

Audit Summary Report

February 2007



Audit Progress Report March 2007

Walsall Metropolitan Borough Council

Audit 2006/2007

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports to the Council

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

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Contents

Introduction	4
Appendix 1 – Summary of external audit work	5

Introduction

- 1 The report sets out the various aspects of the external audit of the audit of the Council's accounts and activities for the financial year 2006/07. These are summarised in the Appendix.

Appendix 1 – Summary of external audit work

Audit programme	Planned start date	Planned Completion date	Progress to date	Comments
1 Planning			Completed.	Agreed at Audit Committee.
2 Financial Governance	February 2006	June 2006	Work has commenced on the review of significant financial systems.	As in previous years we will work with Internal Audit and seek to place as much reliance as possible on their work. This will ensure the most effective use of audit resources.
3 Review of Internal Audit	February 2007	March 2007	We have had some initial discussions with Internal Audit.	We are expected to carry out a detailed review of IA organisation and output once every three years to satisfy ourselves that the section is performing to proper professional standards.
4 Audit of Financial statements	March 2007	March 2007	No work yet commenced.	<p>The council, along with all other local authorities will have to restate its 2005/06 accounts to comply with the revisions to the Statement of Recommended Practice. Officers are currently working on this although the work has been delayed because CIPFA has not yet produced detailed guidance.</p> <p>We will review this as soon as it becomes available so that the council has some certainty that its opening balances for 2006/07 are correctly stated.</p>

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5 Local Area Agreement	February 2007	April 2007		<p>We are carrying out a joint review of the management and operation of the LAA in its first year. This will</p> <ul style="list-style-type: none"> • assist the Chief Internal Auditor to form his opinion on the operation of the LAA; • provide us with assurance on the governance arrangements in the new area of activity; and • provide us with some assurance on controls over this area of income and expenditure.
6 Carer and User involvement	December 2006	February 2007	Work completed.	A separate report in on the agenda.
7 Performance management in Social Care	February 2007	May 2007	A audit approach has been agreed and filed work has commenced.	<p>The aim of the audit is to assess:</p> <ul style="list-style-type: none"> • the robustness of performance management information in the directorate; and • The effectiveness with which the information is used to manage service delivery.