

**Audit Committee – 25 June 2009****Internal Audit Activity for the Year Ending 31 March 2009****Summary of report**

This report presents internal audit's activity for the year ending 31 March 2009, outlining ongoing and completed work and providing performance information.

**Recommendations**

1. To note that in 2008/9 internal audit had delivered on all of its performance targets, maintaining a high level of overall performance for the year.
2. To select for detailed scrutiny, a sample of completed audit reports from the list at Appendix 4.



**James Walsh – Chief Finance Officer**

**16 June 2009**

**Resource and legal considerations**

The cost of providing internal audit is fully charged to services based on audit activity.

**Governance issues**

The audit committee's activities include ensuring that an effective internal control environment is maintained and regular and ongoing scrutiny of internal audit work undertaken. This report supports the committee in exercising that role.

The Accounts & Audit Regulations 2003, as amended by the 2006 regulations, require councils to maintain an adequate and effective system of internal audit of accounting records and system of internal control in accordance with proper practices in relation to internal control. Under s151 of the Local Government Act 1972, the council has designated the assistant director - finance as the chief finance officer, who is responsible for making arrangements for the proper administration of the council's financial affairs.

**Citizen impact**

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 and citizens regarding the security of our operations.

**Performance 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 2008/09	% Achieved 2007/08
Audits completed within planned time	95	96	95
Spending within budget	100	100	100
Productivity rate	65	74.8	69.2
Audit plan achievement	95	95	96.9
Report issued within 10 working days of exit meeting	80	96	97
Audit report actions agreed	95	99	99
Returned customer questionnaires to show satisfaction	95	100	100
Overall perception of service quality from Council wide corporate services' survey	95	-	-

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, an action plan is agreed with the relevant directorate manager who is then responsible for ensuring its implementation. A level of 79% and 78% respectively has been achieved in each of the last 2 years against an original target of 95%.

The corporate management team (CMT) meeting on the 31 July 2008 agreed that, for the future, this target would be 100% for 3\* actions and 95% for 1\* and 2\* actions.

A level of 75% was achieved at the year end as detailed within **Appendix 4**. That is, while 75% of control issues identified in previous audits were found to have been fully addressed at the next audit, 25% continued to be identified as issues requiring further management attention to resolve. There are cases where managers have fully or partly implemented agreed actions, but their actions have not been completely successful in addressing control weaknesses identified.

A 75% level of achievement of desired outcome remains slightly disappointing, given the extent of follow-up arrangements now in place to improve management's performance in this area and the positive action taken by directorate managers to implement agreed actions. The chief executive has made it very clear to his management team that he expects executive directors to take personal responsibility for delivery of the necessary outcomes. The corporate management team considered a report of outstanding agreed actions on 11 June 2009 with a view to improving performance in this area and there is a much stronger understanding about the issues arising. This will feature regularly on the corporate management team agenda to ensure a strong team ethos in pursuing the desired outcomes notwithstanding that earlier management actions have been taken.

Implementation of agreed actions is a directorate manager's responsibility, and it is important that agreed actions are promptly dealt with by accountable managers as this helps to secure and strengthen the internal control environment. In order to assist with performance improvement in this area, an audit follow up process is in place which is briefly described as follows:

- Internal audit advise all managers subject to an audit review that failure to implement agreed actions may result in their executive and assistant directors being called to the audit committee to provide explanation.
- Within a short period of completing the review, formal confirmation is sought from the manager that agreed actions contained within the audit report action plan have been implemented. This will require, without exception, formal responses to be received from a manager to confirm actions taken.
- High priority actions (3\*) will be subject to formal follow up by an audit officer to confirm implementation. Appointment to this position is being progressed.
- A schedule of audit jobs and actions agreed and those formally confirmed as implemented by managers is presented quarterly to executive directors.
- The schedule now appears on directorate management team agendas and executive directors seek formal confirmation from their managers that agreed actions have been progressed by the agreed dates, and that their managers have formally responded to audit correspondence.
- For Annual Governance Statement (AGS) purposes executive and assistant directors are required, on a quarterly basis, to sign and return their schedule to internal audit confirming that managers have taken appropriate action to implement agreed actions.

Confirmation of implemented actions is also sought by auditors at the next audit visit

### **Equality implications**

Internal audit has full regard to equalities both within the internal audit service and in the services / activity under review. The service has achieved level 3 of the Equality Standard for Local Government.

### **Consultation**

The proposed annual work plan was discussed with relevant senior directorate managers during February and March 2008. Following completion of each piece of audit work, and before issuing the final version, the manager's agreement to implement action(s) listed in the audit report action plan is obtained.

### **Background papers**

Internal audit reports/quarterly monitoring reports.

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## INTERNAL AUDIT - REPORT FOR THE YEAR ENDING 31 MARCH 2009

### Audit Plan, Performance and Resourcing

Internal audit coverage is determined using a risk assessment and high risk areas are audited as a priority. **Appendix 1** shows planned activity for 2008/9; summarised below:

2007/8		FULL YEAR WORK PLAN DETAILS	2008/9	
DAYS	%		Days	%
1,401	60	Systems/probity (incl computer, contract , council strategic)	1,633	66
951	40	Irregularity/consultancy requiring urgent attention	847	34
<b>2,352</b>	<b>100</b>	<b>TOTAL</b>	<b>2,480</b>	<b>100</b>

**Appendix 2** compares actual against planned activity for the year and is summarised below.

DESCRIPTION	Estimated days for year	Actual days for year	%
Available weekdays	3,242	3,473	
<b>Less: allowances:</b>			
Leave, bank holidays	(-) 427	(-) 333	
Administration	(-) 149	(-) 139	
Contingency/other lost time (inc sickness)	(-) 90	(-) 195	
Vacancies	-	(-) 640	
Training & development	(-) 96	(-) 45	
<b>SUB TOTAL</b>	<b>2,480</b>	<b>2,121</b>	
<b>Time allocation:</b>			
Systems/probity	1,633	1,415	66
Irregularity/consultancy	847	719	34
<b>TOTAL</b>	<b>2,480</b>	<b>2,134</b>	<b>100</b>

The appendix shows that although 2,480 net productive days were estimated to be available, actual days were 359 less, at 2,121 days. This was due to unbudgeted sickness/medical appointments (28 days), compassionate/special leave (8 days), higher contingency / admin (52 days), vacancies (640 days), industrial action (7 days) but was offset by additional work undertaken by our partners (231 days), savings on leave and bank holidays (94 days) and a reduced training requirement (51 days).

### Staffing

The service's establishment currently comprises 14 posts. The structure and team responsibilities are shown at **Appendix 3**. A principal auditor resigned wef 10 September 2008 and an audit assistant resigned wef 30 November 2008. The service also carries 2 vacant full time and 1 part time auditor positions (2.5). A temporary audit assistant was appointed wef 1 December 2008.

Adverts were placed and interviews held, where possible, for permanent principal and auditor positions. This also included the new auditor post responsible for follow up / progressing 3\* high priority agreed actions. Assistance with potential candidates was

also sought from Starting Point. The exercises were not successful. Further interviews were held during April 2009 and an auditor and assistant auditor appointed.

### **Audit Work Allocation and Charging Basis**

In January 2008 proposed work programmes and charges for 2008/9 were sent to executive directors and other senior managers. During February and March 2008 meetings took place with most of those officers to discuss and receive feedback on the proposals.

Each auditor has a personal annual work plan and is responsible for planning, monitoring and achieving their workload. All are aware of the service's quality indicators and the need to not exceed planned times without prior approval from their manager. Where actual time exceeds planned time due to issues arising in the service being audited, additional costs were charged to the relevant service.

### **Performance**

#### **Overall Level**

Based on the summary of actual time spent on assignments shown on **Appendix 2**, the productive/non-productive apportionment for 2008/2009 was as follows:

<b>2007/08</b>		<b>2008/09</b>		
<b>%</b>	<b>Description</b>	<b>Days</b>	<b>Total Days</b>	<b>%</b>
	Total available days		3,473	
	Less: vacancies		(-) 640	
100.0			2,833	100.0
	Non productive:			
14.5	Bank holidays/annual leave	333		11.8
1.2	Sickness/medical appointments	28		1.0
5.8	Administration	139		4.9
6.0	Contingency	152		5.4
-	Compassionate/special leave	8		0.3
0.8	Training – post entry	33		1.2
2.6	Training – other	12		0.4
-	Industrial Action	7		0.2
			(-) 712	
69.1	Productive days		2,121	74.8
100.0				100.0

One of the service's performance targets was to achieve 65% productive time. It was pleasing to note that this achievement level remained above target.

A key performance target was to achieve 95% of the jobs detailed within the agreed audit plan. Our target has been overachieved in recent years despite higher than estimated time being spent on fraud, irregularity and consultancy work placing pressure on the service. 2007/08 and 2008/09 were slightly different in that less time was required for irregularity / consultancy (128 days in 2008/09) and auditors responsible for this work were able to undertake the planned regularity work allocated to the vacant principal and auditor positions. An amount of work was also allocated to our external audit partner HW Controls and Assurance (349 days).

The 95% was achieved as follows:

<b>Year</b>	<b>No of Jobs</b>	<b>No Completed</b>	<b>% Completed</b>
2003/04	219	205	93.6
2004/05	165	157	95.1
2005/06	160	154	96.2
2006/07	175	168	96.0
2007/08	160	155	96.9
2008/09	161	153	95.0

### **WMLGA**

The third year of this contract continued and a small number of project reviews were completed. A recharge invoice was submitted for payment.

### **Irregularity/Consultancy Work**

This partly relates to potentially fraudulent activity reported under financial and contract 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 and initiatives, at the request of senior managers. The service has tackled a slightly lower than anticipated number of irregularity/fraud inquiries and consultancy requests during the year and although the 2008/9 plan had 847 days for irregularity / consultancy work, 719 days have been charged (128 less).

### **Probity/Systems Work**

All assignments were completed within planned timescales during the period.

### **Computer Audit**

This work was undertaken by our audit partner and the programme comprised five projects; IT strategy & governance, software licensing, network strategy & services, back up strategy & procedures and SX3 (benefits).

### **Contract Audit**

16 final accounts with a value of just over £1.14m were cleared during the period. Advice on procedural improvements was provided on these accounts, along with other advice and assistance, to senior managers on financial and contract rules and the development of safe contracting processes.

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

This overhead was continuously monitored to ensure charges were minimised. The additional time charged includes staff instruction to new auditors (34 days), time spent on auditor recruitment (29 days) and sickness / medical appointments (28 days).

### **Overall Budget Position**

The service stayed within its approved budget spend for the year. Where possible, audit officers 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, work was undertaken by our external audit partner for which resources were available.

### **Progress Reports to Services**

Directorates were charged monthly based on a share of the annual planned time for routine, regularity and system audits. Actual costs for irregularity/unplanned were charged monthly based on time actually spent on projects. **Appendix 4** shows work completed and/or near completion. Of the 1,538 suggested actions made 1,528 (99%) were agreed for implementation. Relevant managers were responsible for ensuring these were promptly implemented.

### **Performance Management**

Internal audit has for a number of years participated in the CIPFA national benchmarking club. As part of this exercise the service continued to compare itself with upper quartile authorities to set challenging targets for improvement while also improving processes and achievement. Local performance indicators (PIs) at **Appendix 5** show that the service achieved in its indicators applicable for the year.

The PI relating to agreed actions confirmed as implemented has remained just below 80% over the last 2 years. Disappointingly a level of 75% has been achieved for the current year. Arising from the committee's concerns in this area, further actions have been agreed with a view to improving performance to the recently agreed levels of 100% for 3\* actions and 95% for 1\* and 2\* actions. As stated earlier, appointment to the new auditor position to assist in following up 3\* high priority actions has not yet been possible.

For Annual Governance Statement (AGS) purposes all executive / assistant directors are required to sign off each quarterly schedule stating that they are satisfied that appropriate steps are being / have been taken by their managers to implement the agreed audit report actions.

### **Training & Development**

An auditor has commenced her CIPFA 2<sup>nd</sup> year.

### **Other Initiatives**

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 has achieved 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 2008/09

	<b>Team 1</b>	<b>Team 2</b>	<b>Comp Audit</b>	<b>CIA</b>	<b>Grand Total</b>
<b>Available days</b>	<u>1,305</u>	<u>1,566</u>	<u>110</u>	<u>261</u>	<u>3,242</u>
<b>Allowances</b>					
Annual Leave	133	156	-	30	319
Bank Holidays	45	54	-	9	108
<b>Sub Total (a)</b>	<u>178</u>	<u>210</u>	<u>-</u>	<u>39</u>	<u>427</u>
Administration	20	20	-	109	149
Contingency	53	36	-	1	90
Training – Post Entry	24	12	-	-	36
- Other	25	30	-	5	60
<b>Sub total (b)</b>	<u>122</u>	<u>98</u>	<u>-</u>	<u>115</u>	<u>335</u>
<b>PLAN DAYS AVAILABLE</b>	<b><u>1,005</u></b>	<b><u>1,258</u></b>	<b><u>110</u></b>	<b><u>107</u></b>	<b><u>2,480</u></b>
<b>Allocation :</b>					
FR6/Unplanned	384	400	-	63	847
Systems	544	439	-	14	997
Regularity	56	265	-	20	341
Computer	-	-	110	-	110
Contracts	-	120	-	-	120
Council Strategic	21	34	-	10	65
<b>TOTAL</b>	<b><u>1,005</u></b>	<b><u>1,258</u></b>	<b><u>110</u></b>	<b><u>107</u></b>	<b><u>2,480</u></b>

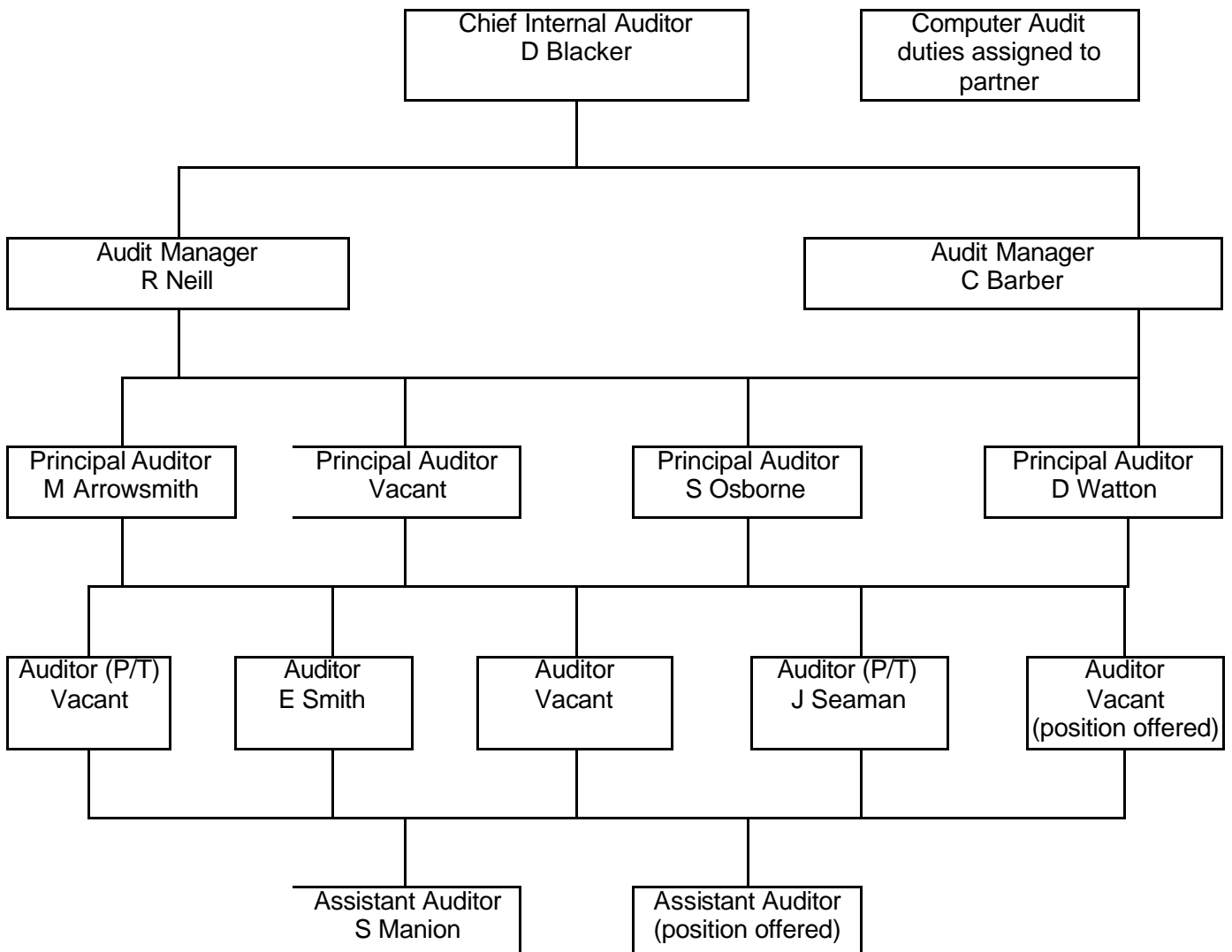
## INTERNAL AUDIT– AUDIT ACTUAL TIME – YEAR ENDING 31 MARCH 2009

## APPENDIX 2

						ORIGINAL YEAR	DIFFERENCE
	Team 1	Team 2	CIA	Cons	Total	Full Year	Col (7) - Col (6)
	(2)	(3)	(4)	(5)	(6)	(7)	(9)
<b>Available days (a)</b>	1,305	1,558	261	349	3,473	3,242	231
Less:							
Annual Leave	107	120	24	-	251	319	68
Bank Holidays	36	37	9	-	82	108	26
Elections	-	-	1	-	1	1	-
Compassionate Leave	-	4	-	-	4	-	(-) 4 loss
Industrial Action	-	7	-	-	7	-	(-) 7 loss
Special Leave	1	3	-	-	4	-	(-) 4 loss
Vacancies	274	366	-	-	640	-	(-) 640 loss
Sickness/Medical Appointments	23	5	-	-	28	-	(-) 28 loss
Administration	15	30	94	-	139	149	10
Contingency	74	77	-	-	151	89	(-) 62 loss
Training - Post Entry	33	-	-	-	33	36	3
- Other	4	7	1	-	12	60	48
<b>Sub Total (b)</b>	567	656	129	-	1,352	762	(-) 590 loss
<b>Plan days available (a) - (b)</b>	<b>738</b>	<b>902</b>	<b>132</b>	<b>349</b>	<b>2,121</b>	<b>2,480</b>	<b>359 less days available</b>
Comprising:							
Unplanned	315	320	84	-	719	847	128
Systems/Regularity/VFM	416	486	64	289	1,255	1,403	148
Computer	2	9	2	60	73	110	37
Contract	0	85	2	-	87	120	33
<b>GRAND TOTAL</b>	<b>733</b>	<b>900</b>	<b>152</b>	<b>349</b>	<b>2,134</b>	<b>2,480</b>	<b>346 less days available</b>

**INTERNAL AUDIT**

**1) Establishment and 2) Team Responsibilities - 31 March 2009**



**2) Committee/Service Area Responsibilities**

**Team 1:**

- Finance
- Revenues & Benefits
- Performance
- Legal Services (inc democratic)
- Strategic Transformation
- Specialist Services
- Communications
- Adult Services
- Housing Services
- ICT
- Walsall Partnership

**Team 2:**

- Planning & Building Control
- Delivery & Development
- Strategic Regeneration
- Property Services
- New Deal
- Built Environment
- Safer Walsall Borough Partnership
- Neighbourhood Partnership & Programmes
- Leisure Culture & Lifelong Learning
- Education Client/Schools
- Universal Services
- Procurement
- Contract
- Computer

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current Made	Agreed	Agreed	Act'd	Not Due		
<u>Adult Services</u>		Allens Centre Learning Disabilities Team *	27.06.08	30	30	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within Allens Centre Disabilities Team. A number of good practices were noted during the audit, including those in relation to general procedures and performance management. Some areas for improvement have been identified, including qualification for service provision, procurement, security, and inventory.
		Broadway North Learning Disabilities Team *	11.08.08	28	28	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within Broadway North Learning Disabilities Team. A number of good practices were noted during the audit, including: contributions / board & lodge payments from clients, procurement and budget monitoring. Some areas for improvement have been identified, including processes regarding qualification for service provision, clients' property & savings, staff records, security, inventory and petty cash. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.
<u>Built Environment</u>	Traffic Management	Coroner *	24.07.08	20	20	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operated by the Council in relation to the Coroner's service. Some good practices were noted during the audit, including; the Head of Public Protection's lead in the drafting of the Black Country District Service Level Agreement for Coroner's Services to introduce greater transparency into the levels of support provided by the engaged local authorities; the existence of a service agreement for the Walsall Hospitals NHS Trust provision of mortuary facilities to Walsall Council; accurate and up to date budgetary reports and the timely completion of the annual CIPFA year end return. A number of areas for improvement have been identified, including; the need to review for completeness and accuracy the Black Country District Service Level Agreement for Coroner's Services with a view to finalisation and agreement by all relevant parties; procedure notes are required detailing officers' responsibilities in respect of the administration of the Coroner's Service; and there is a need to tighten controls regarding expenditure process

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
		Sponsorship	30.04.09	10	10	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operated to control sponsorship activities. Some areas of good practices were noted during the audit; corporate management team and departmental managers are aware of the need for a corporate policy and have a development plan to cover this, consultants have been appointed to identify the potential for sponsorship of specific Walsall Council events, all sponsorship arranged through Leisure, Culture & Lifelong Learning is approved by the Assistant Director, Leisure, Culture & Lifelong Learning has written agreements for both cash based sponsorship deals and also for arrangements under which sponsorship is provided in kind. A number of areas for improvement have been identified, specifically: there is currently no corporate policy on sponsorship, there is no corporate arrangement to govern the authority under which officers seek sponsorship, written agreement is not required for each sponsorship arrangement, and there is no corporate arrangement under which scrutiny panels examine sponsorship arrangements
		Business Continuity Process (Emergency Planning)	19.05.09	2	2	15	15	-	2004/05	Internal audit is able to give full assurance opinion on the system of internal control operating within the business continuity processes. Several good practices were noted during the audit including compliance with the civil contingencies act 2004 and established business continuity plans for the majority of relevant council services. A council wide emergency plan risk assessment has been undertaken and incorporated into the corporate risk register. Business continuity projects are monitored and progress reported to the Corporate Management Team (CMT). The 15 agreed actions which remain applicable from the last audit were confirmed as implemented by the emergency planning manager on 16 July 2007. All had been fully implemented at the time of this audit.
		PFI Streetlighting	02.06.09	3	3	8	8	-	2005/06	Internal audit is able to give a full assurance opinion on the system of internal control operating within Streetlighting PFI. A number of good practices were noted during the audit, including the monitoring report checking and dispute resolution procedures. An area for improvement is to ensure that officers certifying payments to the contractor are properly authorised to do so. The agreed actions which remain applicable from the last audit were confirmed as implemented by the PFI Project Director on 20 July 2006. All had been, or were in the process of being, implemented at the time of this audit.
		Asset / Office / Facility Management	19.05.09	10	10	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within asset / office / facilities management. A number of good practices were noted during the audit, including the issue of a log book to all building managers, a planned maintenance programme having been prepared & monitored and the regular monitoring of each building's energy costs. Areas requiring action include the procurement of an asset management system and issues regarding potentially inaccurate building insurance. As this has been the first audit review of asset / office / facilities management there were no previously agreed actions to follow up.

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
		Bereavement Services	3.06.09	16	16	21	21	-	2003/04	Internal audit is able to give a significant assurance opinion on the system of internal controls operating within bereavement services. Some good practices were noted during the audit, including service planning, key performance indicators are reported quarterly, financial and statistical CIPFA benchmarking is undertaken; scales of fees and charges for funeral expenses are detailed on the council's internet together with the council's advice concerning death and bereavement; and an emergency continuity plan is in place. Some areas for improvement were, however, noted including introducing a procedure to ensure that any comments received from returned customer questionnaires have been acted upon and resolved; that risk assessment arrangements are widened to include the suggested risks as identified in the guide for burial ground managers and that budgetary control arrangements are strengthened. The 21 agreed actions which remain applicable from the last audit entitled Streetly Crematorium, were confirmed as implemented by the Bereavement Services Manager on 4 August 2004. All were found to be fully implemented at the time of this audit.
<b>Schools</b>		Alumwell Infants	06.03.09	6	6	-	-	-	-	Compliant with FMSiS.
		Barcroft JMI	24.04.09	10	10	-	-	-	-	Compliant with FMSiS.
		Beacon JMI	06.03.09	12	12	-	-	-	-	Compliant with FMSiS.
		Bloxwich JMI	26.03.09	22	22	-	-	-	-	Compliant with FMSiS.
		Butts JMI	24.02.09	10	10	-	-	-	-	Compliant with FMSiS.
		Caldmore JMI	28.04.09	22	22	-	-	-	-	Compliant with FMSiS.
		Elmore Green JMI	29.04.09	15	15	-	-	-	-	Compliant with FMSiS.
		Fibbersley JMI	30.03.09	8	8	-	-	-	-	Compliant with FMSiS.
		Green Rock JMI	30.03.09	15	15	-	-	-	-	Compliant with FMSiS.
		Greenfield JMI	22.01.09	13	13	-	-	-	-	Compliant with FMSiS.
		Holy Trinity Infants	11.03.09	16	16	-	-	-	-	Compliant with FMSiS.
		King Charles JMI	27.03.09	21	21	-	-	-	-	Compliant with FMSiS.
		Kings Hill JMI	25.03.09	16	16	-	-	-	-	Compliant with FMSiS.
		Leamore JMI	06.03.09	7	7	-	-	-	-	Compliant with FMSiS.
		Lodge Farm JMI	29.04.09	16	16	-	-	-	-	Compliant with FMSiS.
		Manor JMI	24.02.09	8	8	-	-	-	-	Compliant with FMSiS.
		Meadow View JMI	27.01.09	18	18	-	-	-	-	Compliant with FMSiS.
		Millfield JMI	28.04.09	15	15	-	-	-	-	Compliant with FMSiS.
		Moorcroft Wood JMI	17.03.09	7	7	-	-	-	-	Compliant with FMSiS.
		Mossley JMI	24.02.09	13	13	-	-	-	-	Compliant with FMSiS.
		New Invention Infants	10.03.09	8	8	-	-	-	-	Compliant with FMSiS.
		North Walsall JMI	17.11.08	17	17	-	-	-	-	Compliant with FMSiS.
		Park Hall Infants	06.03.09	7	7	-	-	-	-	Compliant with FMSiS.
		Radleys JMI	06.03.09	13	13	-	-	-	-	Compliant with FMSiS.
		Rough Hay JMI	16.03.09	21	21	-	-	-	-	Not Compliant with FMSiS.

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
		Salisbury JMI	28.04.09	13	13	-	-	-	-	Compliant with FMSiS.
		St Giles JMI	16.03.09	8	8	-	-	-	-	Compliant with FMSiS.
		St James JMI	28.04.09	16	16	-	-	-	-	Compliant with FMSiS.
		St Marys the Mount JMI	29.04.09	15	15	-	-	-	-	Compliant with FMSiS.
		St Patricks JMI	10.03.09	12	12	-	-	-	-	Compliant with FMSiS.
		Walsall Wood JMI	28.04.09	14	14	-	-	-	-	Compliant with FMSiS.
		Whitehall Junior	29.04.09	20	20	-	-	-	-	Compliant with FMSiS.
<u>Corporate Services</u>		Equalities Review	11.06.09	14	14	17	16	-	2003/04	Internal audit is able to give a significant assurance opinion on the system of internal control operating within equalities. A number of good practices were noted during the audit, including the establishment of a corporate equality group (CEG), which meets monthly, chaired by the chief executive and attended by senior management. In addition to this there is also the directorate equality board (DEB) that is attended by nominated equality champions from each directorate. The council has recently been inspected by ID&EA and has achieved level 3 of the equality standard for local government. There are, however, areas where weaknesses were identified, for example, several key policies are out of date and require review and refresh, notably: the equality & diversity strategy and the disability discrimination policy. This also applies to the terms of reference of both the CEG and DEB. There is a failure to prioritise attendance at CEG and DEB meetings by officers and more importantly, the Human Rights Act (1998), which came into force in 2000, has not yet been formally considered by the ec

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Finance		Treasury Management	03.02.09	4	4	3	3	-	2007/08	Internal audit is able to give a significant assurance opinion on the system of internal control operating within treasury management. A number of good practices were noted during the audit, for example, the treasury management policy statement's compliance with the CIPFA code of treasury management; and the production of the annual treasury management and investment strategy including prudential indicators. Cash flow forecasts are performed on a daily and monthly basis; investments are made with institutions which the authority has defined as appropriate and are made within specified limits; and interest payment calculations are performed and agreed to details provided by the lenders and borrowers. Some areas for improvement have been identified; including ensuring that a treasury management action request form is completed for all treasury management decisions, including when decisions change; and that quarterly meetings of the treasury management panel are minuted. Logotech, a new system for treasury management is to be introduced in April 2009. It should be assured that the system affords robust c
		Council Tax / NNDR	28.05.09	15	15	9	7	1	2007/08	Internal audit is able to give a significant assurance opinion on the system of internal control operating within council tax and national non-domestic rates. A number of good practices were noted during the audit, including those in relation to; billing, recovery and enforcement, setting of the council tax, control of the NNDR tax parameters and NNDR pool, reconciliation procedures, systems security, segregation of duties and management information. This year, the council has also commenced a contract with Equita for delivery of void inspections. Some areas for improvement have been identified including ensuring procedure notes are complete and fully available to staff via the ACS system; that the council's constitution is amended to reference responsibility for certain delegations to the correct officer title; and that amendments to property valuations are promptly and accurately processed. Documentation should also be available to support all discounts, reliefs and exemptions; void inspections refunds and write offs and void inspections. Of the 9 agreed actions which remain applicable from th



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		Housing & Council Tax Benefits	8.04.09	9	9	17	15	-	2007/08	Internal audit is able to give a significant assurance opinion on the system of internal control operating within housing and council tax benefits. A number of good practices were noted during the audit, including, procedures being updated regularly to reflect changes in legislation; being stored, maintained and available to staff via 'ACS', an external web site which benefits subscribe to and which replaces the NT88 server; quality checks are conducted, in line with Department for Works and Pensions (DWP) requirements, on a monthly basis; and performance management arrangements underpinning these requirements are operating effectively. Some areas for improvement have, however, been identified including, ensuring that all claims and changes in circumstances are processed accurately and promptly and in accordance with DWP targets. This is particularly important in light of the current economic downturn which is likely to put increased pressure on the section, while at the same time ensuring that targets continue to be met. Maintaining segregation of duties and ensuring that prescribed delegations exist for benef
		Income Management System	27.01.09	4	4	1	1	-	2007/08	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the income management processing system. Walkthrough testing has confirmed that the flow of income to output systems, via the IMP system is both accurate and appropriate. For example, a business rates (NNDR) payment made at the banking hall (spectrum tills) was shown to accurately pass through IMP in a timely manner which then correctly distributed the payment to the business rate module (SX3BR) output. It was, however, noted that user rights to access IMP reports were not regularly reviewed or updated and sensitive data was being distributed via floppy disk. In addition, the control surrounding the monitoring of council house rental overpayments was found to be inadequate. The agreed action which remained applicable from the last audit was confirmed as implemented by the applications support and development officer on 22 September 2008. At the time of the audit, the agreed action was found to be fully implemented.

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		Insurance	8.04.09	7	7	9	9	-	2003/04	Internal audit is able to give a significant assurance opinion on the system of internal control operating within insurance. A number of good practices were noted during the audit, including; the council's engagement of an insurance broker to provide consultancy on insurance matters, the council's insurance policies are renewed annually and directorates are recharged for their contribution to insurance costs, the insurance team provide advice on insurance and risk management to the directorates, there are robust processes in place for handling claims, including detailed written procedures for all aspects of claim handling and claims are processed in accordance with civil procedure rules. Some areas for improvement have been identified which will assist the risk and insurance section in enhancing the control environment present, including; ensuring that financial and contract rules contain guidance for the council's arrangements and responsibilities in respect of insurance; ensuring that a register of officers within the council with responsibilities for insurance within their discrete service areas exists; and
		Nominal Ledger & Central Accounting	08.04.09	5	3	2	2	-	2007/08	Internal audit is able to give a significant assurance opinion on the internal control operating within nominal ledger and central accounting. A number of good practices were noted during the audit, in particular, procedure notes are readily available to all staff through the intranet as well as in hardcopy format; access to the ledger is adequately controlled; the coding structure is robust and a clear audit trail is in place to support all code changes; there is clear segregation of duties between officers generating and approving journals; and there is adequate control regarding feeder systems. Some minor areas for improvement have been identified, including ensuring that procedure notes are reviewed per agreed timescales; that the use of the generic 'sysadmin' user privileges are reviewed and that procedures for the year end clearance of holding accounts are produced. The prompt implementation of the agreed actions contained within this report should assist in improving the control environment present. The 2 agreed actions which remain applicable from the last audit were confirmed as implemented by the corporate finance m

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		Bank Account Reconciliations	27.02.09	7	7	7	6	-	2007/08	Internal audit is able to give a significant assurance opinion on the system of internal control operating for bank account reconciliations. A number of good practices were noted during the audit, including those in relation to the detailed explanation notes of the housing benefit account reconciliation and the monitoring and update of the bank mandate forms. Some areas for improvement have, however, been noted, including controls surrounding the production / review of procedure notes; in ensuring that both the officers responsible for preparing and reviewing reconciliations are clearly evident; and that out of date un-presented cheques are written back on a timely basis on the housing benefit account. The 2 agreed actions which remain applicable from the last audit of bank account reconciliations were confirmed as implemented by the accountant on 12 May 2008. Both of the agreed actions were found to be fully implemented at the time of this audit. The 5 agreed actions which remain applicable from the last audit of the housing benefit account reconciliation were confirmed as implemented by the business.
<u>Strategic Regeneration</u>		Strategic Transportation	09.06.09	13	13	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating in respect of strategic transportation. A number of good practices were noted during the audit, including: the performance of transport modelling to support the development of transport plans; liaison with external agencies on national issues; and the development of a formal governance structure in line with PRINCE2 methodology. Some areas for improvement have been identified, notably; the development of schemes that are not directly linked with the overarching Local Transport Plan (LTP); the development of roles and responsibilities for the project team members to enable all officers to be fully aware of expectations; and arranging for the management team to meet on a frequent basis and assess progress against plan using SMART targets. As this has been the first audit review of strategic transportation, there were no previously agreed actions to follow up.
		Markets	09.06.09	5	5	19	19	-	2005/06	Internal audit is able to give a significant assurance opinion on the system of internal control operating within markets. Some good practices were noted during the audit, including trader liaison and management of service contracts. Areas for improvement have been identified and include development of an overall pricing strategy, authorisation to vary charges and the receipting and checking of income. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. All 19 agreed actions which remain applicable from the last audit were confirmed as implemented by the town centre manager in December 2006 and were found to have been actioned at the time of this audit.

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<u>Strategic Transformation</u>		Accounts Payable (Creditors) *	15.07.08	18	18	38	27	3	2006/07	Internal audit is able to give a significant assurance opinion on the system of internal control operating within accounts payable. A number of good practices were noted during the audit, including those in relation to system security, receipt of goods, urgent payments, Bacs controls, cheque procedures, reconciliation to the general ledger, the allocation of financial codes, document disposal and data protection. Some areas for improvement were also identified, including processing of credit notes, ensuring requisitions and corresponding orders are raised prior to the receipt of goods/works/services, ensuring invoices are promptly paid, putting in place amended procedure notes to reflect the creation of the consolidated creditors team and ensuring the production and review of appropriate exception reports. The prompt implementation of recommendations contained within this audit report will further assist in enhancing procedures undertaken. There have been significant operational changes since the last audit due to the transformation of the accounts payable function and creation of the 'Cons

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		Accounts Receivable (Debtors)	09.06.09	21	21	19	6	2	2007/08	Internal audit is able to give a significant assurance opinion on the system of internal control operating within accounts receivable. A number of good practices were noted during the audit, including, up to date procedures and manuals available via the intranet, outstanding debt reports are produced monthly and posted to Outlook; the council is on target to exceed its beacon index debt collection target of 85% for the year; reminder and final notice letters were found to be sent out in accordance with agreed procedures and a review of current debt recovery processes has been undertaken and from May 2009 "management by exception" is due to be implemented to improve collection rates further. Some areas for improvement have, however, been noted, including ensuring that accounts are raised as soon as practicably possible from when the services/goods/works were provided; that all invoices raised on Oracle accounts receivable are fully supported by an authorised current official invoice request; ensuring Oracle functionality is reviewed to prevent amendments being made to invoices once they have been raised; the

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		Health & Safety	01.06.09	17	17	10	6	0	2004/05	Internal audit is able to give a significant assurance opinion on the system of internal control operating within health and safety. A number of good practices were noted during the audit, including the existence of an up to date health and safety policy, the introduction of an engagement strategy and a set of safety management standards, included on the intranet, providing comprehensive guidance on aspects of health and safety. Some areas for improvement were, however, noted, including the need to produce an operational manual detailing day to day procedures within the SHAW team; to target health and safety training to high risk areas or areas where skills gaps have been identified; and to compile a set of operational performance indicators which would measure the SHAW team's performance. The need to introduce a systematic approach for identifying and acting upon new and emerging / changes in health and safety legislation; and a confidential reporting facility were also identified. It was further noted that health and safety workplace inspections have not been undertaken in the 2008/09 year.
		Personnel Services *	09.07.08	11	11	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within Personnel Services. A number of good practices were noted during the audit, including; the existence of a robust and comprehensive personnel guidance manual, a formal risk assessment undertaken of the HRD transformation process; staff consultation conducted on the revised HRD organisational structure; a formal review process for HRD policies and feedback arrangements and also the inclusion of trade unions at the outset when developing HRD policies. The review has also highlighted some areas for improvement including, the need to establish and have in place a formal business/continuity plan; the need to document the day to day office duties of Personnel Officers in procedure notes and formalise a file structure; and ensure that adequate supporting evidence is available to justify all requisite steps, in the development of personnel policy / guidance.

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		Training & Development	21.5.09	20	20	3	3	-	2005/06	Internal audit is able to give a significant assurance opinion on the system of internal control operating within training and development. Some good practices were noted during the audit, including, the new learning and development programme which is available for staff to access via the intranet; training needs are identified via a number of channels including IPM feedback and workforce planning; and a list of approved trainers has been established. A number of areas for improvement have, however, been identified, including; ensuring procedures in respect of training and development are fully documented; ensuring corporate training and development strategies and policies are subject to regular review and refresh; that processes in place to identify and collate the training needs of staff are documented; and that a corporate approach to training and development, including procurement activities in respect of external training provision and provision of training and development performance statistics is embedded. In order to establish the full cost of training provision, consideration should also be given to establishing a charging policy for delega

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		Accounts Payable (Creditors)	11.06.09	38	38	18	10	-	2007/08	<p>Internal audit is able to give a significant assurance opinion on the system of internal control operating within Accounts Payable. A number of good practices were noted during the audit, including those in relation to; system security, urgent payments, document disposal, exception reports and data protection. Some areas for improvement have been identified, including; update of procedure notes, improved segregation of duties, ensuring that certification stamp pre-payment checks are fully complete, and a review of the current process for amendments to standing data. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. Of the 18 agreed actions in the last audit of accounts payable, 2 related to finance, 3 related to procurement and 13 related to business support.</p> <ul style="list-style-type: none"> <li>- In relation to the 2 agreed actions applicable to finance, the corporate finance and treasury manager confirmed on 13 October 2008, that all actions had been fully implemented. At the time of this audit, all actions relating to finance were found to have been fully implemented.</li> <li>- In relation to the 3 actions applicable to procurement, the i-procurement system was found to be fully implemented.</li> <li>- In relation to the 13 agreed actions applicable to business support, the financial management system was found to be fully implemented.</li> </ul>



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		Strategic Transformation	11.06.09	9	9	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the council for the work of the Strategic Transformation Team. Good practice was noted in the following areas: staff vision and attitudes to business improvement are developing through the people and change programme; knowledge transfer about business improvement ethos and techniques is developing via secondments and appointments to the STT; the STT feels it is becoming an effective resource in developing the organisation's approach to business development; staff development and their awareness and understanding of business improvement techniques with NVQ accredited training; effective internal relationships have been developed between the team and service areas. The team is developing a track record of supporting service areas to deliver efficiencies and savings, e.g. catering services, revenues and benefits; and clarity about priorities is emerging with good governance structures in place with executive directors heading projects. The areas for development identified in this audit, and described in detail below, are associated with orga
<u>Performance</u>	Scrutiny	Constitution and Review of Delegations	03.06.09	7	7	-	-	-	-	Internal audit is able to give a limited assurance opinion on the recording of actions taken by officers under delegated authority. Some good practices were noted during the audit, including: four of the council's five directorates maintain some form of register of decisions taken, one directorate produced a register in the form prescribed in Appendix 1, and three others produced a similar format, during the last fifteen months, all directorates have produced at least one report to corporate management team where officers set aside the council's financial and contract rules in order to deal with an urgent situation. A number of areas for improvement have been identified, specifically: all directorates need to maintain a register of decisions taken by officers under delegated authority, there is no uniform treatment of officers' decisions resulting in each directorate provides a different format, there is no evidence of reports being made to portfolio holders or to Scrutiny and Performance Panels, directorates have not informed the committee services manager of the identity of the officer responsible for maintaining the register.

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<b><u>Planning &amp; Building Control</u></b>		Planning	13.05.09	14	14	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within planning. A number of good practices were noted during the audit, including; an internal Service Level Agreement is being implemented, a Black Country Core Strategy in partnership with the community and other organisations is being undertaken, pre-application advice and other related information is comprehensively detailed and easily accessible on the council's website, a pre-application check function is available for the submission of on-line planning applications, all applications are subject to site inspection, complaints of planning breaches are promptly investigated, there are strong development control links with external organisations, quarterly planning application quality checks are undertaken and a high standard of health and safety training and awareness is in place. Some areas for improvement have been identified, including; the production of procedure notes on the core planning function, routine monitoring of applications, file security and cross service working. This has been the first P
<b><u>Delivery &amp; Development</u></b>	Strategic Regeneration	LA Business Growth Initiative	09.06.09	3	3	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the LABGI. A number of good practices were noted during the audit, which included Cabinet approval obtained on the 2006/07 and 2007/08 LABGI investment plan; the Regeneration finance team reporting LABGI spend on a monthly basis to management and the strategic regeneration team having an effective LABGI reporting and monitoring tool in place which allows the team to easily identify what spend has taken place to date. There are, however, areas where weaknesses were identified, including the LABGI performance management framework, as agreed at the June 2006 Cabinet meeting, has not been developed nor implemented. Thus, no monitoring reports have been presented to Cabinet for approval. Furthermore, monitoring at a local level varies in quality across service areas. As this has been the first audit review of LABGI there were no previously agreed audit report actions to follow up.
<b><u>Walsall Partnership</u></b>	Environmental Management	LAA	25.06.06	-	-	-	-	-	2007/08	LAA Statement of Use Opinion - the chief internal auditor can give a reasonable assurance that the expenditure examined fairly presents eligible expenditure in accordance with the definitions and conditions in the LAA grant determination.

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<b>Neighbourhood Partnerships &amp; Programmes</b>		Local Neighbourhood Partnerships	11.06.09	33	33	19	13	-	2005/06	Internal audit is able to give a limited assurance opinion on the system of internal controls operating within Local Neighbourhood Partnerships (LNPs). Good practices noted during the audit included establishment of LNP aims & objectives, election and appointment of new members and use of a variety of methods to publicise and promote LNP work. Some areas for improvement have been identified including those in relation to budget monitoring, performance management and member induction training. The majority of agreed actions had been implemented by the time the final audit report was issued. The 19 agreed actions which remain applicable from the last audit were all confirmed as implemented by the head of neighbourhood partnerships & programmes in November 2006. Of these, 13 had been fully implemented at the time of this audit. The 6 unimplemented, or partially implemented, actions have been reiterated in this report, marked (*) in the action plan.
<b>Safer Walsall Borough Partnership</b>		Safer Communities - CDRP	20.05.09	32	32	7	4	0	2005/06	Internal audit is able to give a significant assurance opinion on the system of internal control operating within safer communities. Some good practices were noted during the audit, including aspects relating to performance management, budget monitoring, physical security, staff records and controls regarding expenditure. A number of areas for improvement have, however, been identified, including ensuring that all administrative processes are documented in a comprehensive set of procedure notes; ensuring that grant agreements in respect of grants allocated by SWBP are complete, accurate and evidenced as approved and that controls regarding the monitoring of the effectiveness of schemes and the maintenance of equipment inventories are more robust. The 7 agreed actions from the last audit were confirmed as implemented on 7 September 2006 by the partnership services manager. Of these, 4 had been fully implemented at the time of this audit. The 3 unimplemented actions have been reiterated in this report, marked (*) in the action plan.

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<b>Leisure Culture &amp; Lifelong Learning</b>										
		College of Continuing Education	10.10.08	12	12	10	8	-	2001/02	Internal audit is able to give full assurance opinion on the system of internal control operating within the College of Continuing Education. A number of good practices were noted during the audit, including; service planning processes and good systems to identify poorly performing courses and initiate improvement plans; having a robust corporate performance management framework in place whereby areas such as performance, IPMs and communication are of a high standard, staff awareness of College processes and procedures; grant income being maximised by ensuring required performance targets are met and the College seeking to continually develop its educational provision by ensuring that service promotion is optimised. Some areas for improvement have been identified, including enhanced reporting to governors and the need for senior council officers to review delegations having regard to the merger with Walsall Community College. Of the 10 agreed actions which remain applicable from the last audit report issued in October 2001, 8 had been fully implemented at the time of this audit. The 2 unimplemented, or partially implemented, actions have been
		Sports & Leisure Development	20.01.09	21	21	-	-	-	2001/02	Internal audit is able to give a significant assurance opinion on the system of internal control operating within Sports and Leisure Development. A number of good practices were noted during the audit, including; a good standard of promotional materials having been developed and available for distribution, active budgetary monitoring, the setup of a community action group being in place to help improve and develop the service, a statement of local health and safety intent, registration under the UK Quality Scheme for Sport and a recent Quest assessment having given the service a highly commended rating. Some areas for improvement have been identified, including changes to the current income collection arrangements, and the review and update of procedure notes, documents, policies and plans. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. An audit review of sports and leisure development cash income was undertaken in October 2001. Findings from this review were taken into account during this audit although, due to systems changes, r

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		Parks, Play Areas & Green Spaces (inc green strategy)	07.05.09	6	6	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within Parks and Open Spaces. A number of good practices were noted during the audit, including; the launch of a GREENstat online survey available for completion on the council's website by members of the public, the completion of monthly service manager IPM's, a restructure of the service to improve reporting lines and flexibility and a large project being undertaken in producing management and maintenance plans for each of the 25 premium parks. In addition an in-house training programme has been devised to ensure required operational standards are known and discussed and the green space strategy has been embedded into service and team plans which are monitored on an ongoing basis and formally on a quarterly basis. Some areas for improvement have been identified, including; clearer signposting of strategy actions that may be delayed due to lack of funding, development of networking with other local authorities and regular update of the project register to ensure information is current and up to date.
		Catering Establishment	29.5.09	58	56	25	20	-	2003/04	Internal audit is able to give an overall limited assurance opinion on the system of internal control operating within the catering establishment. Some good practices were noted during the audit, including; the implementation of a new procurement process, the completion of health and safety action plans and a rolling training programme for all kitchen staff for manual handling and heavy equipment. A number of areas for improvement have, however, been identified, including; the tightening of controls regarding stocks; procurement; the receipt, banking and monitoring of income; and petty cash. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. The 11 agreed actions which remain applicable from the catering income audit undertaken during 2003/04 were confirmed as implemented by the service manager on 18 February 2004. Of these, 9 had been fully implemented at the time of this audit. The 2 unimplemented actions have been reiterated in this report, marked (*) in the action plan. The 14 agreed actions which remain applicable from the catering

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<u>Education Client</u>		Forest Arts Centre	09.06.09	16	16	6	6	0	2005/06	Internal audit is able to give a full assurance opinion on the system of internal control operating within Forest Arts Centre. A number of good practices were noted during the audit, including; the implementation of a handbook detailing day to day arrangements; a good standard of promotional material and consultation procedures; sustaining an annual sponsorship with the Co-operative Society; the formulation of a financial strategy; positive customer feedback; strong links between consultation and service development; good control of instrument repairs, and formulation of a staff training programme. Some areas for improvement have been identified, including; formulation of pricing delegations, update of the equality impact assessment, recording of discretionary rates granted and recording of service level risks. The 6 agreed actions which remain applicable from the last audit review were confirmed as implemented by the arts development co-ordinator on 28 February 2007. All 6 had been fully implemented at the time of this audit.
		Education Partnership	09.06.09	8	8	2	0	0	2005/06	Internal audit is able to give a significant assurance opinion on the system of internal control operating within education partnership. A number of good practices were noted during the review, including the regularity of communication between Serco and the council; management of contract variations and the evolution of a governance and reporting structure. There are some areas within the education partnership process where good practices could be enhanced and expanded. Examples include: contract management succession planning; reference to the partnership toolkit and development of Serco partnership grant procedures. One of the 2 agreed actions which remain applicable from the last audit was confirmed as implemented by the head of finance - CIPS on 9 January 2008. Neither of these agreed actions had been fully implemented at the time of this audit. The 2 unimplemented actions have been reiterated in this report, marked (*) in the action plan.
<u>Specialist Services</u>	Childrens Fund	Children & Young Peoples Plan	20.05.09	6	6	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating in relation to the Children and Young People's Plan. Some good practices were noted during the review, including the way in which the Children and Young People's Plan (CYPP) integrates issues from the Joint Area Review (JAR). There are areas within the development and the review of the CYPP where practices could be enhanced and expanded. This include; timetabling the CYPP process, a documented risk assessment for the development of the CYPP and formal procedures for CYPP review and development. As this has been the first audit review of CYPP there were no previously agreed actions to follow up.

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<u>Housing Services</u>	Regional Housing Pot	Parents in Partnership	09.06.09	49	48	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the Walsall Parent Partnership Service. Some good practices were noted during the audit, including; team action planning, embedded use of IPM, creation of local procedure notes, varied promotion methods and a framework for joint working with Education Walsall. A number of areas for improvement have been identified, including development of service performance indicators; benchmarking and use of PP data base information; implementation of annual reporting to meet national professional standards; review of critical and non-critical activities in light of high service demand; consideration of key operational risks as part of the corporate risk management framework; further action planning on equalities and health & safety issues and improvements in budget monitoring procedures. As this has been the first audit review of Walsall Parent Partnership Service there were no previously agreed actions to follow up.
		Fibbersley Children's Centre	1.06.09	24	24	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within Fibbersley Children's Centre. A number of good practices were noted during the audit, including; a children's sub-committee has been established; office procedures have been documented; income and budgetary control records are of a good standard and the centre has a business plan in place. Some areas for improvement have been identified, including the need for governors to approve policies at the centre; the head teacher to be included in interviews and the reconciliation of the bank account. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. As this has been the first audit review of Fibbersley Park Children's Centre there were no previously agreed actions to follow up.
		Lighthouse Children's Centre	3.06.09	24	24	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within Lighthouse Children's Centre. Although the summary of findings at section C shows that many individual areas of activity provided full or significant assurance, the large volume of findings and associated risks within governance, policies and procedures, income, banking and budget management and monitoring controls have resulted in an overall limited assurance opinion. Some good practices were noted during the audit, including; maintenance of the inventory and petty cash imprest and performance monitoring. A number of areas for improvement have been identified, including the establishment of a children's sub-committee; the need for financial policies specific to the children's centre to be established; cross referencing of income received to income banked and reconciliation of the co-operative bank account. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. As this has been the first audit review of Lighthouse Children's C

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<u>Communications</u>		Communications & Marketing	08.06.09	14	14	17	16	0	2003/04	Internal audit is able to give a significant assurance opinion on the system of internal control operating within communications and marketing. A number of good practices were noted during the audit, including: stakeholder feedback into marketing and communication activities; the newsflash system to monitor and record press enquiries and releases; good working relationships between the corporate communications unit and the local media; and the internet and intranet are effectively utilised. Some areas for improvement have been identified, including ensuring that the draft corporate communications strategy is finalised; that the visual identity policy is reviewed and refreshed; ensuring that a systematic approach is developed for the monitoring of council publications for compliance with the corporate identity and in a wider sense to ensure that they generally withstand public scrutiny; and that controls regarding newsflash are tightened. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. A memo was sent to the former head of
<u>Procurement</u>	Commissioning	Strategic Procurement	19.05.09	20	20	13	5	-	2004/05	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the strategic procurement system. A number of good practices were noted during the review, including a procurement strategy that provides clear objectives for the procurement process and incorporates key elements of the national procurement strategy. The existence, adherence and development of this strategy is pivotal to the future efficiencies relating to procurement activities. Some areas for improvement were identified, including further evidence being required to document that key procurement controls are being applied particularly those relating to monitoring of contract performance, contract risk assessment and adherence to the procurement plan. There is also a need to have written procedures in place to govern the work of the procurement team. Of the 13 agreed actions which remain applicable from the last audit in 2004/2005, One was confirmed as implemented and 12 were yet to be confirmed as implemented by the head of procurement prior to commencement of this audit. Of these, 5 had be



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<b>Council Strategic</b>		FOIA and DPA	20.05.09	24	24	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within Freedom of Information and Data Protection. A number of good practices were noted during the audit, including; the Council has policies and procedures for freedom of information (FOI) and data protection (DP), the Council's website provides a clear and comprehensive guide to the public on FOI and DP, the use of an automated tool to log, capture, store and monitor FOI and DP requests, and general operational compliance with the Acts by the FOI and DP team. A number of areas for improvement have also been identified, including the development of records management and Data Subject Notices procedures, improving awareness of data protection throughout the Council, periodic collation and reporting of FOI statistics and ensuring consistency of changes to data held on more than one system. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. As this has been the first audit review of Freedom of Information and Data Protection.
<b>All</b> Project Management	Inventories / Stocks - Bloxwich Leisure Centre	Capital Accounting	07.07.08	3	3	6	6	-	2007/08	Internal audit is able to give a full assurance opinion on the system of internal control operating within capital accounting. A number of good practices were noted during the audit, including those in relation to general procedures, asset additions and disposals. Minor areas for improvement were identified including the miscalculation of a notional interest charge; the need to give a clear working paper to exemplify balancing depreciation and notional interest to Oracle; and for the issue of inclusion of foundation schools on the fixed asset register to continue to be investigated and resolved. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. Of the 6 agreed actions which remain applicable from the last audit, 4 were confirmed as implemented by the corporate finance manager on 1 February 2008. All 6 agreed actions had been fully implemented at the time of this audit.
	Partnership Frameworks	Inventories / Stocks - Fleet / Fuel	22.5.09	2	2	9	9	-	2006/07	Internal audit is able to give full assurance opinion on the system of internal control operating within fleet services: fuel and main stores. A number of good practices were noted during the audit, including; the maintenance of up to date procedure notes and the inventory being maintained in accordance with Walsall Council's procedures. Some areas for improvement have been identified, including weaknesses surrounding procurement in that order values are not being completed on the initial order. Of the 9 agreed actions which remain applicable from the last audit report issued in 14 May 2007, all had been fully implemented at the time of this audit.

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	Customer Consultation	Sickness Management	07.11.08	25	25	3	2	-	2004/05	While internal audit is able to give a significant assurance opinion on the system of internal control operating within HRD for sickness management, managers' lack of compliance to the council's sickness absence policy mean an overall limited assurance opinion . A number of good practices were noted during the audit within HRD including the management of sickness absence policy which is accessible to all staff on the intranet; the monitoring and reporting of sickness absences to directorate boards and CMT; and the introduction of the sickness absence portal on HRD direct to enable managers to record and monitor sickness absence online. A number of areas for improvement have been identified, specifically with regard to managers' compliance with the management of sickness absence policy for both short and long term sickness absences, for example, in obtaining doctor's notes from employees where necessary, evidence of completion of return to work interviews and issuing of notice of concerns. Some areas for improvement were noted within HRD regarding the accuracy of information on TRENT and
	Customer Engagement	Inventories / Stocks - Building Cleaning	28.11.08	7	6	-	-	-	-	Internal audit is able to give significant assurance opinion on the system of internal control operating within Building Cleaning PSE. A number of good practices were noted during the audit, including; the maintenance of robust and regularly updated procedure notes, suitably restricted access to the inventory, new employee training on stock handling and up to date and verified inventory records. Some areas for improvement have been identified, including accounting for out of hours access for stores, the accuracy of descriptions on store records, and ensuring that there is adequate separation of duties between ordering of items and subsequent invoice payment.
	Corporate Governance	Capital Programme	23.04.09	3	3	5	5	-	2007/08	Internal audit is able to give a significant assurance opinion on the system of internal control operating within capital programming. A number of good practices were noted during the audit, including; capital programme approval, commencement of capital projects, management of individual projects, capital budget reporting and reconciliations. Some areas for improvement have been identified, including, raising awareness of the purpose and whereabouts of the capital manual and ensuring that the project register is kept up to date.All of the 6 agreed actions which remain applicable from the last audit were confirmed as implemented by the corporate finance manager on 5 February 2009. At the time of this audit, 5 were found to be implemented and 1 action is no longer applicable.

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		Individual Performance Management	07.04.09	10	10	2	1	-	2004/05	Internal audit is able to give significant assurance opinion on the system of internal control operating within individual performance management (IPM). A number of good practices were noted during the audit, for example; guidance and standard IPM forms are located on the intranet and public folders of the outlook system for ease of access for staff; comprehensive IPM training sessions are available for both managers and employees; all new starters tested had received an IPM within 12 weeks of their commencing employment with the council; guidance exists for the delivery of group IPM's and regular IPM monitoring reports are considered by CMT performance board. Areas for improvement have, however, been identified, including ensuring that a copy of all signed IPM forms is sent to employee services (HRD) for inclusion on the relevant employee's personal file; that IPM guidance detailed on outlook public folders and the intranet is consistent; that a formal consultation strategy is in place for reviews of the IPM scheme; and that all IPM's are undertaken in accordance with the council's scheme i.e. reg
		Recruitment & Selection	11.06.09	22	22	20	11	-	2004/05	Internal audit is able to give a significant assurance opinion on the system of internal control operating within recruitment and selection. A number of good practices were noted during the audit, including; a copy of the recruitment and selection manual is included on the intranet or is available to staff on CD ROM; legislative updates to the recruitment and selection manual are posted to the intranet in the form of bulletins; joint delegation pro-forma forms are required for the creation of all new posts; advertisements contain 'stonewall diversity champion' and 'positive about disabled people' logos; and the safer recruitment panel meets monthly. Some areas for improvement have, however, been identified, including ensuring standard documentation is available on file to support all aspects of the recruitment process; that information contained on the redeployment register is complete and up to date; and that robust action to improve recruitment and selection performance targets is under taken. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures u

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		Budgetary Control	09.06.09	9	8	9	4	2	2007/08	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the budgetary control system. A number of good practices were noted during the review, including the quality of the vital skills training documents; budget monitoring process; virement approval and processing; budget accountability and the annual budget scrutiny process. It was noted during the review that while there exists a good level of controls throughout the budget setting and control process, there are some areas where controls and processes can be further strengthened including: improved attendance of the vital skills training; budget management and control manual refresh and consistent application of accountability memos and cost centre meeting proformas across all service areas. Of the 9 agreed actions which remain applicable from the last audit, 4 were confirmed as implemented by the head of corporate finance and corporate finance manager during the closure meeting of the last review and 1 was confirmed as implemented on the 4th March 2009. Of the 9 agreed actions, 4 had been
		Risk Management - Corporate System	09.04.09	5	5	4	3	-	2006/07	Internal audit is able to give significant assurance on the system of internal control operating within risk management. A number of good practices were noted during the audit including a risk management framework; a risk management policy and strategy; and the engagement of Audit Committee in ensuring risks are identified and managed effectively at all levels. Some areas for improvement have, however, been identified including ensuring that risk awareness sessions are run as planned; that operational risks are sample reviewed by the risk management team; that risk champions are reminded to ensure that risks identified as a result of audit activity are promptly updated into relevant risk registers; and that meaningful performance measures for the risk management section be sought and applied. The 5 agreed actions that remain applicable from the last audit review were confirmed as implemented by the risk management officer on 5 June 2007. At the time of this audit, 3 had been implemented, 1 was no longer applicable and for the remaining action, while work towards implementation is progressing, it remains yet to be fully implemented. This ac

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		Payroll	04.06.09	73	73	75	39	2	2007/08	Internal audit is able to give an overall significant assurance opinion on the system of internal control operating within payroll. Some progress has been made in actioning previously agreed audit report actions and a number of areas of good practice have been noted during the audit, including the continuing development and improvement of HRD direct, the corporate employee and manager portal, improvements in systems for the verification of the establishment structure, including the availability of structure information via HRD Direct and 'structure surgeries'; segregation of duties via individual teams such as the transactional recruitment team and the transactional team; sample second checking and the use of 'Intelligent', an electronic database for the management and recording of personal files. Areas for improvement have, however, been identified in ensuring controls and processes are fully embedded, for example, in the processing of new starters, variations to pay and leavers. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures u
		Risk Register - Review of Remainder Mop Up	15.05.09	0	0	0	-	-	2007/08	Based on examination of a sample of risks taken from the corporate and directorate risk registers, management action plans are available to support work undertaken to manage each risk; appropriately monitored to demonstrate that each risk is being effectively managed; and considered on a quarterly basis by directorate management teams (performance boards).
		Grant Income	19.05.09	9	9	9	8	-	2006/07	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the grant income system. A number of good practices were noted during the review, including the quality and accessibility of the centralised grants' manual providing guidance on the administration of grant income in a clear and coherent manner. The existence and development of this manual is pivotal to the future cohesive administration of grant applications and income. Some areas for improvement have, however, been noted including ensuring grant application statuses are recorded and monitored; that risk assessments are undertaken prior to grant application submission; that grant income is reconciled to funding agreement and that robust exit strategies are in place for all grants entered into. The prompt implementation of the agreed actions in this report will assist in improving the control environment present. Of the 9 agreed actions which remain applicable from the last audit, all had been confirmed as implemented by the corporate finance manager on 10 July 2008. Of these, 8 had been fully imple

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		Performance Indicators	20.05.09	6	6	1	0	-	2006/07	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the area of performance indicators. A number of good practices were noted during the audit, including: all relevant officers have appropriate access to performance indicator documentation such as guidance notes, data quality policies and national indicator definitions; a formal team structure is in place both at operational and management level with clear roles and responsibilities which have been communicated to relevant staff; reporting mechanisms are in place to ensure that senior management are fully aware of the achievement of targets and formal processes are also in place such as 'corrective action planning' where indicators are not meeting targets. Some areas for improvement have been identified including the requirement to consider the introduction of formal agreements with data providers to ensure that the provision of data is to the required quality and frequency; and, in some instances, there is an opportunity to develop the review and sign off process prior to the submission
<u>Computer Audit</u>		SX3	03.11.08	1	1	16	16	-	2005/06	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the Sx3 IT application . A number of good practices were noted during the audit, including; the revenues and benefits systems team provides an effective application administration function which is supported, under contract, by the third party vendor company Northgate; extensive application administration and support documentation is available to both administrators and system users; schedules and time tables have been established for all workflow processes; an audit trail facility is provided by the application and parameters have been set to report relevant events and changes to sensitive types of data; reports are produced in a timely manner to support the management, administration and operation of revenues and benefits sections; and the system procedures library and the Sx3 application and data are backed up on a daily basis. Some areas for improvement have been identified, including: segregation of duties between operational processing and system administration functions is

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		IT Strategy & Governance	09.06.09	9	9	2	1	1	2007/08	Internal audit is able to give a significant assurance opinion on the system of internal control operating in relation to IT strategy and governance. A number of good practices were noted during the audit, including; the 'Corporate ICT strategy' document (Version 0.6) has been compiled to support the delivery of corporate objectives; risk management is being embedded as part of the ICT Strategy, and is also being linked to all work performed to manage the strategic risk 21: "Corporate IT systems do not meet the organisation's need"; the 'Information Management Policy' document (version 0 04) has been compiled to support the delivery of corporate objectives and the ICT Strategy document; and the maturity of management processes associated with IT governance (see appendix A) has seen a notable improvement based on the initial benchmarking exercise performed as part of the previous audit review in 2007/08. Some areas have been identified for improvement, namely: the lack of an IT steering group with a clearly defined terms of reference for maintaining oversight and overarching control of IT governance

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		Computer Software Licensing	24.02.09	7	7	6	3	3	2003/04	Internal audit is able to give a limited assurance opinion on the system of internal control operating over computer software licensing. Some good practices were noted during the audit, including: an ICT Assets Team has been established with the remit to develop procedures to ensure that software licenses can be effectively managed, work to upgrade IT system software is in progress to enable a software auditing tool to track licensed, unlicensed or unapproved versions of software in use. Some areas for improvement have been identified, namely: the council policy on software purchasing has not been approved, weak policy wording within the 'ICT Workstation Policy' that could be misinterpreted, licences for software are not held centrally, council computer equipment is not adequately secured to prevent the installation of unlicensed software and residual value of computer software licences are not recovered when no longer required. The six agreed actions remaining from the last audit in 2003/04 were reported as unimplemented by the quality and performance manager in January 2008. Due to changes in procurement processes and software contra
		Network Strategy & Services	07.01.09	5	5	0	0	-	2004/05	Internal audit is able to give a significant assurance opinion on the system of internal control operating to maintain the security of computer network services. A number of good practices were noted during the audit, including: responsibility for the network has been assigned and the daily operation of network services is managed and supported by five officers; an electronic inventory of all equipment that is attached to the network is maintained within the central network management software; and regular reports on network activity are produced to enable the network team to ensure appropriate levels of service are maintained. A number of areas for improvement have been identified, including: network strategy documentation was out of date although a review is in progress to update this at the time of the audit; the use of generic user accounts and network operating system software settings do not meet minimum requirements of the Government Secure Intranet (GSI) Code of Connection; ICT are not informed when officers leave the Council or are on extended absence that would then allow network access rights to be a



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		Back Up Strategy & Procedures	05.01.09	3	3	2	0	-	2004/05	Internal audit is able to give a significant assurance opinion on the system of internal control operating in relation to the computer data backup strategy and processes. A number of good practices were noted during the audit, including: responsibility for the management of computer data backups has been assigned to named officers and appropriate training has been provided to those officers for the correct use of backup software; procedures have been documented to support the computer data backup processes currently in place; and logical access to the computer data backup software is restricted to authorised individuals only. Three areas for potential improvement have been identified relating to the following: out of date data backup and recovery strategy; out-of-date asset inventory of IT equipment used to store and process key data; and the visibility of the computer data backup media at the offsite storage location. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. Of the nine agreed actions from the Backup and Rec
<u>Contract Audit</u>	Contracts with Major Contractors *	Croft Street Changing Rooms	14.10.08	6	6	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the contractor's final account for Croft Street Changing Rooms. Some good practices were noted during the audit, including; documented appointment of consultants, appropriate authority to procure and to accept the tender, the use of a tender registration form, inclusion of insurance, race relations and health and safety documents, certification of practical completion and making good of defects, and a quantity surveyor's final account. A number of areas for improvement have been identified, including; documentation of the extension of time for the contractor to complete the works, and evidencing of some valuations, failure to execute the contract under seal and failure to certify the extension of time or the calculations of additional money due to the contractor.
		Leighswood Children's Centre	14.10.08	20	20	-	-	-	-	Internal audit is able to give no assurance opinion on the system of internal control operating within the contractor's final account for Leighswood Children's Centre. Some good practices were noted during the audit, including; the use of a tender registration form, evidencing and pricing of all valuations and provision of a quantity surveyor's final account. A number of areas for improvement have been identified, including; need to obtain authority to procure or to accept the tender, failure to appoint the contractor within the time that his tender is valid, failure to provide a surety, failure to evidence insurance cover, lack of race relations, health and safety or contract design and management (CDM) documentation, failure to execute the contract under seal, and failure to provide a timely agreed final account.

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		Alterations to Moorcroft Wood JMI	14.10.08	13	13	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for Alterations to Moorcroft Wood Primary School. Some good practices were noted during the audit, including; obtaining a cabinet approval, the use of a tender registration form, inclusion of the contractor's insurance and health and safety documents, documentation of the extension of time for the contractor to complete the works, provision of certificates to evidence practical completion and making good of defects, and agreement of a final account prepared by a quantity surveyor. A number of areas for improvement have been identified, including; failure to evidence the process used for the architect's selection and appointment, failure to evidence a Director's approval for the tendering process. failure formally to accept the contractor's reduced tender, absence of a surety, failure to provide a contractor's race relations, or CDM documentation, absence of a contract executed under the council's seal, presenting the final account to the auditor some six months aft
		Prudential Highways Maintenance Works - Birse Civil Engineering Ltd *	13.05.09	1	1	-	-	-	-	Internal audit is able to give a full assurance opinion on the system of internal control operated within the contractor's final account for Prudential Highways Maintenance Works. Some good practices were noted during the audit, including; seeking tenders in accordance with cabinet's resolution and EU procedures, use of a tender registration form, acceptance of tender in accordance with cabinet's delegation, appropriate documentation being obtained from the contractor, agreement and pricing of additional works in accordance with contract requirements, and receipt of the contractor's final account for each stage of the works. An area for improvement has been identified; the contractor having failed to provide the Council with a performance bond. As this has been the first audit review of the contractor's final account for Prudential Highways Maintenance Works, there were no previously agreed actions to follow up.
		Darlaston Sure Start (Ilmington House)	14.10.08	11	11	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for Darlaston Sure Start (Ilmington House). Some good practices were noted during the audit, including; cabinet received a report prior to the project's commencement and delegated acceptance of tender to the appropriate officer, a capital finance report was compiled and approved, a tender registration form was used, a formal tender evaluation report was received, a surety was obtained, a contract has been made under the council's seal, additional work and work to be omitted was covered by signed architect's instructions, the final account was agreed with the contractor, the quantity surveyor has produced a detailed final account. A number of areas for improvement have been identified, including; there is no evidence of competition for the architect's commission, despite this being in excess of £50,000, there is no evidence of a formal acceptance of the tender, delays in appointing the contractor led to additional money being paid to him, making g

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		Piper Construction Midlands*	13.05.09	7	4	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operated in relation to New Deal New Horizons Company's use of Piper Construction Limited. Some good practices were noted during the audit, including; New Deal New Horizons' board approved the procurement and appointment of the contractor, receipt and opening of tenders was recorded, a full JCT (IFC) contract was created, documented and executed under the company's seal and details of the architect's control of the contract is fully documented. A number of areas for improvement have been identified, including; New Deal New Horizons has not yet approved its own set of financial and contract rules and is technically in breach of a number of the Council's rules, which apply to the company until it approves rules of its own, a surety was not obtained to protect the company in the event of the contractor abandoning the works, and the company does not hold a copy of the contractor's insurance certificates or of a joint risks policy. As this has been the first audit review of New Deal New Horizons Company's
		Pier Street, Brownhills	11.05.09	1	1	-	-	-	-	Internal audit is able to give a full assurance opinion on the system of internal control operating within the contractor's final account for Pier St Brownhills. Some good practices were noted during the audit, including; use of urgency procedure followed by a report to the corporate management team, appointment and contract have been created in line with the council's requirements, use of legal advisors to draw up an appropriate suite of contracts, documentation of all costs and prices in a final account, and evidencing of all valuations, provided as invoices in accordance with the contract's terms. An area for improvement has been identified; Need to ensure original contract documents are kept securely, preferably in the council's strong room. As this has been the first audit review of the contractor's final account for Pier St Brownhills, there were no previously agreed actions to follow up.

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		Streetly School - Sports Hall and Dance Studio	29.12.08	5	5	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for Streetly School - Sports Hall and Dance Studio. Some good practices were noted during the audit, including; the use of an evaluation report, documentation of the extension of time for the contractor to complete the works, issue of all certificates and valuations by the architect, and preparation of a full and detailed final account by the Quantity Surveyor. A large number of areas for improvement have been identified, in particular; need to determine along with SERCO and the school's actions to be taken so that "Foundation Schools" authorise and let contracts appropriately, need to demonstrate that schools comply with the council's financial and contract rules wherever these apply, failure to provide certificates from the contractor demonstrating his compliance with insurance, equalities, and health and safety requirements, failure to show that a surety has been raised, and failure to execute the contract under the council's seal. As this has been the first audit review of the
		Surface Dressing - Schedule of Rates 2003-2005 (Extended 2009).	06.02.09	2	2	-	-	-	-	Internal audit is able to give a full assurance opinion on the system of internal control operating within the contractor's final account for Surface Dressing Schedule of Rates 2003-2005 (Extended 2009). Many good practices were noted during the audit, including; a tender registration form has been used, tenders were evaluated and a report produced, tenders were opened by a councillor in line with requirements of Appendix A to Standing Orders as in force at the time, a letter of appointment was sent to the successful company along with letters to the unsuccessful and completion of each piece of work has been agreed with the Engineer's Representative. A small number of areas for improvement have been identified, in particular; need to obtain authority to procure or to accept the tender, failure to evidence the contractor's agreement that the contract would be voided in case of corruption. As this has been the first audit review of the contractor's final account for Surface Dressing Schedule of Rates 2003-2005 (Extended 2009), there were no previously agreed actions to follow up.

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		Micro Surfacing - Schedule of Rates	06.02.09	2	2	-	-	-	-	Internal audit is able to give a full assurance opinion on the system of internal control operating within the contractor's final account for Micro Surfacing Schedule of Rates. Many good practices were noted during the audit, including; a capital finance report has been created, a tender registration form has been used, tenders were evaluated and a report produced, tenders were opened by a councillor in line with requirements of Appendix A to Standing Orders as in force at the time, a letter of appointment was sent to the successful company along with letters to the unsuccessful. A small number of areas for improvement have been identified, in particular; need to obtain authority to procure or to accept the tender, failure to evidence the contractor's agreement that the contract would be voided in case of corruption. As this has been the first audit review of the contractor's final account for Micro Surfacing Schedule of Rates, there were no previously agreed actions to follow up.
		Streetly Cemetery Extension	30.04.09	1	1	-	-	-	-	Internal audit is able to give a full assurance opinion on the system of internal control operating within the contractor's final account for Streetly Cemetery Extension. Many good practices were noted during the audit, including; a capital financing report was obtained for the project, an appropriate officer chose firms to be invited to tender from the council's unified standing list of contractors and consultants, a tender receipt form was used to regulate the receipt and opening of tenders, which were subsequently evaluated prior to an acceptance being made by an officer of appropriate seniority, evidence of Health and Safety, and compliance with CDM requirements was provided, an appropriate contract was executed under the Executive Director's hand, progress meetings were held at regular intervals, included officers with appropriate authority to control the project's progress, and were minuted, a final account has been submitted to auditors in good time, site instructions were issued when the Engineer wished to vary the works, were priced, and their receipt by the contractor acknowledged, extension of time to complete th


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		New Invention Junior	06.01.09	12	12	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for New Invention Junior School. Some good practices were noted during the audit, including; the project was covered in a capital finance report approved by the chief finance officer, a detailed specification was provided to firms invited to tender, a written evaluation of tenders was provided by the quantity surveyor, a letter of appointment was sent to the firm whose tender had been accepted, evidence of Health and Safety, compliance with CDM requirements was provided, the contractor has obtained a bond as surety for the works' completion, a contract has been executed under the council's seal, additional work and work to be omitted was covered by architect's instructions, site meetings took place and were documented, and payments to the contractor were certified. A number of areas for improvement have been identified, in particular; there is no evidence to show how the quantity surveyor was selected, a Director does not appear to have approved that tend
		Busil Jones JMI	14.10.08	22	22	-	-	-	-	Internal audit is able to give a no assurance opinion on the system of internal control operating within the contractor's final account for Busil Jones Primary School. Some good practices were noted during the audit, including; the use of a tender registration form, inclusion of health and safety documents, documentation of the extension of time for the contractor to complete the works, and evidence of all valuations. A large number of areas for improvement have been identified, in particular; need to obtain authority to procure or to accept the tender, failure to evidence race relations and CDM requirements being followed, failure to execute the bond or contract under the council's seal, and failure to provide a timely agreed final account.

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
		New Invention Infants	14.10.08	20	20	-	-	-	-	Internal audit is able to give a no assurance opinion on the system of internal control operating within the contractor's final account for New Invention Infants School. Some good practices were noted during the audit, including; the use of a tender registration form, inclusion of insurance, health and safety and equalities documents, documentation of the extension of time for the contractor to complete the works, and preparation of the final account by the Quantity Surveyor. A large number of areas for improvement have been identified, in particular; need to obtain authority to procure or to accept the tender, failure to evidence CDM requirements being followed, failure to execute the contract under the council's seal, and failure to provide a timely agreed final account.
		Advanced Contracts (Midlands) *	07.07.08	10	10	-	-	-	-	Internal audit is able to give only a limited assurance opinion on the system of internal control operated in relation to work allocated to this contractor by the Council's managers . Some good practices were noted during the audit, including; the seeking of quotations and tenders for planned maintenance works, issuing of letters of appointment where tenders have been received, and the use of the certification stamp on the contractor's invoices. A number of areas for improvement have been identified, including; lack of a contract made under the Council's seal, current insurance cover or health and safety documentation, and the inefficient way in which the contractor's invoices are treated.
		Brownhills Asphalte Tarmacadam / Global Glass *	15.07.08	8	8	-	-	-	-	Internal audit is able to give only a limited assurance opinion on the system of internal control operated in relation to work allocated to these contractors by the Council's managers. Some good practices were noted during the audit, including; seeking of quotations and tenders for planned maintenance works, current insurance cover and health and safety documentation is maintained, letters of appointment are used where tenders have been received, control of works by appropriate staff, and completion of the certification stamp on contractors' invoices. A number of areas for improvement have been identified, including; inability to demonstrate rotation of firms on the unified standing list, lack of a contracts made under the Council's seal, failure to place orders on the i-Procurement system for reactive work, inefficient practices in handling contractors' invoices, and failure to create budgets for the anticipated value of works. Concerns similar to those raised in this report have been found within other reviews undertaken in the recent past. Senior managers have confirmed their intention to ensure such weaknesses are not
		Aston Rose *	07.07.08	2	2	-	-	-	-	Internal audit is able to give a full assurance opinion on the system of internal control operated in relation to work allocated to this contractor by the Council's managers. Several good practices were noted during the audit, including; use of negotiations with the agent to obtain the best possible terms for leases, production of reports seeking authority from appropriate officers, creation and safekeeping of documents, monitoring of all leases for accommodation, and payment of leases by user departments. Two areas for improvement have been identified; the absence of a report to the then executive management team after urgent action had been taken, and the need to ensure services using the accommodation make payments at the time set out in the leases.

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
		Lindens JMI - Special Needs Facilities *	05.06.08	13	13	-	-	-	-	Internal audit is unable to give any assurance on the system of internal control operating within the contractor's final account for Special Needs Facilities at Lindens Primary School. Some good practices were noted during the audit, including; creation of architect's instructions, creation of appropriate certificates, and receipt of a contractor's final account. A number of areas for improvement have been identified, including; obtaining appropriate authority to procure, obtaining competitive tenders, correct use of the Council's "urgency" procedure, provision of a surety, and completion of certificates and final accounts in a timely manner.
		Blakenall Village Improvements	14.10.08	5	5	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the contractor's final account for Blakenall Village Improvements . Some good practices were noted during the audit, including; the use of a tender registration form, detailed evidence to show the choice of contractor, inclusion of race relations and health and safety documents, documentation of the extension of time for the contractor to complete the works, detailed evidence supporting the selection and employment of a replacement contractor to complete remedial works. A number of areas for improvement have been identified, including; failure to obtain appropriate authority prior to commencing procurement of the works. no evidence to support the choice of firms from whom tenders were sought, failure to evidence insurance cover being in place throughout the whole of the contract period, failure to execute the contract under seal, and failure to show the method by which variations have been valued.
		Greenfields JMI	14.10.08	9	9	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for Greenfields Primary School. Some good practices were noted during the audit, including; the use of a tender registration form, inclusion of health and safety and construction design and management (CDM) documents, documentation of the site meetings and progress of the project, and provision of a quantity surveyor's final account. A number of areas for improvement have been identified, including; need to obtain authority to procure or to accept the tender, failure to evidence insurance cover being in place throughout the whole of the contract period, failure to provide a race relations certificate, failure to execute the contract under seal, and failure to evidence the additional payment to the contractor for extra preliminaries. Council officers have undertaken this project for Serco, its education provider and partner. Although the cabinet received reports, there is no evidence of officers obtaining a director's written approval to seek tenders. An Executive Director



Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
		New Nursery - Dangerfield Lane	16.12.08	11	11	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the contractor's final account for New Nursery - Dangerfield Lane, Darlaston. Some good practices were noted during the audit, including; the use of a tender registration form and a formal tender evaluation report, inclusion of insurance, health and safety and equalities documents, documentation of the extension of time for the contractor to complete the works, and preparation of the final account by the Quantity Surveyor. A large number of areas for improvement have been identified, in particular; need to obtain authority to procure the works and to accept the tender, some instructions to the contractor were dated after the works were certified to have been made good, failure to produce all payment certificates, and failure to provide a timely agreed final account.
		Stroud Avenue Children's Centre	16.12.08	17	17	-	-	-	-	Internal audit is able to give a no assurance opinion on the system of internal control operating within the contractor's final account for Stroud Avenue Children's Centre. Some good practices were noted during the audit, including; the use of a tender registration form, a formal report on tenders was received from the quantity surveyor, inclusion of insurance, health and safety and equalities documents, documentation of the extension of time for the contractor to complete the works, and preparation of the final account by the quantity surveyor. A large number of areas for improvement have been identified, in particular; need to obtain authority both to procure and to accept the tender, no evidence of the means by which firms were selected to tender, failure to evidence CDM requirements being followed, absence of a surety, failure to execute the contract under the council's seal, a number of architect's instructions were missing, an architect's instruction was written over two years after works were complete, a large value of additional work has been undertaken, and failure to provide a timely agreed final account.
<b>Totals</b>				<b>1538</b>	<b>1528</b>	<b>484</b>	<b>354</b>	<b>14</b>		
<b>Total Percentage</b>					<b>99%</b>		<b>75%</b>			

\* 2007/2008 audits carried forward into 2008/2009  
 Report selected by committee

11.06.09

## INTERNAL AUDIT

## QUALITY TARGETS/PERFORMANCE INDICATORS – YEAR ENDING 31 MARCH 2009

Quality Targets/PI's (e.g. Response Time)	% Target	% Achieved 2008/09	% Achieved 2007/08	% Achieved 2006/2007	% Achieved 2005/2006	% Achieved 2004/2005
Audits completed within planned time	95	96	95	96	95	95
Spending within budget	100	100	100	100	100	100
Productivity rate	65	74.8	69.2	73.1	74.2	70.1
Audit plan achievement	95	95	96.9	96.0	96.2	95.1
Report issued within 10 working days of exit meeting	80	96	97	84	92	94
Actions agreed	95	99	99	98	98	98
Returned customer questionnaires to show satisfaction	95	100	100	100	100	100
Overall perception of quality of service from Council wide Internal Audit survey	95	-	-	96	-	-

Note

- The service has for some time participated in the CIPFA national benchmarking club which enables comparison specifically with all similar type authorities (unitaries / metropolitan districts).

## For Information

Actions confirmed as actually implemented at next audit visit	3* 100 2* 95	75	78	79	74	73
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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 the achievement level.