

Audit Committee – 19 January 2010

Internal Audit Activity for the Nine Months Ending 31 December 2009

Summary of report

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

Recommendations

- 1. To note that in 2009/10 internal audit has delivered on all of its performance targets to date, 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.**

R D B D

Rory Borealis – Executive Director

11 January 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 2009/10	% Achieved 2008/09
Audits completed within planned time	95	100	96
Spending within budget	100	100	100
Productivity rate	65	Est 65	74.8
Audit plan achievement	95	Est 95	95
Report issued within 10 working days of exit meeting	80	100	96
Audit report actions agreed	95	96	99
Returned customer questionnaires to show satisfaction	95	-	100
Overall perception of service quality from Council wide corporate services' survey	95	-	-

As at 31 December 2009, the service had delivered in all of its performance targets, maintaining a high level of overall performance for the year to date.

Implementation of agreed audit report actions

On completion of an audit review, an action plan is agreed with the relevant directorate manager who is then responsible for ensuring its implementation. Levels of 75% and 78% respectively have 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.

The current level of achievement is showing a return at 88%, as detailed at **Appendix 4**. While fifteen reviews have been completed to the end of December, the vast majority are ongoing or nearing completion.

The work to improve this target performance continues. Additionally, and as reported previously, the Chief Executive has made it very clear to his management team that he expects executive directors to take personal responsibility for ensuring improvement in this important area.

Following CMT's consideration of this matter earlier this year they have a much clearer understanding about the issues arising and their role in delivering the desired outcomes.

As previously reported, implementation of agreed actions is a directorate manager's responsibility, and it is essential 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*) are about to be subject to formal follow up by an audit officer to confirm implementation.
- 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 2009. 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.

Author

David Blacker – Chief Internal Auditor

☎ 01922 652831

✉ blackerd@walsall.gov.uk

INTERNAL AUDIT - REPORT FOR THE NINE MONTHS ENDING 31 DECEMBER 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 2009/10; summarised below:

2008/9		FULL YEAR WORK PLAN DETAILS	2009/10	
DAYS	%		Days	%
1,633	66	Systems/probity (incl computer, contract , council strategic)	1,781	70
847	34	Irregularity/consultancy requiring urgent attention	772	30
2,480	100	TOTAL	2,553	100

Appendix 2 compares actual against planned activity for the six months and is summarised below.

DESCRIPTION	Estimated days for year	Proportion of days to 31.12.09	Actual days to 31.12.09	%
Available weekdays	3,398	2,541	2,541	
Less: allowances:				
Leave, bank holidays	(-) 505	(-) 280	(-) 280	
Administration	(-) 149	(-) 112	(-) 139	
Contingency/other lost time (inc sickness)	(-) 88	(-) 66	(-) 284	
Vacancies	-	-	(-) 457	
Training & development	(-) 103	(-) 77	(-) 40	
SUB TOTAL	2,553	2,006	1,341	
Time allocation:				
Systems/probity	1,781	1,427	803	59
Irregularity/consultancy	772	579	550	41
TOTAL	2,553	2,006	1,353	100

The appendix shows that although 2,006 net productive days were estimated to be available, actual days were 665 less, at 1,341 days. This was due to unbudgeted sickness/medical appointments (114 days), higher contingency / admin (131 days), vacancies (457 days) but was offset by a reduced training requirement (37 days).

Staffing

The service's establishment currently comprises 15 posts. The structure and team responsibilities are shown at **Appendix 3**.

An auditor was appointed wef 6 July 2009 and an assistant auditor is undertaking auditor duties on an honorarium basis. The service carries 2 vacant full time and 1 part time audit positions (2.5). Assistance with potential candidates was sought from Starting Point and interviews held for principal auditor and assistant auditor positions. A temporary principal auditor has been appointed wef 1 October 2009 and a temporary assistant auditor wef 10 November 2009. Approval to fill the permanent positions is awaited from the executive director (resources).

Audit Work Allocation and Charging Basis

In January 2009 proposed work programmes and charges for 2009/10 were sent to executive directors and other senior managers. During February 2009 meetings took place with most of those officers to discuss and receive feedback on the proposals. This resulted in a final workplan report to audit committee in March 2009.

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 are charged to the relevant service.

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 2009/10 plan had 772 days (579 pro rata for 9 months) for irregularity / consultancy work, 550 days have been charged (29 less). The original budget is anticipated to be achieved at the year end.

Probity/Systems Work

All assignments were completed within planned timescales during the period.

Computer Audit

This work will be undertaken by our audit partner and the programme comprises eight projects; business continuity, project and programme management, information security management, protection against malicious software, payroll (Trent) including HRD portal, council tax (SX3), NNDR (SX3) and finance direct project.

Contract Audit

9 final accounts with a value of just over £12.3m 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. In addition to reviewing financial and contract rules, the service has also prepared a draft procurement code. This is under review by officers from within several directorates.

Contingency / Admin (including sickness/absence)

This overhead is continuously monitored to ensure charges are minimised. The additional time charged includes staff instruction to newly appointed auditors (100 days), time spent on auditor recruitment (25 days) and sickness / medical appointments (68 days).

Members will be aware that due to an inability to appoint experienced officers to the auditor and assistant auditor positions, including temporaries, finance officers with the necessary potential were appointed. This has resulted in a significant training input being required. The benefits of this investment are now beginning to be realised.

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 200 suggested actions made 192 (96%) 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 continues 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 is achieving in all of its indicators applicable for the year.

The PI relating to agreed actions confirmed as implemented achieved levels of 75% and 78% in each of the last 2 years. The current level of achievement is showing a return at 88%. While fifteen reviews have been completed to the end of December, the vast majority are ongoing or nearing completion.

Following concerns expressed by Audit Committee and CMT, a clearer understanding is now in place which should improve performance in this area. Additionally an existing audit officer has undertaken follow up work on the high priority (3*) agreed audit report actions.

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 2nd year. An assistant auditor is about to commence his CIPFA 1st 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 2009/10

	Team 1	Team 2	Comp Audit	CIA	Grand Total
Available days	<u>1,305</u>	<u>1,722</u>	<u>110</u>	<u>261</u>	<u>3,398</u>
Allowances					
Annual Leave	140	184	-	30	354
Bank Holidays	60	79	-	12	151
Sub Total (a)	<u>200</u>	<u>263</u>	<u>-</u>	<u>42</u>	<u>505</u>
Administration	20	20	-	109	149
Contingency	53	34	-	1	88
Training – Post Entry	20	20	-	-	40
- Other	25	33	-	5	63
Sub total (b)	<u>118</u>	<u>107</u>	<u>-</u>	<u>115</u>	<u>340</u>
PLAN DAYS AVAILABLE	<u>987</u>	<u>1,352</u>	<u>110</u>	<u>104</u>	<u>2,553</u>
Allocation :					
FR6/Unplanned	337	361	-	74	772
Systems	443	366	-	-	809
Regularity	72	365	-	20	457
Computer	-	-	110	-	110
Contracts	-	120	-	-	120
Council Strategic	135	140	-	10	285
TOTAL	<u>987</u>	<u>1,352</u>	<u>110</u>	<u>104</u>	<u>2,553</u>

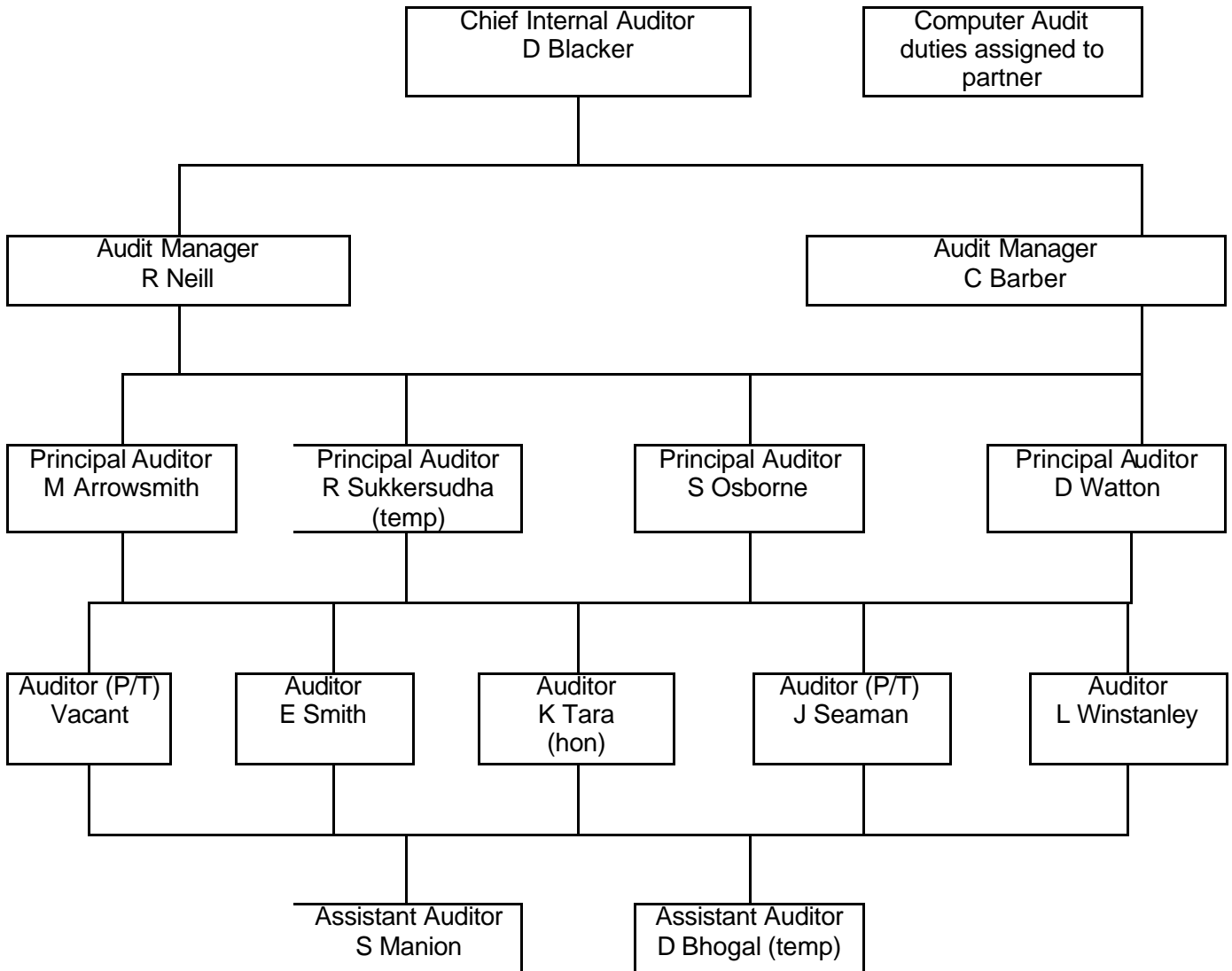
INTERNAL AUDIT– AUDIT ACTUAL TIME – NINE MONTHS ENDING 31 DECEMBER 2009

APPENDIX 2

						ORIGINAL YEAR		DIFFERENCE
	Team 1	Team 2	CIA	Cons	Total	Full Year	Pro Rata	Col (8) - Col (6)
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Available days (a)	981	1,293	197	70	2,541	3,398	2,541	-
Less:								
Annual Leave	93	76	15	-	184	354	184	-
Bank Holidays	39	46	11	-	96	151	96	-
Elections	-	-	1	-	1	1	1	-
Vacancies	230	227	-	-	457	-	-	(-) 457 loss
Sickness/Medical Appointments	2	112	-	-	114	-	-	(-) 114 loss
Administration	22	44	73	-	139	149	112	(-) 27 loss
Contingency	59	110	-	-	169	87	65	(-) 104 loss
Training - Post Entry	30	-	-	-	30	40	30	-
- Other	1	4	5	-	10	63	47	37
Sub Total (b)	476	619	105	-	1,200	845	535	(-) 665 loss
Plan days available (a) - (b)	505	674	92	70	1,341	2,553	2,006	665 less days available
Comprising:								
Unplanned	209	275	66	-	550	772	579	29
Systems/Regularity/VFM	299	331	38	58	726	1,551	1,254	528
Computer	-	4	-	12	16	110	83	67
Contract	-	60	1	-	61	120	90	29
GRAND TOTAL	508	670	105	70	1,353	2,553	2,006	653 less days available

INTERNAL AUDIT

1) Establishment and 2) Team Responsibilities - 31 December 2009



2) Committee/Service Area Responsibilities

Team 1:

- Finance inc Revenues & Benefits
- Law & Constitutional Services
- Business Change
- HR & Development
- Strategic Housing
- Specialist Services
- Walsall Partnership
- Adult Services

Team 2:

- New Deal
- Regeneration
- Building Schools for Future
- Universal Services
- Strategy & Governance
- Walsall Adult & Community College
- Neighbourhood Services
- Education Client / Schools
- Contract
- Computer

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current Made	Agreed	Agreed	Previous Act'd	Not Due		
Neighbourhood Services										
Street Cleaning / Grounds Establishment		Traffic Management (*)	26.08.09	17	13	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within traffic management. Some good practices were noted during the audit, including; a good standard of joint working with other local authorities and external organisations, inspection and maintenance of traffic signal equipment, and health and safety. Some areas for improvement have been identified, including; ensuring that all administrative processes are documented in procedure notes and improving complaint response times. 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 traffic management, there were no previously agreed actions to follow up.
Fleet Services		Road Safety Unit	30.11.09	8	8	6	6	-	2004/05	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the road safety unit. Several good practices were noted during the audit, including; all scheme requests being responded to within target times, approved schemes being project managed with a required sign off at each key stage, positive action in developing road safety action with partner organisation throughout the borough and a dedicated programme of activity for road safety, including planned promotional activity. Some areas for improvement have been identified, including maintaining a central record of all scheme requests detailing received and response dates; retaining evidence to support assessment of schemes; and all scheme assessments being subject to independent review. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. All 6 agreed actions which remain applicable from the last audit had been fully implemented at the time of this audit.
Environmental Health Division		Trading Standards	23.12.09	35	31	8	8	-	2003/04	Internal audit is able to give a full assurance opinion on the system of internal control operating within trading standards. A number of good practices were noted during the audit, including; a quality assurance manual being in place, annual safety testing, strong joint working and partnership arrangements, monthly distribution of satisfaction surveys, operation of an annual performance book and quarterly benchmarking. Some areas for improvement have been identified, including; determining medium risk inspection arrangements and the tightening of procurement credit card controls. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. All 8 agreed actions which remain applicable from the last audit had been fully implemented at the time of this review.
Pollution Control										
Leisure Culture & Lifelong Learning										
Creative Development Team	New Art Gallery									

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
Schools										
Sandbank Nursery	Christ Church JMI									
Aldridge - A Science College	Willenhall School Sports College									
Alumwell Business & Enterprise College										
Barr Beacon Language College										
Frank F Harrison Engineering College										
Joseph Leckie Community Technology College										
Pool Hayes Art & Community College										
Queen Marys Grammar										
Queen Marys High										
Shire Oak - A Science College										
St Francis of Assisi Technology College										
St Thomas More Business & Enterprise College										
Finance										
Council Tax / NNDR		Free School Meals	23.11.09	9	9	-	-	-	n/a	Internal audit is able to give a significant assurance opinion on the system of internal control operating within free school meals. A number of good practices were noted during the audit: guidance is available to the public, via the internet, answering commonly asked questions regarding free school meals; the Northgate system is used to process all applications and the CIVICA system is used to scan evidence to support claims; SERCO are notified weekly of free school meal amendments / cancellations and are sent an 'age list' of pupils claiming free school meals but reaching the age of 18, 6 weeks prior to the report being produced; an independent quality team review a sample of claims to validate the accuracy of the initial assessment; and one of the council's pledges is to reduce the impact of child poverty by increasing the overall take up of free school meals by eligible pupils. Results of the January 2009 census show that the percentage of eligible pupils taking free school meals rose to 82.2%, an improvement on the previously reported figure of 79.4%. Some areas for improvement were, however, identified and tr
Treasury Management										

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
Housing & Council Tax Benefits Nominal Ledger & Central Accounting VAT Residency Checks Universal Services		Childrens Fund (*)	23.06.09	9	9	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within the children's fund. A number of good practices were noted during the audit, including the development of formal agreements between the council and lead agencies; the existence of a formal, documented and publicised governance structure; and the timely submission of grant returns. Invoices, supporting claims submitted to the Walsall Partnership (WP) in respect of children's fund tested, had been validated and authorised without exception. Funding had been received from the WP and coded to the appropriate nominal code. The responsibility to monitor the submission of claims and receipt of corresponding funding has been formally charged to the senior accountant. Areas for improvement have, however, been identified including the development of guidance notes to inform relevant staff of allowable expenditure; the reintroduction of appropriate, consistent service provider monitoring; and a review of terms of reference for governing bodies. The prompt implementation of actions contained
Specialist Services Stroud Avenue Family Centre Dale Street Family Centre Looked After Childrens Team		Playing for Success	04.12.09	18	18	28	25	-	2005/06	Internal audit is able to give a significant assurance opinion on the system of internal control operating within Playing for Success. A number of good practices were noted during the audit, including; a separate spreadsheet is maintained by the administrative assistant giving an up to date financial picture for the centre; promotion is carried out through a variety of methods; and the administration assistant maintains a petty cash spreadsheet which is kept up to date. Some areas for improvement have been identified, including planning for the team manager's possible long term absence and risk management action plans being completed for the service. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken. The 31 agreed actions which remain applicable from the last audit were all confirmed as implemented by the Saddlers Learning Centre team manager on 9 November 2006. Of these, 28 had been fully implemented at the time of this audit. The 3 unimplemented, or partially implemented, actions have been reiterated in this report, marked (

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
Foster Care & Adoption <u>Adult Services</u> Occupational Therapy Home Care Service Community Alarm Service Direct Payments Independent Sector - Residential & Day Care Learning Disabilities Pooled Budget ICES Pooled Budget Housing 21 Contract Monitoring Supporting People <u>Walsall Partnership</u> Walsall Partnership LAA Area Based Grant Working Neighbourhood Fund		Personal Monies & Reconciliation	15.12.09	8	8	12	8	-	2004/05	<p>Internal audit is able to give a significant assurance opinion on the system of internal control operating within residents' personal monies and reconciliations. A number of good practices were noted during the audit, including the existence of procedure notes for the administration of residents' personal monies which are available and accessible to all staff; restricted access to the safe where residents' personal monies are kept and adequate council insurance cover in place for safe contents. Some weaknesses were identified. For example reconciliations for key residents' personal monies accounts have not been performed in 2009/10 and bank mandates have not been updated since April 2007. A safe contents' register has not been maintained and residents personal cash is not always transported in accordance with the council's cash in transit policy. Of the 12 agreed recommendations which remain applicable from the last audit review in 2004/05, 8 have been successfully implemented. The 4 unimplemented actions have been reiterated in this report, marked (*) in the action plan.</p>

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions	
				Current		Previous					
				Made	Agreed	Agreed	Act'd	Not Due			
Business Change	Commissioning (*)	Scrutiny (*)	23.07.09	14	14	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within scrutiny. A number of good practices were noted during the audit, including; a clearly defined scrutiny structure, comprising formally constituted and politically proportionate scrutiny panels which in turn are underpinned by formal terms of reference; regular scrutiny panel meetings; a well regarded member support team; intervention by scrutiny into corporate processes such as budget setting; the establishment of a member development steering group to oversee member training; and the use of the Cabinet forward plan to inform scrutiny work programmes. A number of areas for improvement have been identified, including: establishment of a formally constituted overarching scrutiny body with responsibility for scrutinising corporate issues such as overall council progress against headline targets; review and reinforce the working relationship between portfolio and scrutiny members; introducing formal protocols to ensure that reactive issues arising during the year are conveyed to scrutiny members in a timely manner; and ensuring that consultation mech	
Regeneration	Land Charges	Environmental Management (*)	Strategic Regeneration Framework (*)	23.10.09	10	10	-	-	-	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating for the SRF. Good practice was noted in the following areas: development of an innovative model for the approach to regeneration, i.e. the collaborative agreement between the council, WHG and yet to be identified private developers, development of project reference groups to act as a conduit for public consultation and engagement and framework plans are being developed for each of the regeneration areas. The areas for improvement described in the action plan cover a range of issues including, benchmarking underpinning the SRF, public engagement about the SRF and associated work, programme/project management, governance structures, funding arrangements and the equalities, diversity and human rights agendas. As this is the first review of the Strategic Regeneration Framework there were no previously agreed audit report actions to follow up.
Building Schools for the Future											

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
Housing Services										
Rivers House		Regional Housing Pot (*)	08.07.09	17	17	0	0	0	-	Internal audit is able to give a limited assurance opinion on the system of internal control operating within the regional housing pot. Some good practices were noted during the audit, including, an up to date housing renewal assistance policy available on the council's website and an affordable warmth strategy 2007-2010 exists, setting out the council's commitment to provide affordable warmth. A number of areas for improvement have, however, been identified including ensuring that office procedures in respect of certain elements of the housing pot have been documented and issued to relevant staff; and that controls regarding grant expenditure are significantly tightened; particularly regarding the selection of contractors, use of agency agreements and maintenance of audit trail. 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 regional housing pot there were no previously agreed actions to follow up.
Housing Strategy & Partnerships Housing Standards & Improvements										
All										
Performance Management (PI's / BV)	Partnership Frameworks (*)	Inventories / Stocks - Bloxwich Leisure Centre (*)	20.08.09	5	5	3	3	-	2005/06	Internal audit is able to give significant assurance opinion on the system of internal control operating within Bloxwich Leisure Centre. Several good practices were noted during the audit, including concise procedure notes, sound physical security, regular stock level checks, staff training arrangements and ongoing review of stock sales' performance. Some areas for improvement have been identified, including the introduction of stock spot checks and evidencing the authority to dispose of items. Of the three agreed actions which remain applicable from the last audit report issued in August 2006, all had been fully implemented at the time of this audit.

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
Capital Receipts	Customer Consultation & Engagement (*)	Project Management (*)	19.08.09	7	7	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within project management. A number of good practices were noted during the audit including development of a sound project management framework and a comprehensive set of project management procedures. A project support office has been set up which provides project managers with training and support and provides management information to the directorate performance management boards and CMT. The council has invested in an automated tool, Mantix, to facilitate project managers in following project lifecycles and maintaining project documentation. Grant funding has been appropriately identified, projects adhere to capital finance reporting requirements, and a register of all projects is maintained by the project office support officer. Some areas for improvement have also been identified, including the need to create and update mandatory project documentation such as project requirement documents, project initiation documents, project control forms, risk registers and the need to ensure that actions from meetings are fully addressed. As this
Payroll		Capital Accounting	26.08.09	3	3	2	2	-	2008/09	Internal audit is able to give a significant assurance opinion on the system of internal control operating within capital accounting. Some good practices were noted during the audit, including; the availability of up to date procedure and guidance notes, the project plan for implementation of capital accounting changes associated with the International Financial Reporting Standard (IFRS) and general maintenance and control of the fixed asset register. Some areas for improvement have, however, been identified including ensuring that an authorised valuation certificate for asset revaluations is obtained and placed on file, that depreciation is correctly and consistently calculated on all added value expenditure; and that there is a clear audit trail reconciliation from Oracle to the fixed asset register. Additionally, the potential to procure a be-spoke software package for maintenance of the fixed asset register should be researched. Such a system could assist the council in securing a consistent approach to the management and recording of fixed assets including the provision of up to date management information.

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
Inventories / Stocks		Corporate Governance (*)	22.10.09	39	39	-	-	-	-	Internal audit is able to give a significant assurance opinion on the system of internal control operating within corporate governance arrangements. The council has in place most of the key building blocks that comprise an organisation's governance framework. Most importantly, the council's management has a constructive working relationship with members and the council is viewed as jointly and effectively led by the chief executive and the leader of the council. The chief executive is supported by an experienced corporate management team ensuring seniority and continuity at a high level. Senior officers are fully aware of some legacy issues surrounding citizens' past perceptions of Walsall Council. Staff generally view management leadership as effective. The chief executive is aware of the need to consolidate and pare down the raft of documentation and strategies that are currently in place within the organisation. An important action taken by the chief executive upon appointment has been for example a streamlining and clarification of the council pledges. Notable examples of good practices includ

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
Agency Workers Risk Register - Review of Remainder <u>Computer Audit</u> Payroll (Trent) - inc HRD Portal									<p>The council, its employees and its members' roles and responsibilities are underpinned by and enshrined within the constitution and a range of codes of conduct with underlying systems for declaring interests provide a level of assurance that appropriate ethical standards are being adhered to. A number of areas for improvement have been identified which will reinforce prevailing arrangements. For example, making clear within corporate plans how the council is measuring its overall progress against its key priorities; the role of scrutiny could be further developed, notably formalising the role of an overview scrutiny body that could then have responsibility for scrutinising strategic issues; the scheme of delegation, particularly in the light of single status and organisational restructure, should be kept under periodic review and the scheme / financial and contract rules should be updated to set out officer responsibilities; raising awareness among staff of the council's anti fraud / anti corruption strategy and whistle blowing procedures and coordinating and streamlining the various mechanisms in place to obtain the V</p> <p>As this has been the first audit review of corporate governance arrangements</p>	

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
Contract Audit	Fibbersley Park School	Minor Highways Improvement Contract 2003 - 2005	06.10.09	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 the Minor Highways Improvement Contract 2003-2005. Many good practices were noted during the audit, including; appropriate authority was obtained for the tender process to take place, an appropriate officer chose firms to be invited to tender from the council's unified standing list of contractors and consultants, a suitable tendering exercise was undertaken, 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, a letter of appointment was sent to the contractor, the contractor's insurance cover was maintained throughout the contract period, Health and Safety, and equalities documentation were provided, a surety was provided by way of a contractor's bond, an appropriate contract was executed, extensions to the contract period have been fully documented and approved, each individual scheme was completed and accepted by the council, a sample
	Forest Community Squash Court & Gym Refurbishment									
	Bloxwich CofE School									
	Castle School - Refurbishment of Technology Classrooms									
	Frank F Harrison - Phase 1 Refurbishment & Extension of Essington Lodge									
	Birchills Children's Centre									
	Edgar Stammers School - Alterations									
Totals				200	192	59	52	0		
Total Percentage					96%		88%			

* 2008/2009 audits carried forward into 2009/2010
 Reports selected by committee

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		

3* Follow Up Audits

Ongoing	Draft	Final	Date of Final Report	Recommendations					Date of Last Audit	Conclusions
				Current		Previous				
				Made	Agreed	Agreed	Act'd	Not Due		
Accounts Payable		Links to Work	16.11.09	-	-	-	-	-	-	The 10 high priority (***) agreed actions which remain applicable from the last audit report which was issued on 15 September 2006, were confirmed as implemented by the project manager, links to work on 8 June 2007. At this follow up audit, it was noted that 6 of these high priority actions had been fully implemented. The 4 unimplemented, or partially implemented, high priority actions have been reiterated in this report. These should be addressed as a matter of urgency to ensure that effective procedures are in place, prior to the audit review of this service which will shortly take place in the current financial year. Managers should also seek to ensure that any medium (**) and low (*) priority agreed actions which remain applicable from the last audit have been fully implemented. Managers success or otherwise in implementing the agreed actions will be included in our later planned review and within reports to Audit Committee and directorate management teams.
		Council Tax / NNDR	23.10.09	-	-	-	-	-	-	The 1 high priority (***) agreed action from the last audit report which was issued on 29 May 2009, was confirmed as implemented by the revenues and benefits team manager on 30 July 2009. The high priority action had been fully implemented at the time of this follow up audit. Managers should seek to ensure that any medium (**) and low (*) priority agreed actions which remain applicable from the last audit have also been fully implemented. Managers' success or otherwise in implementing the agreed actions will be included in our later planned review and within reports to Audit Committee and directorate management teams.

APPENDIX 5

INTERNAL AUDIT

QUALITY TARGETS/PERFORMANCE INDICATORS – NINE MONTHS ENDING 31 DECEMBER 2009

Quality Targets/PI's (e.g. Response Time)	% Target	% Achieved 2009/10	% Achieved 2008/09	% Achieved 2007/08	% Achieved 2006/2007	% Achieved 2005/2006
Audits completed within planned time	95	100	96	95	96	95
Spending within budget	100	100	100	100	100	100
Productivity rate	65	Est 65	74.8	69.2	73.1	74.2
Audit plan achievement	95	Est 95	95	96.9	96.0	96.2
Report issued within 10 working days of exit meeting	80	100	96	97	84	92
Actions agreed	95	96	99	99	98	98
Returned customer questionnaires to show satisfaction	95	-	100	100	100	100
Overall perception of quality of service from Council wide Internal Audit survey	95	-	-	-	96	-

Note

1. 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	88	75	78	79	74
---	-----------------	----	----	----	----	----

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.