

Audit Committee – 20 June 2011

Annual Report of the Head of Internal Audit on the Overall Adequacies of the Internal Control Environment

Summary of the Report

Based solely on the work undertaken by internal audit and its contracted partner organization in 2010/11, a satisfactory level of assurance can be provided in relation to Walsall Council's overall system of internal control.

This opinion is given on the basis of positive action taken by managers to address identified control weaknesses and by providing evidence to auditors confirming that they had implemented or agreed to implement agreed actions detailed within audit report action plans.

Recommendation

1. To note the contents of the report.



James Walsh
Chief Finance Officer
9 June 2011

Resource and legal considerations

The Accounts & Audit Regulations 2003, as amended in 2011, require councils to 'undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices'. The CIPFA Code of Practice 2006, which sets out the proper practice for internal audit, requires the head of internal audit to provide an annual report to those charged with governance (this role is discharged by the audit committee at Walsall Council), which should include an opinion on the overall adequacy and effectiveness of the council's control environment.

Governance Issues

Responsibilities

It is a management responsibility to develop and maintain the internal control environment. Internal audit's role is to form an independent and objective opinion on the overall adequacy and effectiveness of the internal control environment (system of internal control).

Control Environment

The CIPFA Code of Practice 2006 states that the control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- establishing and monitoring the achievement of the organization's objectives;
- the facilitation of policy and decision making ensuring compliance with established policies, procedures, laws and regulations;
- ensuring the economic, effective and efficient use of resources and for securing continuous improvement in the way in which its functions are exercised;
- the financial management of the organization and the reporting of financial management; and
- the performance management of the organization and the reporting of performance management.

Citizen impact

This report reinforces the protection to the council and its officers in respect of the robustness of the internal control framework, and is an integral part of the assurance provided to charge payers on the security of the council's activities and operations.

Performance Management and Risk Management Issues

The activities of the audit committee are an integral part of the council's performance management and corporate governance framework. It can challenge, review and advise on service delivery, council activity and policy with the aim of improving results. The internal audit strategic plan is risk assessed to ensure those areas most at risk are examined as a priority. Regular quarterly reports dealing with internal audit performance and achievements during 2010/11 have been provided to the audit committee and a final report for the year will be considered at this evening's meeting.

Equality Implications

None arising from this report.

Consultation

The chief finance officer's signature on this report demonstrates that it has been endorsed by the council's statutory chief finance officer.

Background papers

Internal audit reports/files/working papers.

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Head of Internal Audit's Opinion on the Council's Internal Control Environment

Summary of Opinion

In my opinion, formed solely on the basis of the work undertaken by internal audit and its partner organization in 2010/11, and the positive action taken, intended to be taken or confirmed as having been taken by managers to implement agreed audit report actions, Walsall Council's overall system of internal control facilitates the effective provision of the council's functions and provides a satisfactory level of assurance regarding the effective, efficient and economic exercise of the council's functions.

Control weaknesses were identified during the 2010/11 financial year and were reported as such to relevant managers. The opinion as to the level of assurance that can be placed on the system of internal control is based on evidence provided by managers to auditors confirming that they had implemented or agreed to implement actions detailed within agreed audit report action plans in the areas for which they are responsible. These are considered within the report.

The system of internal control can only provide reasonable and not absolute assurance regarding the achievement of the council's policies, aims and objectives. The opinion is based on work in the approved operational audit plan, including irregularity, consultancy and advisory work carried out in 2010/11.

All audit work is subject to agreed terms of reference, objectives and resources allocated by the council for that purpose.

External audit review of internal audit

In Grant Thornton's interim report dated May 2011, they concluded in their detailed review of internal audit, that the 'service continues to provide an independent and satisfactory service to the Council and that they can take assurance from internal audit's work in contributing to an effective internal control environment at the Council'.

Grant Thornton reviewed internal audit's overall arrangements against the 2006 CIPFA Internal Audit Standards. Grant Thornton concluded that the service itself is contributing positively to the internal control environment and overall governance arrangements within the Council.

In assessing the effectiveness of internal audit work, Grant Thornton reviewed three internal audit files to ensure that:

- systems were adequately documented;
- key controls have been identified and evaluated;
- key controls have been tested; and
- weaknesses have been reported to management.

Grant Thornton concluded that they were pleased to note from these files that no significant issues were identified with internal audit's work.

Basis of Audit Opinion

The council's financial and contract rules require maintenance of an internal audit service to provide an independent and objective appraisal function for reviewing the

system of internal control. It should examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

Many discrete elements of audit work form a contribution to the opinion. These include planned cyclical audit work, following up previous years' audit reviews, irregularity and consultancy work and also general professional advice where no formal report may have been issued but which contribute to the overall opinion.

Audit activity is planned on a risk-based, systematic approach which incorporates the results of consultation with executive directors, assistant directors and senior managers. The council's statutory Section 151 Officer (assistant director – finance), corporate management team (CMT) and the audit committee endorse the strategic audit plan.

There were no constraints placed on the scope of internal audit work in the year.

For each area of planned audit activity, an overall audit opinion is reported with the range of assurance opinions being given. The levels of assurance rating are described as follows:

Overall Audit Opinion	
Full Assurance	Full assurance that the system of internal control is designed to meet the organization's objectives and controls are consistently applied in all the areas reviewed.
Significant Assurance	Significant assurance that there is a generally sound system of control designed to meet the organization's objectives. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk.
Limited Assurance	Limited assurance as weaknesses in the design or inconsistent application of controls put the achievement of the organization's objectives at risk in the areas reviewed.
No assurance	No assurance as weaknesses in control, or consistent non compliance with key controls, [could result / have resulted] in failure to achieve the organization's objectives in the areas reviewed.

Appendix A details the overall audit rating for each review undertaken during 2010/11 and **Appendix B** details, among others, the audit opinion on all fundamental financial systems/processes audited during the year.

The Internal Control Environment

During 2010/11, 129 specific audit reviews were undertaken, excluding unplanned irregularity and consultancy work. Of these:

- 3 reviews (2%) received a full assurance opinion;
- 77 reviews (60%) received a significant assurance opinion;
- 13 reviews (10%) received a borderline significant opinion;
- 22 reviews (17%) received a limited assurance opinion; and
- No reviews received a no assurance opinion.

For FMSIS (schools) reviews:

- 12 reviews (9%) received a compliant opinion;
- 2 reviews (2%) received a non compliant opinion.

Overall, 81% of reviews (105 reviews) were given borderline significant assurance / compliant, or above.

Fundamental financial systems:

Fundamental financial systems are shown at **Appendix B**. All were found to be operating satisfactorily, receiving a significant assurance opinion. Payroll and capital programme / project management did, however, receive borderline significant opinions.

With regard to the 'payroll' review, the summary audit opinion states:

- Some progress has been made in actioning previously agreed audit report actions and HRD have continued to develop and improve HRD direct, the corporate employee and manager portal. Segregation of duties via individual teams such as the transactional recruitment team and the transactional team; and the use of 'Intelligent', an electronic database for the management and recording of personal files remain good practice.
- Significant areas for improvement have, however, been identified in ensuring controls and processes are fully effective, 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 undertaken.

With regard to the 'capital programme / project management' review, the summary audit opinion states:

- A number of good practices were noted during the audit, including;
 - capital programme approval;
 - comprehensive guidance to staff detailed in the capital manual;
 - maintenance of the project register;
 - approval of capital programme bids and capital financing reports;
 - budgetary monitoring and control;
 - control of capital contingency funds;
 - identifying sources of external funding; and
 - Mantix system data security.
- Some areas for improvement have been identified, including, ensuring:
 - project management policies & procedures are clear and are understood by all officers involved/responsible for project management;
 - a consistent approach in the use of project documentation;
 - key documentation is uploaded onto the Mantix system;
 - officers are fully aware of the definition and requirements of a project;
 - all projects are compliant with the Walsall Project Approach (WPA); and
 - that risk assessments are completed on a regular basis.

The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Other financial/non financial systems:

During 2010/11, audit reviews were undertaken of other financial/non financial systems and processes that contribute to the council's overall corporate governance arrangements. Internal audit's work identified that although in most audit assignments the processes examined were generally working satisfactorily, system weaknesses were identified in a number of areas as shown in those awarded a limited / non complaint opinion in **Appendix C** and those awarded a borderline significant assurance opinion in **Appendix D**. No audit reviews were awarded a no assurance opinion this year. A number of high priority suggested improvements were made during the year to address control weaknesses and all were or are being agreed for implementation by managers. The overall summary audit opinions are shown within these respective appendices.

Contractors' final accounts:

A total of 15 final accounts were examined during the year. This involved a comparison of the documentation provided with the council's requirements as expressed in its financial and contract rules. Three of these reviews were given a limited assurance rating as shown on Appendix C and were considered to have been poorly managed.

Reasons for criticism of systems used to control major contracts include:

Failure to obtain appropriate authority: While some good practice was noted in the tendering and award of contracts, there have been a number of instances where managers failed to obtain appropriate authority either to commence the procurement process or to approve the appointment of a contractor.

Lack of documentation / surety / contract under seal: On a number of occasions, documents were not available through which to evidence a contractor's compliance with race relations, health and safety, and contract design and management requirements. There were also instances where the creation of a surety against the works' completion had not been evidenced or where the council's contract had not been executed under the council's seal but had relied upon official orders, exchange of letters or signed documents.

Documentation approving additional works / time extensions: Performance of contracts appears to have been generally good, but instances were found where requests for additional works had not been documented at the time they were ordered or where extensions of time had been agreed but remained uncertified.

Auditors have received assurances from managers that they have implemented procedures to minimise the risk of these control weaknesses recurring.

By their nature, these final accounts are historical and those officers responsible for failure to comply with financial and contract rules, or previous procedures, have now, in the main, left the authority's employment. Senior managers now in place are concerned to ensure that previously encountered procedural difficulties are not repeated and have stated to auditors their intention to continue to take robust action in making sure that their officers' follow the approved rules at all times.

Computer Audit Work:

Computer audit work is undertaken, under contract, in partnership with our external audit partner, due to the specialist nature of the work. During the year, 8 specific projects were undertaken and details of the work undertaken are shown at Appendix B.

The majority of these reviews received a significant assurance opinion, with the exception of the M3PP (Northgate) review, which received a limited assurance opinion. The summary audit opinion for M3PP (Northgate) states:

- A number of good practices were noted during the audit, including:
 - the application appears to be fit for purpose and is complimented by manual controls to ensure compliance;
 - a formal backup management policy exists with appropriate procedures for backup, retention and storage of data;
 - appropriate procedures exist to ensure successful recovery from backups; and
 - management periodically monitor backup management activities.

- Some areas for improvement have, however, been identified, including:
 - no periodic reviews or control in place to ensure compliance with the Licensing Act 2003 regulations;
 - the assigned owner of the application has not yet formally assumed the role;
 - weaknesses in access controls over the M3 application and supporting web based access;
 - the process for providing support to the application, both operational and change management, has yet to be formalised;
 - manual controls are currently in place to mitigate functions the most recent version of the application supports; and
 - a test restore of the application's data has not taken place.

The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Appendix C lists the 24 audit reviews where a limited or no assurance opinion rating was given and **Appendix D** lists the 13 audit reviews where a borderline significant assurance was given (excluding unplanned irregularity and consultancy work). The summaries show the status of each review. Due to internal audit's need to ensure a full year sample coverage, many 2010/11 reports are finalised following the financial year end. Hence some reports still appear as draft.

Advice and Consultancy

Professional advice and consultancy assistance was provided to managers during the year with details of this work being reported quarterly to the Audit Committee. The work has been varied and included attendance at meetings, or contribution to, a

number of initiatives. Examples have included, working smarter, future jobs fund, finance direct, social care and inclusion domiciliary care, cheque printing procedures, use of payment cards and electronic tendering.

A database has been created to record all enquiries to auditors. This has highlighted the type and extent of advice provided to managers. During the year ending 31 March 2011, 224 responses to requests for advice were provided.

Fraud and Irregularity

A total of 92 unplanned jobs, including suspected frauds and irregularities, were undertaken by the service during the year, 1 being notified through the whistle blowing procedure. A contingency exists within the annual audit plan for this type of work, including consultancy. A lower than anticipated level of time was spent on this work during the year; from 771 planned days to 627 actual days, a reduction of 144 days. A summary of the audit inquiry work undertaken is reported quarterly to the Audit Committee. While most cases were not material in the context of the Annual Governance Statement, 3 cases in particular, have given cause for concern this year relating to 2 potential frauds / thefts by officers and 1 creditor payment fraud. These have been investigated by the section and are currently subject to ongoing police and court proceedings. Controls within these areas have been subject to review and action taken as appropriate.

A brief summary of a number of other cases is shown below:

Misuse of funds/resources

Several cases were reported for investigation alleging misuse of resources, cash and council equipment. All reported cases were investigated, referred to the Police and disciplinary action taken as appropriate.

Employees working privately while on sick leave

Instances were reported of employees working privately while on sick leave. These cases were investigated and disciplinary action taken as appropriate.

Employees potentially committing benefit fraud

Cases of employees failing to declare income / capital in benefit claims, investigated by the council's benefit fraud investigation team, have been referred to the section for disciplinary action to be taken as appropriate.

Grant governance arrangements

Cases have been referred for investigation of potential inadequate governance and control arrangements within various grant regimes. All allegations have been fully investigated and actions agreed with appropriate managers to strengthen governance and control arrangements in place.

Data security breaches

Allegations regarding data security breaches have been investigated by the section. Actions have been agreed with relevant managers and shared with the Information Commissioner, to strengthen arrangements in place.

Internet / e mail systems' misuse / inappropriate computer content

Instances have been investigated where managers have reported concerns with employees allegedly making inappropriate use of the council's internet and e mail facilities and downloading inappropriate material onto the council's equipment. All reported cases were investigated and appropriate action taken. The number of reported cases is much reduced in comparison to previous years.

Freedom of Information / Data Protection Act requests

Statistical information and responses in connection with surveillance work approved under the Regulation of Investigatory Powers Act (RIPA) 2000 were provided to enable responses to be made to several media requests for information.

Head of audit grant claim certification

Requests were received for the head of audit's certification of grant claims. These claims were audited and certification provided as necessary, together with action plans where appropriate to improve grant administration processes.

Other audit activity

Appendix B, in addition to providing the audit opinion on key system work, also sets out completed computer audit activity and school audit visits / FMSiS reviews .

Performance

The overall performance of internal audit in 2010/11 is reported to this evening's meeting and demonstrates a high level of performance indicator achievement for the year including undertaking 98% of the approved audit work plan.

The report also shows that 66% of desired outcomes arising from earlier internal audit findings were confirmed as achieved at internal audit's next visit, a decrease on last year's 87%. That is, while 66% of control issues identified in previous audits were found to have been fully addressed at the next audit, 34% continued to be identified as issues requiring further management attention to resolve.

The chief executive on 12 May 2011 instructed his management team to ensure that all audit report actions were implemented as agreed and sufficient evidence retained to demonstrate this. The directorate management teams' involvement in seeking assurance from their managers that they have implemented or are taking action to implement agreed actions should also assist the process.

As part of the Annual Governance Statement process, executive directors and assistant directors are asked to sign off the schedule of reports and agreed actions confirming that their managers had taken all appropriate action to implement agreed actions. All have returned their signed schedules to the 31 December 2010 and the documents to the 31 March 2011 will be signed returned by the 17 June 2011.

TASK	Completed	Rating
MAJOR SYSTEMS:		
<i>REGENERATION & HOUSING</i>		
SUD (Sustainable Urban Development)	draft	Limited
Shopmobility	final	Significant
Disabled Facilities Grant	draft	Significant
Homelessness Establishment:		
Green Lane	final	Significant
Building Cleaning Establishment	final	Borderline Significant
<i>NEW DEAL:</i>		
New Deal - Programme End	final	Borderline Significant
<i>FINANCE:</i>		
Council Tax / NNDR	final	Significant
Housing and Council Tax Benefits	final	Significant
Benefits - Appeals / Complaints	draft	Significant
Benefits - Landlords	final	Significant
Nominal Ledger & Central Accounting	draft	Significant
Cash / Bank (Banking Hall & Income Management System)	final	Significant
Treasury Management	draft	Significant
<i>LAW & CONSTITUTIONAL SERVICES:</i>		
Electoral Registration	draft	Limited
Debt Recovery	draft	Significant
<i>BUSINESS CHANGE:</i>		
Accounts Payable (Creditors)	draft	Significant
Accounts Receivable (Debtors)	draft	Significant
ICT Establishment	draft	Significant
Business Solutions	draft	Significant
Procurement	draft	Significant
Complaints / Customer Care	draft	Borderline Significant
Pay & Grading (inc Single Status)	draft	Borderline Significant
Operational Services (Personnel)	draft	Borderline Significant
Future Jobs Fund	final	Significant
<i>NEIGHBOURHOOD SERVICES:</i>		
Highways Maintenance	draft	Significant
Waste Management Establishment	draft	Significant
Car Parking Income	draft	Significant
Car Parking Enforcement	final	Significant
Trade Refuse	draft	Significant
Registrars	draft	Significant
Licensing	draft	Significant
Safer Communities - Anti Social Behaviour	final	Limited
Safer Communities - CCTV	final	Limited
<i>WALSALL PARTNERSHIP:</i>		
Local Involvement Networks (LINKS)	draft	Significant
Working Neighbourhood Fund (WNF)	draft	Significant
<i>LEISURE & CULTURE</i>		
Contact Centre & First Stop Shop (inc Switchboard)	final	Significant
<i>LIBRARIES & HERITAGE:</i>		
Local History Centre	final	Significant
Leather Centre	draft	Significant
Libraries Services	draft	Borderline Significant
<i>WALSALL ADULT & COMMUNITY COLLEGE:</i>		
Walsall Adult & Community College	draft	Limited
<i>UNIVERSAL SERVICES</i>		
IISaM / CAF Programme	draft	Significant
Youth Service / Youth Offending	draft	Limited
Commissioning (Childrens Services) *	draft	Limited
<i>SPECIALIST SERVICES</i>		
Safeguarding (Children)	final	Significant
Child Poverty Reduction	draft	Significant
Transition & Leaving Care Team	final	Limited
<i>EDUCATION SERVICES:</i>		
St Thomas More PFI Payments	final	Significant
<i>OPERATIONS:</i>		
Home Care Establishment	final	Limited
Learning Disabilities Day Care:		
Pinfold	draft	Limited

TASK	Completed	Rating
Neighbourhood Community Officers	draft	Significant
Mental Health Residential & Day Care: Broadway North	final	Limited
Walsall Health Inequalities Strategy	draft	Limited
Stroke Care Grant	final	Significant
Major Projects & Development	final	Significant
<i>Personalisation</i> *	<i>draft</i>	<i>Limited</i>
Learning Disabilities - Satellite Offices	draft	Limited
Fairer Charging & Extra Care	draft	Limited
<i>Community Mental Health Integrated Team</i> *	<i>draft</i>	<i>Limited</i>
Hospital Services	draft	Significant
SAFEGUARDING:		
Safeguarding (Adults)	final	Significant
JOINT COMMISSIONING:		
<i>Strategic Commissioning (Adult Services)</i> *	<i>draft</i>	<i>Borderline significant</i>
ALL:		
Grants	draft	Limited
Service Planning	draft	Significant
Budgetary Control(incl MTFP, gershon/transformation)	draft	Significant
Capital Accounting	final	Significant
Capital Programme / Project Management	draft	Borderline significant
Partnership Frameworks (inc Accountable Body Status)	draft	Limited
Payroll	draft	Borderline Significant
Sickness Management	draft	Borderline significant
Voluntary Sector Engagement	draft	Borderline significant
Risk Register - Review of Remainder	final	Full
Risk Register - Corporate System	final	Significant
REGULARITY:		
FINANCE:		
Bank Account Reconciliations (consolid - inc benefits)	final	Significant
Housing/Council Tax Benefits:		
Discretionary Payments	final	Borderline significant
EDUCATION SERVICES		
Primary Schools:		
Alumwell Junior	final	Significant
Bentley Drive JMI	final	Compliant
Bentley West JMI	final	Compliant
Birchills JMI	draft	Significant
Blackwood JMI	draft	Significant
Busill Jones JMI	final	Compliant
Cooper & Jordan JMI	final	Compliant
Chuckery JMI	final	Compliant
Delves Junior	final	Compliant
Edgar Stammers JMI	final	Compliant
Hatherton JMI	draft	Significant
Hillary Street JMI	final	Compliant
Leighswood JMI	final	Significant
Lindens JMI	draft	Non compliant
New Invention Junior	draft	Significant
Rushall JMI	draft	Significant
St Johns JMI	draft	Significant
Lower Farm JMI	draft	Significant
Old Church JMI	draft	Non compliant
Palfrey Infants	draft	Significant
Palfrey Junior	draft	Significant
Park Hall Junior	draft	Significant
Pelsall Village JMI	final	Compliant
Pheasey Park Farm JMI	final	Compliant
Pinfold Street JMI	draft	Significant
Ryders Hayes JMI	draft	Significant
St Michaels JMI	draft	Significant
Woodlands JMI	draft	Significant
Special Schools:		
Castle	final	Compliant
Jane Lane	draft	Borderline significant
Mary Elliot	final	Compliant
Oakwood	draft	Significant
Old Hall	draft	Significant
CONTRACT AUDIT:		
Final Accounts:		

TASK	Completed	Rating
Lower Farm JMI - Assembly Hall	final	Significant
Mary Elliot	final	Significant
Lower Farm Admin Block	final	Limited
Fallings Heath	final	Significant
Hatherton Children's Centre	final	Significant
Walsall Route 51 Bus Showcase & Red Route	final	Full
Christchurch JMI	final	Significant
Extended Schools Programme - Chuckery, Millfields & Walsall Wood	final	Significant
Pleck & Streetly Libraries - extension & refurbishment	final	Significant
Streetly Sports College - new changing rooms	final	Significant
Joseph Leckie - New Teaching Block	draft	Full
Grace Academy - mine entries	draft	Limited
Oakwood School Extension	draft	Significant
Lichfield Road & Hilton Road	draft	Limited
COMPUTER AUDIT:		
Cash Receipting (Income Management System)	final	Significant
Supporting People	final	Significant
Oracle Financials - Creditors / eProcurement	draft	Significant
BACSTEL IP	final	Significant
Email and Internet Usage Procedure	draft	Significant
ICT Service Management	final	Significant
M3PP (Northagate)	draft	Limited
DS Galaxy Library System	final	Significant

At the time of writing this committee report these indicated audit reviews () have not yet been formally issued in draft.*

Appendix B

Audit opinions given to fundamental financial systems/processes in 2010/11

System/process	Opinion
Council tax / NNDR	Significant
Housing and council tax benefits	Significant
Cash / bank (banking hall & income Management System)	Significant
Nominal ledger / central accounting	Significant
Treasury management	Significant
Accounts payable (creditors)	Significant
Accounts receivable (debtors)	Significant
Payroll	Borderline Significant
Budgetary control	Significant
Capital accounting	Significant
Capital programme / project management	Borderline Significant
Bank account reconciliations (including benefits account reconciliation)	Significant

Computer Audit

PricewaterhouseCoopers (PWC) was appointed as the council's computer auditor partner on 28 January 2011.

Eight specific ICT areas of activity were undertaken in accordance with the planned work programme for 2010/11 covering the following reviews:

- **Cash Receipting (Income Management System)** – this audit reviewed the functionality of the income management system to collect income transaction data from a variety of sources in a variety of formats, and deliver it to downstream systems, principally the general ledger. A significant assurance opinion was given for this review.
- **Supporting People** – this review considered key IT controls for this system which is used by officers in the course of their work. The supporting people programme is a government initiative administered locally by Walsall Council which funds housing related support to vulnerable people in the borough. A significant assurance opinion was given for this review.
- **Oracle Financials – Creditors / eProcurement / Debtors** – this review looked at key IT controls for these systems. The creditors and eProcurement systems are used to raise orders for goods, works and services and process invoices for payment. The debtors system is used to collect sundry amounts owed to the council from organisations. A significant assurance opinion was given for this review.
- **BACSTEL IP** – this audit reviewed the checks and controls present in the council's online automated payment system used to make creditor, payroll and other payments. A significant assurance opinion was given for this review.

- **Email and Internet Usage Procedure** – this audit was a high level review of the email and internet usage procedure to ensure that activity in this area is being effectively controlled. A significant assurance opinion was given for this review.
- **ICT Service Management** – this review sought to provide assurance on the management systems within ICT service management including benchmarking against recognised industry good practice. The service is responsible for the central delivery of common IT systems and support of agreed applications. A significant assurance opinion was given for this review.
- **M3PP (Northgate)** – this review considered key IT controls for this system which is used by officers in the course of their work across a range of public protection activities including licensing, trading standards, housing standards and environmental health. A limited assurance opinion was given for this review.
- **DS Galaxy Library** – this review considered key IT controls for this system which is used by officers throughout the council's central lending and branch libraries to control the acquisition, issue and return of books and other media lent to the general public. A significant assurance opinion was given for this review.

A number of suggested actions were made in each of the areas examined to which internal audit has received managers' agreement to the action plan contents detailed within each of the final reports.

Schools audit visits / FMSiS reviews.

Until the secretary of state announced the end of the financial management standard in schools (FMSiS) on 15 November 2010, all schools were required to comply with the standard. All secondary schools were deemed compliant by March 2008 and had been re-assessed by March 2011. Primary, Special and Nursery Schools which had been split into 3 tranches and assessed during 2007/08, 2008/09 and 2009/10 had all been deemed compliant by March 2010.

During 2010/11 joint FMSiS re-assessment and internal audit review visits were carried out in 12 Primary and 2 Special schools up until the secretary of state's announcement. Following the announcement, audit visits based on the joint Ofsted and Audit Commission publication Keeping Your Balance - Standards for Financial Management in Schools were carried out at 16 Primary Schools and 3 Special Schools

Of the 14 schools at which FMSiS re-assessments took place during 2010/11, 12 were deemed compliant with the standard. Follow up visits will be made to 2 schools in 2010/11 currently deemed non compliant (Lindens JMI and Old Church JMI).

Of the 19 schools at which keeping your balance audits were undertaken a significant assurance opinion was given for 18 reviews and a borderline significant assurance for 1 review (Jane Lane).

Appendix C

Summary of limited / no assurance audit reports 2010/11

Service Area	Audit	Assurance	Progress
Regeneration & Housing	SUD (Sustainable Urban Development)	Limited	Draft
Law & Constitutional Services	Electoral Registration	Limited	Draft
Neighbourhood Services	Safer Communities – Anti Social Behaviour	Limited	31 agreed actions
	Safer Communities – CCTV	Limited	43 agreed actions
Walsall Adult & Community College	Walsall Adult & Community College	Limited	Draft
Universal Services	Integrated Young People's Support Services (IYPSS)	Limited	Draft
	<i>Commissioning (Children) *</i>	<i>Limited</i>	<i>Draft</i>
Specialist Services	Transition & Leaving Care	Limited	41 agreed actions
Social Care & Inclusion	Home Care Establishment	Limited	23 agreed actions
	Pinfold Centre	Limited	Draft
	Broadway North Resource Centre	Limited	43 agreed action
	Walsall Health Inequalities Strategy	Limited	Draft
	Learning Disabilities – Satellite Offices	Limited	Draft
	Fairer Charging & Extra Care	Limited	Draft
	<i>Personalisation *</i>	<i>Limited</i>	<i>Draft</i>
	<i>Community Mental Health Integrated Team*</i>	<i>Limited</i>	<i>Draft</i>
Schools	Lindens JMI	Limited	Draft
	Old Church JMI	Limited	Draft
ALL	Partnership Frameworks	Limited	Draft
	Grants	Limited	Draft
Contract	Lower Farm Admin Block	Limited	12 agreed actions
	Grace Academy Mine Entries	Limited	Draft
	Lichfield Road and Hilton Road	Limited	Draft
Computer	M3PP (Northgate)	Limited	Draft

At the time of writing this committee report these indicated audit reviews (*) have not yet been formally issued in draft.

SUD (Sustainable Urban Development):

The aim of the SUD programme is to identify organisations that could benefit from the SUD programme and assist them to apply for £12m of European Regional Development Fund (ERDF) funding for their projects. Walsall Council was granted ERDF financial support of £125,000 by AWM for the period 2008/9 to 2010/11 to be used towards staffing costs to establish the structures to meet the programme

delivery requirements / demands set by AWM. The council has applied for additional ERDF financial support of £62,500 for the period January to December 2011 to retain the required staff for phase 2 of the programme and continue to facilitate the structures to meet fully the delivery requirements / demands set by AWM. The ERDF funding is matched by funding from Walsall Council's working neighbourhoods fund (WNF) grant and from WNF funding managed by Wolverhampton Council.

A number of good practices were noted during the audit, including; grant agreements are in place with funding organisations; funding is not included on a grant claim until the council has incurred the expenditure; timesheets are completed and approved for eligible staffing costs; budget monitoring is performed to ensure the council does not exceed its funding budget; and audit sample testing identified that only eligible expenditure is being reclaimed.

Some areas for improvement have been identified, including; implementation of the outstanding AWM recommendations; certification of the new SUD contract; and regular grant claims to promptly recover expenditure incurred. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Electoral Registration:

The service is responsible for maintaining the electoral register and ensuring that an annual full canvass of the register is performed ready for publication in December each year. The section is also responsible for organising local, parliamentary and European elections ensuring that everyone in the borough eligible to vote is able to cast their vote.

Some good practices were noted during the audit, including; joint working; positive feedback from the Electoral Commission following their audit of the service's performance standards self assessment; and a business continuity plan is in place.

No significant areas of concern were identified with the management and administration of the elections. Areas for improvement were, however noted in the day to day running of the service, notably ensuring that:

- service planning and performance management controls are strengthened;
- procurement controls are improved and that all procurement activity is undertaken in accordance with contract rules 2010;
- all grants are recorded in the grants register;
- income and banking controls are strengthened;
- data security and retention controls are improved; and
- election duty payment arrangements are strengthened.

Safer Communities – Anti Social Behaviour:

Some good practices were noted during the audit, including;

- joint working with a number of services and external agencies;
- attendance at monthly consultation and problem solving multi agency meetings;

- reporting the number and types of anti social behaviour cases and incidents received each quarter to the Safer Walsall Partnership board.

Some areas for improvement have, however, been identified, including:

- undertaking benchmarking with other local authorities and similar organisations;
- establishing a set of suitable local performance indicators/targets;
- ensuring compliance with the council's sickness absence policy;
- the sourcing of an appropriate replacement ICT option for an anti social behaviour system;
- the documentation of day to day administration procedures;
- formulation of standard forms for completion at various stages of a case, including; referral, investigation and action plan; and
- maintaining an adequate segregation of duties.

The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Safer Communities – CCTV:

The surveillance unit is part of the Safer Walsall Partnership.

Most areas reviewed required significant improvement. Controls regarding service performance and the service's adherence to corporate policies and procedures, joint working, procurement, income; and anti fraud and corruption measures all require attention. The prompt implementation of actions contained within the action plan, together with the commitment of the new management structure will assist in restoring the control environment.

Walsall Adult & Community College:

The Walsall Adult & Community College was formed in August 2009 and provides courses and learning opportunities for persons aged 18 and above. There are some courses available for 16-18 years in construction and sport related activities.

Some good practices were noted during the audit, including; performance reporting, funding returns, workforce planning, team communication, grant funding, joint working partnerships and promotional activity.

A number of areas for improvement have, however, been identified, including; cash income collection and security, outstanding fee collection, banking, procurement, computer & data security and operation of the crèche facility. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Integrated Young People's Support Services (IYPSS):

The integrated service has recently been created and includes 3 'footprints' as follows:

- positive activities;

- youth justice service; and
- IAG Prospects.

Positive activities provide Walsall young people and parents with activities and youth clubs designed to develop social skills and life skills. The service has 14 youth centres all which are overseen by a team leader and as part of this audit, visits were made to Rosehill, Pelsall and Aldridge Manor youth centres. The youth justice team work to rehabilitate young offenders to avoid situations of consistent re-offending. Prospects work with young people to provide advice and guidance on careers and educational opportunities with the aim of increasing the number of young people going into further education and developing a career.

Some good practices were noted during the audit, including; service planning and monitoring of performance by the youth justice team, joint working initiatives, risk management relating to the IAG (Prospects) contract, effective team communication, and online development of www.mywalsall.org.uk.

A significant number of areas for improvement have, however, been identified, including; performance monitoring, business continuity planning, sickness management reporting, cash income collection and security; and purchasing procedures. Anti fraud and corruptions arrangements require significant management attention. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Transition & Leaving Care:

Transition and leaving care provide support to children aged between 16-21; and up to the age of 24 if in a planned programme of education, who have been in care including:

- housing, advice and assistance;
- help to young people who want to return to education;
- support in finding employment and training;
- encouragement to participate in leisure activities and living a healthy lifestyle; and
- advice on accessing specialist groups, including mental health, drug and alcohol dependency support.

Some good practices were noted during the audit, including;

- the corporate parenting strategy which is reviewed on a quarterly basis;
- joint working with a number of organisations, including; Walsall College, Walsall Adult & Community College, Links to Work and complimentary therapists; and
- quarterly national indicator data being collated and reported to the performance board.

A number of areas for improvement have, however, been identified, including:

- the tightening of controls surrounding cash handling and banking processes;
- ensuring receipts are available to support allowances paid;
- the completion of a business continuity plan;

- ensuring young person's files are kept up to date;
- ensuring an adequate segregation of duties is maintained; and
- pathway plan reviews are undertaken in line with agreed timescales.

The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Home Care Establishment:

The in-house homecare service provides personal care and domestic services to vulnerable adults in Walsall to help them to be as independent as possible. Care is provided 24 hours a day, 7 days a week. The homecare establishment service is split into three teams which are based at Tameway Tower, Bentley and Rushall.

Some good practices were noted during the audit, including; 6 monthly training and development reviews; up to date health and safety standards; quarterly monitoring of joint working arrangements; procedures for client referrals; spot checking of care delivered; and weekly management reports detailing referrals received, homecare provided and available capacity.

Some areas for improvement have, however, been identified including ensuring that the team plan is finalised; that performance management and procedures for administering the delivery of care are strengthened; and that fees and charges processing is more robust, including debt monitoring. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Pinfold Centre:

Pinfold is a day centre for adults with learning disabilities providing a range of activities including; art classes, physiotherapy, kitchen, and leisure facilities. Following the retirement of the previous manager in January 2010 responsibility for the centre was transferred to the service co-ordinator. Currently, the services provided by the centre are also being transferred to Goscote Centre and the Stan Ball Centre in April 2011 and Pinfold Centre will then close.

Some good practices were noted during the audit, including;

- segregation of duties in the procurement process;
- consultation meetings with staff and service users regarding the transfer of pinfold day care centre to the goscote and stan ball centre; and
- the security of cash held.

Some areas for improvement have, however, been identified including;

- developing a team plan;
- undertaking benchmarking with other local authorities and similar organisations;
- budget monitoring;
- completing the closedown procedure checklist;
- reviewing banking controls;

- ensuring that service user files are up to date and include all relevant documentation; and
- the documentation of day to day administration procedures.

The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Broadway North Resource Centre:

The Broadway North Centre provides a secure environment to adults between the age of 18-65 with diagnosed mental health conditions and is made up of two services:

- a day centre providing a range of activities including, literacy and numeracy, art, catering, tai-chi, IT and complimentary therapy's; and
- a residential unit which provides respite and crisis accommodation on a 24 hour basis.

Walsall mental health services are jointly commissioned by Walsall Council and Walsall Teaching Primary Care Trust and jointly provided by Walsall Council and Dudley and Walsall Mental Health Partnership NHS Trust.

Some good practices were noted during the audit, including:

- joint working with a number of organisations;
- annual review and approval of the short stay residential care charge;
- monthly team meetings; and
- regular health and safety checks.

A number of areas for improvement have been identified, including:

- the tightening of controls surrounding petty cash and lunch monies collection; and banking processes;
- the documentation of all day to day administration procedures;
- review and update of the eligibility criteria;
- the completion of an annual inventory check and the review of inventory records on a regular basis; and
- ensuring an adequate segregation of duties is maintained.

The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Walsall Health Inequalities Strategy:

The strategy was approved by Cabinet on 24 June 2009.

While a robust health inequalities strategy is in place, arrangements for accountability of delivery of the strategy are unclear. As such, it should be ensured that ownership for delivery of the strategy is established and steps taken to ensure its prompt delivery.

Learning Disabilities – Satellite Offices:

Satellite units provide day care services to adults with learning disabilities. The units are located in various areas within the borough of Walsall with the aim to provide a local service to each service user in line with the personalisation agenda.

Some good practices were noted during the audit, including; regular communication, timesheets being checked and authorised and the security of cash and assets.

A number of areas for improvement have, however, been identified, including; updating the team plan, measuring and monitoring key service performance indicators, compliance with sickness absence management procedures, documenting partnership arrangements, procurement and processes for the administration of tea and activity monies. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Fairer Charging & Extra Care:

The policies provide guidance for charging for fairer charging and extra care. Services assessed under the fairer charging guidance include day care, home care, community supported learning and direct payments. Extra care schemes provide funding for housing for elderly or disabled residents who require more specialised amenities and greater support. The current fairer charging arrangements are being reviewed with a shift towards a benefits based charging system.

Some good practices were noted during the audit, including; fairer charging and extra care policies being available on the intranet, assessment forms being signed by the client / advocate of the client and the welfare rights visiting services officer, clients being provided with a breakdown of how their charge is calculated within their contribution letter and complaints being dealt with through the corporate complaints process.

A number of areas for improvement have, however, been identified, including the strengthening of controls in relation to the assessment process; exploring the possibility of interfacing between Oracle and the custom card system to prevent the need for manual intervention; improving exemption arrangements, strengthening procedures for recovering arrears and recovering back dated payments.

It is understood that fairer charging arrangements are currently being reviewed with a shift towards a benefits based charging system. It is recommended that the findings and risks identified as part of this review, assist in shaping systems development going forward. In the interim, the prompt implementation of actions contained within this audit report will further assist in enhancing current procedures undertaken.

Schools:

See summary of school FMSiS work at Appendix B. Two primary schools, Lindens JMI and Old Church JMI, failed to achieve the standard during the year. Follow up visits to these schools are planned.

Partnership Frameworks:

The partnership framework was developed during 2008/09 and the partnership toolkit took effect from 1 January 2009. The management and development of partnerships has been devolved to service areas. The council maintains a partnership register which includes details of 53 partnerships.

Some good practices were noted during the audit, including; the need to improve the partnership protocol and toolkit reported to and acknowledged by CMT. Most areas required improvement, notably, including ensuring that the partnership protocol and toolkit is subject to review and refresh and that actions agreed in the previous audit, where still relevant, are implemented as a priority.

Grants:

Grants vary enormously in their bidding and application procedures, claiming and payment mechanisms and ongoing management requirements. The grants audit report aims to set out the key controls that the system of grants should operate in.

Some good practices were noted during the audit, including:

- a comprehensively detailed revised grants manual issued November 2010;
- a mandatory grants workshop held by finance and Grant Thornton communicating best practice in grant administration and management to all relevant officers; and
- a designated grants coordinator responsible for supporting accountable grant administrators in the monitoring and review of grants.

Controls are mainly sufficient, but significant compliance issues have been identified. It is, however, acknowledged that at the time of the audit, the council's revised grants manual, published in November 2010, containing newly introduced requirements and processes was still in the process of being fully embedded. The 22 grants selected as part of the audit, from across all directorates, were legacy grants. No new grants had been recorded or received in the grants register post November 2010. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Contract Audit:

A total of 15 final accounts were examined during the year with 3 receiving a limited opinion (Fallings Heath; Grace Academy mine entries; and Lichfield and Hilton Road). Reasons for the exceptions are detailed within the main body of the report.

Computer Audit:

Eight IT projects were completed by our partner contractor with one, M3PP (Northgate), receiving a limited assurance opinion. This is detailed within the main body of the report and also referred to within Appendix B.

Appendix D

Summary borderline significant audit reports 2010/11

Service Area	Audit	Progress
Regeneration & Housing	Building Cleaning	22 agreed actions
New Deal	Programme End	10 agreed actions
Business Change	Complaints / Customer Care	Draft
	Pay & Grading (inc Single Status)	Draft
	Operational Services (Personnel)	Draft
Libraries & Heritage	Libraries Services	Draft
Finance	Housing Benefits – Discretionary Payments	8 agreed actions
<i>Social Care & Inclusion</i>	<i>Commissioning (Adults) *</i>	<i>Draft</i>
ALL	Capital Programme / Project Management	Draft
	Payroll	Draft
	Sickness Management	Draft
	Voluntary Sector Engagement	Draft
Schools	Jane Lane	Draft

At the time of writing this committee report these indicated audit reviews () have not yet been formally issued in draft.*

Building Cleaning:

The service provides building cleaning to various internal establishments within the council as well as caretaking and crossing patrol wardens to the borough's schools. The service also has one external contract with Walsall College for building cleaning.

A number of good practices were noted during the audit, including; benchmarking with other local authorities; health & safety action planning; service level agreements with clients; clear service standards; an established employee support structure and reporting lines; management of in-house policies and procedures; and clear arrangements for managing poor performance.

Some areas for improvement have however, been identified, including; service planning and customer consultation, service performance monitoring, business continuity planning, budget monitoring and management, procurement controls, review of operational risk, adherence to corporate sickness procedures, verification of payroll data, tendering for a major supplies contract; timetabling of recharges; monitoring of contract variations and approving fees and charges.

New Deal – Programme End:

New horizons community enterprise forms part of the new deal for communities programme. This was a government initiative as part of a national strategy for neighbourhood renewal. Walsall was awarded £52 million of new deal for communities funding in 2001 to be expended over the 10 year period of the initiative. The programme is due to end at the end of March 2011. In accordance with CLG

guidance a succession strategy should be developed to show how the NDC area will be sustained beyond the 10 year government funding and into the long term; and how assets will be maintained, thereby sustaining and building on the improvements and benefits made in the area and protecting the investment made.

A number of good practices were noted during the audit, including; a succession strategy being produced and approved by New Horizons Community Enterprise board and cabinet, a business plan being produced for the new organisation and arrangements being made for all files / documentation to be returned to the accountable body.

Some areas requiring attention have, however, been identified, including ensuring that:

- the succession strategy is approved by CLG,
- programme note 48 is fully complied with,
- a finance officer is retained for closedown and completion of the statement of grant usage,
- all files (paper & electronic) / documentation is provided to the accountable body and stored appropriately; and
- ensuring controls are in place to prevent any risk of claw-back.

Complaints / Customer Care:

There are legislations in force which drive the customer care team to provide a duty of care towards all complaints received the Children Regulations Complaints and Regulations Act 2006 and Adults aligned health and social care to deal with complaints 2009. in dealing with customer complaints there are computerised systems referred to as the 'Tell Us' system which logs all complaints about the council and the 'Respond' system which maintains a log of all complaints relating to children and adults.

Currently the customer care manager has responsibility for all complaints relating to Social Care & Adults and Children Services, whereas the corporate policy & performance officer has responsibility for corporate complaints. However the team are going through a transition period where the customer care manager will have responsibility for the overall complaints.

A number of good practices were noted during the audit, including; receipt and management of all complaints; promotion of complaint procedure; adequate investigation of complaints highlight main good areas. Some areas for improvement have been identified, including acknowledgement of complaints; replies being made within the specified time limits; required actions arising from complaints have been implemented; comparisons being made with other local council complaint procedures highlight main improvement areas. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Pay & Grading (inc Single Status):

Pay & grading / single status is mandatory and has to be implemented by all Councils as part of a national agreement agreed by the Local Government Employers (LGE), UNISON, TGWU/Unite, and GMB in 1997. The rationale behind the agreement was to ensure that there is clear equality in the way council staff are paid in accordance with equal pay legislation. To avoid any potential conflicts of interest, the audit sample did not include internal audit or finance staff transactional activity.

Some good practices were noted during the audit, including regular progress updates to CMT and the leader of the council; use of the joint negotiating and consultation committee to ensure that a fair process is followed and for negotiations with unions; and a robust communications strategy.

Some areas for improvement have, however, been identified, including ensuring that sufficient audit trail is maintained to evidence processes undertaken; budgetary control arrangements are strengthened; lessons are learned from slippage in the review timetable; and that an appeals process is approved. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Operational Services (Personnel):

The team is responsible for assisting with employee related matters throughout the council which includes individual case work and providing support for discipline, grievance, sickness absence, employee performance and redeployment cases. In addition the team are also responsible for implementing and reviewing human resource and development policies.

Some good practices were noted during the audit, including: quarterly monitoring of service performance; completion of equality impact assessments; work plan monitoring of individual case files; and the availability of personnel policies.

Some areas for improvement have, however, been identified, including: team planning; strengthening service performance and corporate management controls, including budget management; formalising arrangements for joint working. Operationally, procurement controls, referrals to the service, maintenance of case files and ensuring that day to day procedures have been documented, require attention. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Libraries Services:

Local authorities have a legal obligation under the Public Libraries and Museums Act 1964 to provide a library service that is both 'efficient and comprehensive'. Library services provide 16 libraries across the borough and a weekly mobile library service to over 40 sites throughout Walsall. In addition a monthly library service is provided to people in residential homes, day centres, sheltered accommodation and training centres; and a home library service is provided to housebound people.

A number of good practices were noted during the audit, including: performance indicators being regularly measured and reported; membership of the Black Country Consortium and grant income being included in the grants register.

Some areas for improvement have been identified, including: sickness management; procurement; income collection and banking procedures; overall security arrangements; and operation and control of the petty cash imprest. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Housing Benefits – Discretionary Payments:

Discretionary housing payments (DHP) were introduced on 2 July 2001 and are extra payments to help pay rent, council tax or both to benefit claimants who need help with their housing costs. The DHP scheme is a discretionary scheme which is administered by the council's benefits section.

Some good practices were noted during the audit, including; a DHP policy being in place which complies with the Department for Work and Pensions DHP best practice guidance; DHPs only being processed by nominated officers; decisions being checked by a second officer; and regular reports being produced of discretionary payments awarded to ensure that the budgeted allowance is not exceeded.

Some areas for improvement have, however, been identified including ensuring that claims are being processed within the timescales stated within the policy; debtor invoices are being promptly raised to recover DHP overpayments and applicants income / expenditure is verified. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Capital Programme / Project Management:

Capital programming is the process by which the council sets, administers and monitors capital expenditure and associated projects. In 2010/11 the total capital programme was £110,718m.

A number of good practices were noted during the audit, including;

- capital programme approval;
- comprehensive guidance to staff detailed in the capital manual;
- maintenance of the project register;
- approval of capital programme bids and capital financing reports;
- budgetary monitoring and control;
- control of capital contingency funds;
- identifying sources of external funding; and
- Mantix system data security.

Some areas for improvement have been identified, including, ensuring:

- project management policies & procedures are clear and are understood by all officers involved/responsible for project management;

- a consistent approach in the use of project documentation;
- key documentation is uploaded onto the Mantix system;
- officers are fully aware of the definition and requirements of a project;
- all projects are compliant with the Walsall Project Approach (WPA); and
- that risk assessments are completed on a regular basis.

The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Payroll:

This review represented the key financial systems audit of the council's payroll.

Some progress had been made in actioning previously agreed audit report actions and HRD have continued to develop and improve HRD direct, the corporate employee and manager portal. Segregation of duties via individual teams such as the transactional recruitment team and the transactional team; and the use of 'Intelligent', an electronic database for the management and recording of personal files remain good practice.

Significant areas for improvement have, however, been identified in ensuring controls and processes are fully effective, 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 undertaken.

Sickness Management:

The new attendance procedure, introduced effective from 22 October 2010, applies to all employees with the exception of school based employees. The procedure uses the Bradford factor scoring system to manage absences which gives a score to employees based on a 12 month rolling time period.

Some good practices were noted during the audit, including; the implementation and roll out of the new attendance procedure; and the new pilot sickness absence reporting scheme operating currently within social care and neighbourhood services. Other areas of note, include the attendance procedure being readily available on the intranet; comprehensive training provided to managers; reports regarding sickness absence provided to directorate performance boards; and regular compliance reporting within HRD, focusing staff resources to where issues of non compliance are required to be addressed.

A number of areas for improvement have been identified, mainly in ensuring manager and employees' compliance with the council's attendance procedure. For example, that self certifications and fit notes are submitted; return to work interviews are promptly completed; that appropriate sanctions, including absence reviews and warnings are undertaken; that welfare visits and occupational health referrals are made; and that there is adequate documentary evidence to support this on file. The

prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.

Voluntary Sector Engagement:

A voluntary sector and community engagement strategy was approved by cabinet on 24 June 2009. The strategy put Walsall Voluntary Action (WVA), who represent the voluntary sector, as a key link between the voluntary and community sector and public agencies such as the council. An agreement is in place with Walsall Voluntary Action, and they receive support in kind and cash support from the council to assist them in carrying out their obligations under the agreement.

Some good practices were noted during the audit, including; a competitive grant process being introduced within IYPSS for voluntary sector organisations with support being provided to the highest scoring organisation and clear evidence of comprehensive reviews of voluntary sector organisations being undertaken within childrens' services.

A number of areas for improvement have, however, been identified, including regular review and monitoring of the delivery of the voluntary sector strategy, ensuring that there is coordination in communication channels with the sector; ensuring commissioning arrangements are significantly strengthened; and that the effectiveness of commissioning / engagement is reviewed and lessons learned as appropriate.

Schools:

See summary of school FMSiS work at Appendix B.