

Putting the Citizen First Report to March 2005 Audit Committee

Walsall Metropolitan Borough Council

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Introduction

The committee have asked for a regular update of our views on the progress the council is making in relation to this major project...The Summary below sets out our views.

Audit approach

Working with Internal Audit we have reviewed the draft contract (Version 2) and provided comments to the project team.

Working with Finance staff and internal audit we have been considering how best to address the control environment after the contract has been let

We have had discussions with the Executive Director, some members of the project team and one of your external advisors.

Main conclusions

Contract conditions

It is important that the council has as much certainty as possible in relation to contract terms and conditions before it signs the contract. We have been assured by officers that they 'do not expect the Council to sign up to a contract which is insufficiently detailed and which does not afford the Council the protection it requires.'

There are detailed negotiations taking place and officers are working to provide important details such as service specifications. There are 22 separate services in the contract, all of which will require detailed specifications to set out what the council needs to be delivered. Neither Internal Audit nor ourselves have yet had the opportunity to comment on these but it is planned that they will be available for week commencing the 7th and 14th of March 2005. We believe that it would be good practice for Directors to sign off each service specification which is relevant to their area of operations.

We have been assured that each service head will sign off their service schedule, these will be moderated by the project team, signed off by the relevant Director and ratified by EMT

Client function

We have discussed with officers the need for the client function to be put in place as soon as practicable. Sufficient financial resources have been included in the affordability model for such a function to be created, but at present no appointments have been made.

To ensure a smooth handover and effective contract management from day one we believe that this team should be put in place before the contract is signed.

Given the range of activities within the contract we believe that the council should ensure that the client team has a sufficient range of skills available to it.

Once it has been demonstrated that the contract is running effectively this may need to be reviewed but it is important for the council to recognise that in the early months of the contract there will need to be a considerable input of resources.

Governance arrangements

The contractor is currently proposing a structure of contracts and sub contracts which will leave the actual provision of some activities twice removed from the council client. There

is nothing inherently wrong with such an approach but it does mean that the council needs to be clear as to how it will obtain the assurance it needs that systems upon which out of scope staff will be relying are run in an affective way. This will be particularly important for the Statement of Internal Control in the annual statement of accounts and for the ongoing responsibilities of the councils S 151 officer.

We have considered this at some length with the assistant director of finance and internal audit and are in the process of developing an approach which will provide the council sufficient assurance for it to meet its responsibilities and for us to obtain sufficient evidence to enable us to provide an opinion on your accounts.

We have asked the project team to raise this with the contractor so that both internal audit and ourselves can meet with the internal control teams of the contractor (and where necessary any sub contractors) so that we can develop a joint approach which meets all our requirements without it becoming too burdensome and bureaucratic.

Status of our reports to the Council

Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Reports are prepared by appointed auditors and addressed to Members or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any Member or officer in their individual capacity, or to any third party.

