented by ISS. This position was known prior to the audit. A corporate business continuity project is now well underway, however, and includes ICT within its remit. The review has therefore focused upon the business continuity planning (BCP) project in terms of its approach to ICT continuity procedures and controls. The need to improve business continuity arrangements has been identified by ISS management and has been included in the recent ISS Service Plans. To this end, the ISS customer services manager is an integral member of the business continuity planning
		Virus Prevention	12.05.06	8	7	0	0	-	The council's strategy towards virus prevention has been formulated by ISS and attempts to protect the various categories of machine in use against applicable internal and external threats. The strategy has some minor weaknesses but does, on the whole, provide an adequate level of protection. The main issues identified by the audit are at the operational level. In particular, the level of control provided is undermined by the failure to update the anti-virus signature files on a significant number of machines. This, in turn, has a knock-on effect in terms of email, as reliance is currently placed upon local software to protect against email viruses that originate internally.

Ongoing	Draft	Final	Date of Final Report	Recommendations				Date of Last Audit	Conclusions
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		SX3	18.05.06	16	16	0	0	-	The procedures and controls in operation were found to be of an adequate standard. While the Northgate package is generally well controlled, a number of issues have been identified. Some of the main points for concern relate to interface reconciliations, which are critical for ensuring the complete and accurate receipt and transfer of data. Some further issues have also been raised, including the decision not to use the audit module and the impact that this has in terms of reporting changes to system parameters. Details of these issues can be seen in the main body of the report. This audit has focused upon the administration of the application, with an emphasis upon how the application is secured and how the integrity of data is maintained from an administrator perspective. It is understood that a number of issues have arisen from a user perspective, and have therefore affected the way that day to day tasks are carried out. Issues of this nature should have been addressed in the general internal audit reviews of benefits, council tax and NNDR respectively.
		Payroll	18.05.06	9	9	0	0	-	The procedures and controls in place were found to be of an adequate standard. While the Trent application is generally well controlled, a number of issues have been identified. Some of the main points for concern relate to a lack of formal procedures for validating changes to statutory parameters, as these changes are critical for payroll processing and calculations. Some further issues have also been raised, including the structure of passwords and the ability to simultaneously logon to more than one workstation.
		Bacstel IP	10.11.05	14	13	0	0	-	The procedures and controls in operation were found to be of an adequate standard. The BACSTEL-IP delivery channel is used by local taxation, payroll, debtors and creditors. Under the previous BACSTEL delivery channel, all files were transmitted from a central PC in ISS. The BACSTEL configuration and many of the surrounding procedures were therefore common to each user service. Under BACSTEL-IP, however, the submission process is fully devolved. Consequently, variations now apply across the services in terms of practices, procedures and software configurations. The use of the BACSTEL-IP service at Walsall is generally well administered and controlled. The main points for consideration relate to the use of new facilities and the provision of standby arrangements. For the former, no use is currently made of payment file signing facilities or the ability to access the BACS Payment Services web channel via a Contact ID and password. In all services but payroll, it was also noted that officers retain their smartcards both on and off site.
<b>Totals</b>				<b>2994</b>	<b>2927</b>	<b>1585</b>	<b>1179</b>		
<b>Total Percentage</b>					<b>98%</b>		<b>74%</b>		

\* 2004/2005 audits carried forward into 2005/2006  
Report selected by committee

## INTERNAL AUDIT

## QUALITY TARGETS/PERFORMANCE INDICATORS – YEAR ENDED 31 MARCH 2006

Quality Targets/PI's (e.g. Response Time)	% Target	% Achieved 2005/2006	% Achieved 2004/2005	% Achieved 2003/2004	% Achieved 2002/2003	% Achieved 2001/2002
Audits completed within planned time	95	95	95	98	90	90
Spending within budget	100	100	100	100	100	100
Productivity rate	65	74.2	70.1	70.4	66.5	67
Audit plan achievement	90	96.2	95.1	93.6	68	64
Report issued within 10 working days of exit meeting	80	92	94	90	80	91
Recommendations accepted/ implemented or agreed	95	98	98	97	97	97
Returned customer questionnaires to show satisfaction	95	100	100	98	98	99
Overall perception of quality of service from Council wide Internal Audit survey	95	-	-	-	99	-

Note

1. The service now participates in the CIPFA national benchmarking club which enables comparison specifically with all similar type authorities (unitaries metropolitan districts).

For Information

Recommendations confirmed as actually implemented at next audit visit	95	74	73	73	76	-
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This target is a directorate manager's responsibility but is included for information. Action is being taken by internal audit to improve achievement level.