

Audit Summary Report

August 2006



Audit Progress Report

Walsall Metropolitan Borough Council

Audit 2005-2006

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

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

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

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

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

Status of our reports to the Council

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

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

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

Contents

Introduction	4
Appendix 1 – Summary of external audit work	5

Introduction

- 1 The report sets out the various aspects of the external audit. These are summarised in Appendix 1.
- 2 A number of the reports are included as separate agenda items to enable members to obtain a more detailed understanding of the issues upon which we are reporting.

Appendix 1 – Summary of external audit work

Audit programme	Planned start date	Planned Completion date	Progress to date	Comments
1. Planning		September 2005	Completed.	Presented to and agreed at September Audit committee.
2. Financial Governance	February 2006	June 2006	Draft report has been issued for discussion.	<p>We took account of Internal Audit work. This identified a number of areas where internal controls need improvement. Many of the financial systems are rated as adequate or good but there have been significant problems identified by Internal Audit.</p> <ul style="list-style-type: none"> • Benefits and Revenues. • Application of financial and contract procedure rules. • Payroll. <p>As these are major financial systems and processes it is important for the council to ensure that prompt remedial action is taken. All these issues have been clearly identified in section 5 of the Statement of Internal Control.</p> <p>In addition we have undertaken an overall review of the IT control environment and we concluded that overall there were no major areas of concern.</p>

6 Audit Progress Report | Appendix 1 – Summary of external audit work

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3. Final Accounts	July 2006			<p>Work has commenced on the audit of the financial statements and is proceeding satisfactorily. We anticipate being able to give an opinion on the accounts by the agreed date of 29 September 2006.</p> <p>We are holding regular meetings with senior finance staff to ensure that issues are brought to the council's attention in a timely manner.</p>
4. Detailed review of Internal Audit.	February 2006	June 2006	We have reviewed the organisational and structural processes within the section and we have completed our detailed review of the quality of the work.	<p>We are satisfied that the team is structured resourced and managed to provide an effective service.</p> <p>We continue to be satisfied that the work is of sufficient quality for us to place significant reliance on it, thus reducing the need in many areas for extensive external audit work.</p>
5. Putting the Citizen First Project		February 2006	We prepared a report on the wind up of the project which was presented to the Audit Committee in February 2006.	No further work was carried out on this project and in agreement with C Evans we reduced the planned audit fee by £30,000.

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6. Preparations for Children's Act Implementation	February 2006	May 2006	A presentation style report has been produced and is included as a separate item on the agenda.	The results of this work were presented to the Children and Young People Executive Group.
7. Strategic Housing Services		May 2006	A report has been agreed and is included on the agenda as a separate item.	
8. Sure Start		August 2006	Follow-up report included on the agenda as a separate item.	
9. Data Quality	March 2006	July 2006	There is a separate report on the agenda.	This year the Audit Commission asked auditors to carry out an assessment of each council's arrangements to ensure the effectiveness of its processes to produce data. The council agreed to work with us on a pilot of the Audit Commission audit guide.

8 Audit Progress Report | Appendix 1 – Summary of external audit work

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10. Public Interest Disclosure		July 2006	Neil Bellamy presented his report to a special meeting of the Audit Committee on.	
11. Public Interest Disclosure		June 2006	Domiciliary Care contracts. There is a separate report on the agenda.	
12. BVPI	July 2006	September 2006	Work has commenced on a sample of indicators.	This year the Audit Commission has asked us to focus our work on a relatively small number of indicators which feed into the council's CPA scoring.
13. Use of resources	July 2006	September 2006	Work has commenced.	