

Audit Summary Report

August 2006



# **Sure Start Follow-Up**

**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.

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## Introduction

- 1 Over the past two years we have had difficulty auditing the claims submitted by the council for the use of Sure Start specific grant.
- 2 This resulted in delays to the completion of the claims audits for 2003/04 and 2004/05 and we produced a separate report on this which has been considered by the Audit Committee.
- 3 This report sets for the Audit Committee the action which has been taken by officers in conjunction with Education Walsall to address the problems.

## Audit approach

- 4 The follow up has comprised a discussion with officers about the progress on the action plane and consideration of the review undertaken by the Finance Manager Children and Young People.
- 5 We have also had discussions with the Finance Manager (C&YP) and representatives of Education Walsall to emphasise the importance to the council of the prompt audit of these claims.

## Main conclusions

- 6 The Directorate Finance Manager carried out a robust review of all the processes involved in managing the grant claims process and have taken action to help ensure that all Sure Start claims are submitted for audit in sufficient time for the audit certification deadline of 31 October.
- 7 To enable us to meet this deadline all the claims should have been submitted for audit by 31 July. As at 16 August we had received only one of four revenue claims and no capital claims.

## Appendix 1 – Action plan update

Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Comments	Date
R1 When income from the Sure Start unit is received, Finance should speak to the Sure Start Finance manager who will then be able to tell Finance the scheme to which the income should be coded. This will save officer and audit time in respect of checking the income has been attributed to the correct scheme.	2	WMBC and Education Walsall	Procedures have already been put into place. This is being complied with.	Completed.
R2 Where salaries have been apportioned to claims the Council need to ensure that the calculation for the method of apportionment is retained.	3	WMBC and Education Walsall M Hiscox	Procedures are now in place. Records are retained by Education Walsall and are available for WMBC. Checked, appropriate back-up is now included.	December 2005

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Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Comments	Date
R3 The council should review the contractual relationship regarding these two schemes and ensure that an effective agreement is in place.	2	WMBC and Strategic Leader Education Walsall M Harmitt and M Hiscox	Ellen Hay to confirm.	March 2006
R4 Education Walsall need to ensure that they obtain evidence to show that the monies passed to third parties have been spent in accordance with the grant terms and conditions and that they have been spent in the year to which they are being claimed.	1	M Hiscox	No longer applicable. Grants are no longer given to third parties.	Completed.
R5 The Council needs to review its procedures to ensure that it is meeting its obligations as accountable body.	2	WMBC M Harmitt	Procedures have been reviewed. Regular meetings are now undertaken at various levels: <ul style="list-style-type: none"> <li>• Children’s Centre Capital Group;</li> <li>• Children’s Centre Strategic Group;</li> <li>and</li> <li>• Finance and Early Years.</li> </ul>	March 2006

<b>Recommendation</b>	<b>Priority</b> 1 = Low 2 = Med 3 = High	<b>Responsibility</b>	<b>Comments</b>	<b>Date</b>
R6 The Council needs to clearly define what controls it expects SERCO to have in place to enable the former to be satisfied that its responsibilities as accountable body have been met.	2	WMBC M Harmitt	Working papers approved by FM. Reports taken to Strategic Group, EMT and Cabinet cleared by FM and checked for accuracy. Regular updates on funding sources for Capital Schemes. Strategic Group approved formula driven allocation of future revenue support.	March 2006
R7 Income and expenditure for capital and revenue schemes should be kept separate.	1	WMBC and Education Walsall	Each scheme now has separate codes for capital and revenue. This is being complied with.	January 2005
R8 Education Walsall need to ensure that the financial records of the Council agree with the claims.	2	WMBC and Education Walsall M Hiscox	This is ensured through the checking of the claim before submission.	Ongoing.

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Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Comments	Date
R9 The council must establish an effective process which provides it with assurance that there are no undue delays in the claiming for and receipt of instalments of grant.	3	WMBC and Education Walsall  M Harmitt and M Hiscox	Delays have occurred due to SSU online finance system not working correctly. Once the back log has been cleared processes need to be agreed to inform WMBC of any delays in claiming grants. Monthly checks undertaken and assistance provided where necessary. Progress against claims discussed at all meetings. Backlog not yet cleared.	March 2006
R10 A formal contract between Spurgeon's and the accountable body should be drawn up. This will help to ensure that the grant money is spent in accordance with the grant terms and conditions.	2	WMBC	Ellen Hay to confirm.	March 2006
R11 Formal monitoring arrangements should be set up to review the Sure Start grant expenditure and income.	3	WMBC and Education Walsall M Harmitt and M Hiscox	Regular meetings are undertaken.	March 2006



<b>Recommendation</b>	<b>Priority</b> 1 = Low 2 = Med 3 = High	<b>Responsibility</b>	<b>Comments</b>	<b>Date</b>
R12 Education Walsall need to ensure that all expenditure included on the claims relating to goods and services have been delivered and received in the financial year to which the Council are claiming the grant money.	2	WMBC and Education Walsall  M Hiscox	Guidance has been reissued to all programmes.	Completed