

Audit Committee – 26 June 2017

Internal Audit Progress Report 2017/18

Summary of the Report

The purpose of this report is to update the Audit Committee on Internal Audit's progress for 2017/18 (attached).

Background Papers

Internal Audit reports/monitoring information.

Recommendations

Audit Committee are recommended to note the contents of this report.



James T. Walsh – Chief Finance Officer

14 June 2017

Resource and Legal Considerations

The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require councils to undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

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. The report supports the Audit Committee in exercising that role.

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 council's operations.

Performance and Risk Management Issues

Part of Internal Audit's role is to provide assurance in the council's performance and risk management arrangements. Internal Audit's programme of work is risk assessed to ensure areas most at risk are examined as a priority.

Regular updates are provided to Audit Committee on audits progress against the approved Internal Audit Plan for 2017/18.

The attached report highlights progress against the audit plan as at 31 May 2017. Audit coverage is in line with the plan. In accordance with the plan, the quarter 1 schedule was lighter than the other quarters to allow for finalisation of 2016/17 reports. Work has included follow up of 2015/16 audits and progress in implementing both 2015/16 and 2016/17 recommendations as set out in the attached report.

Equality Implications

Internal Audit has full regard to equalities both within the internal audit service and in the services / activities under review.

Consultation

The annual work plan 2017/18 was consulted upon before its final endorsement by executive directors, senior managers, the Chief Finance Officer and Audit Committee.

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WALSALL COUNCIL

INTERNAL AUDIT PROGRESS REPORT 2017/18

Audit Committee – 26th June 2017

Status of our reports

This report ("Report") was prepared by Mazars LLP at the request of Walsall Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Walsall Council and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A2 of this report for further information about responsibilities, limitations and confidentiality.

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Introduction

This progress report to the Audit Committee covers the work carried out since the last audit committee by Mazars Public Sector Internal Audit Limited.

Appendix 1 outlines progress to date against the 2017/18 Internal Audit Plan.

Background

The purpose of the internal audit plan is to identify the work required to achieve a reasonable level of assurance to be provided by Mazars LLP in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and Members with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work, normally in accordance with a strategic plan and an annual operational plan, as approved by the Chief Finance Officer and the Audit Committee.

As internal audit is a major source of assurance that the Council is effectively managing the principal risks to the achievement of its corporate objectives, a key rationale for the development of the internal audit plan was the Council's own Corporate and Directorate Risk Registers and how the internal audit plan can provide this assurance.

Progress to Date

Progress against the 2017/18 Internal Audit Plan is shown in Appendix 1.

We have issued the following 2016/17 Final reports since the last meeting of the Audit Committee.

- Payroll and Pensions Administration (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Treasury Management (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Council Tax / NNDR (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Accounts Receivable (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Human Resources (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Community Alarms and Telecare Service (Evaluation assurance: **No**. Testing assurance: **Limited**)

We have issued the following 2016/17 Draft Reports for which we are awaiting the final management responses before issuing the Final Report:

- School Improvement Service
- Salisbury Primary School
- Support Planning, Resource Allocation, Personal Budgets and Direct Payments
- Budgetary Control
- Asset Management
- Residential Care
- IT Business Continuity Follow Up

We have issued the following 2017/18 Draft Reports for which we are awaiting the final management responses before issuing the Final Report:

- Millfields Nursery School
- Sandbank Nursery School

-
- Beacon Primary

Follow-up of Recommendations

2015/16 and 2016/17

The table below highlights the number of recommendations raised in the final audit reports for 2015/16 and 2016/17. It should be noted that progress in implementing recommendations raised is due for follow up as part of the 2017/18 audit plan, and summary of findings to date is shown in the table below:





| Year | Total Recommendations | Implemented and no longer relevant | % | Implemented, no longer relevant or partly implemented | % |
|---------|-----------------------|------------------------------------|-----|---|-----|
| 2015/16 | 452 | 434 | 96% | 440 | 97% |
| 2016/17 | 357 | 262 | 73% | 264 | 74% |

Appendix 4 provides a summary of the status of all 2015/16 and 2016/17 recommendations where the proposed implementation date was at or before 31st May 2017.

Definition of Assurance & Priorities

Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

| Level | Symbol | Adequacy of system design | Effectiveness of operating controls |
|--------------------|--|--|---|
| Good |  | There is a sound system of internal control designed to achieve the system objectives. | The controls are being consistently applied. |
| Substantial |  | Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk. | There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk. |
| Limited |  | Weaknesses in the system of internal control design are such as to put the system objectives at risk. | The level of non-compliance puts the system objectives at risk. |
| Nil |  | Control is generally weak leaving the system open to significant error or abuse. | Significant non-compliance with basic controls leaves the system open to error or abuse. |

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Good' does not imply that there are no risks to the stated control objectives.

Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

| Level | Definition |
|-------------------|--|
| Priority 1 | Recommendations which are fundamental to the system and upon which the organisation should take immediate action. |
| Priority 2 | Recommendations which, although not fundamental to the system, provide scope for improvements to be made. |
| Priority 3 | Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed. |

Priority 1 Recommendations

We have raised three Priority 1 recommendations in the final reports issued since the last Audit Committee meeting.

Appendix 1 – Status of Audit Work 2017/18

| | Area | Scope | lan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|------------------------|----------------------------------|---|----------|----------------|--------------------|--------|------------|---------|-----------------|---|---|----------|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| Core Financial Systems | Main Accounting | Covering adequacy and effectiveness of controls including access control, journals, virements, etc. CRSA to be applied. | 10 | | Q4 | | | | | | | |
| | Treasury Management, Cash & Bank | Covering adequacy and effectiveness of controls over investments, loans, management information, etc. CRSA to be applied. | 10 | | Q4 | | | | | | | |
| | Accounts Receivable | Covering adequacy and effectiveness of controls over the Accounts Receivable system. CRSA to be applied. | 10 | | Q3 | | | | | | | |
| | Accounts Payable | Covering adequacy and effectiveness of controls over the payment of creditor invoices. CRSA to be applied. | 10 | | Q3 | | | | | | | |
| | Budgetary Control | To cover strategic approach to co-ordinating budgetary control, monitoring and reporting, and also testing a sample of departments. | 10 | | Q4 | | | | | | | |
| | Council Tax | Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied. | 10 | | Q4 | | | | | | | |

| | Area | Scope | lan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|-------------------------------------|---|--|------------|----------------|--------------------|--------|---------|--|-----------------|--|--|----------|
| | NNDR | Covering adequacy and effectiveness of controls including Business Rate Retention Scheme, liabilities, billing, cash collection, recovery and accounting. CRSA to be applied. | 10 | | Q4 | | | | | | | |
| | Housing Benefit & Local Council Tax Support | Covering adequacy and effectiveness of controls including new claims, size criteria, benefit caps, amendments, backdated benefits, payments and reconciliations. CRSA to be applied. | 15 | | Q3 | | | | | | | |
| | Payroll and Pensions Administration | Covering adequacy and effectiveness of controls over starters, leavers, amendments, etc. | 10 | | Q3 | | | | | | | |
| | Asset Management | Assurance over the design and application of controls relating to areas such as asset management strategy, capital accounting. | 10 | | Q3 | | | | | | | |
| Core Financial Systems Total | | | 105 | | | | | | | | | |
| Operational Risks | Change and Governance | | | | | | | | | | | |
| | Declarations of Interest | Covering adequacy and effectiveness of controls over identifying, reporting and updating declarations of interest in accordance with the Council's Code of Conduct. | 15 | | Q2 | | | | | | | |
| | Individual Performance Management and Development | Covering adequacy and effectiveness of key controls over professional training and development, including links from the Employee Performance Review and monitoring of outcomes. To include advice regarding the | 15 | | Q3 | | | | | | | |

| | Area | Scope | Ian Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|--|--|---|----------|----------------|--------------------|------------|---------|--|-----------------|--|--|----------|
| | | changes to the existing procedures. | | | | | | | | | | |
| | CRC Energy Efficiency Scheme | Annual audit and sign off | 15 | | Q2 | | | | | | | |
| | Economy & Environment | | | | | | | | | | | |
| | Streamlining Services | To cover controls over delivering the proposals for the long term future of libraries | 15 | | Q4 | | | | | | | |
| | Regulation of Investigatory Powers Act 2000 (RIPA) | Covering adequacy and effectiveness of key controls over the use of RIPA. | 5 | | Q2 | | | | | | | |
| | Local Growth Fund | Annual audit and sign off | 5 | | Q2 | | N/A | | | | | |
| | Children's Services | | | | | | | | | | | |
| | Troubled Families | Covering adequacy and effectiveness of controls in place over eligibility, payments and achievement of progress measures. | 15 | | Q2 & Q4 | | | | | | | |
| | Early Years | Covering controls to ensure arrangements are in place for the increase in 3-4 year old funding from September 2017. | 15 | | Q3 | | | | | | | |
| | Local Authority Designated Officer (LADO) | Covering controls to ensure allegations are investigated promptly and fairly, decision making is clearly recorded and comprehensive training is | 5 | 0.5 | Q1 | ToR Issued | | | | | | |

| | Area | Scope | Ian Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|-------------------------|-------------------------------------|--|----------|----------------|--------------------|------------|---------|--|-----------------|--|--|--|
| | | available to staff and partners regarding the role. | | | | | | | | | | |
| | School Admissions Planning | Covering controls to ensure sufficient school places are available to meet the Borough's needs | 16 | | Q2 | | | | | | | |
| | Adult Social Care | | | | | | | | | | | |
| | Domiciliary Care | To cover controls in place over expenditure and income received, and to ensure legal requirements are met and assets are safeguarded. | 15 | 0.5 | Q1 | ToR issued | | | | | | Audit postponed to Q4 at the request of the Head of Integrated Commissioning |
| | Deprivation of Liberty Safeguarding | To cover controls in place over the processes in place for assessing DoL applications. | 15 | | Q3 | | | | | | | |
| | Health and Social Care Integration | Covering controls over areas impacted by social care partnership arrangements such as hospital discharges. | 15 | | Q3 | | | | | | | |
| | Community Capacity Grant | Annual audit and sign off | 5 | | Q2 | | N/A | | | | | |
| Operational Risks Total | | | 171 | 1 | | | | | | | | |
| Strategic Risks | Combined Authority | The specific audit and scope will be agreed with management | 15 | | Q4 | | | | | | | |
| | Programme/Project Management | Programme/Project management assurance in respect of Transformation. A sample of projects in the programme will be selected. | 20 | | Q2 | | | | | | | |
| | Procurement | Covering adequacy and effectiveness of the Council's corporate approach to procurement – focussing on issues identified in the 2016/17 | 20 | | Q1-Q4 | | | | | | | |

| | Area | Scope | lan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|------------------------------|--|---|------------|-------------------|-----------------------|------------------|---------|--|-----------------|--|--|----------|
| | | audit | | | | | | | | | | |
| | Partnership Arrangements | Review the arrangements in place for the governance, monitoring and reporting of Partnerships activities. A sample of Partnership arrangements will be selected | 20 | | Q2 | | | | | | | |
| | Performance Management | Covering adequacy and effectiveness of the Council's strategic approach to performance management (including management information, target setting, reporting, roles and responsibilities) | 15 | | Q3 | | | | | | | |
| | Business Continuity & Emergency Planning | Covering adequacy and effectiveness of the Council's arrangements for Business Continuity | 15 | 5 | Q1 | Work in Progress | | | | | | |
| | General Data Protection Regulation | Covering controls over the preparations for the adoption of GDPR, including the 12 steps to take now guidance from the ICO | 16 | | Q3 | | | | | | | |
| Strategic Risks Total | | | 121 | 5 | | | | | | | | |
| | Counter Fraud | Internal Audit will work with the Council in the development of a fraud risk register, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations. | 30 | | Q1-Q4 | | | | | | | |

| | Area | Scope | lan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|--|---|---|------------|----------------|--------------------|--------|---------|--|-----------------|--|--|----------|
| | Governance and Risk Management | The use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities. Risk Management Workshops for staff and Members. | 30 | | Q4 | | | | | | | |
| | Continuous Auditing/Data Mining | Data analysis scripts will be written on which both identify anomalies as well as comparing the number of anomalies occurring on a period by period basis. Suggested areas of review are Payroll, Accounts Payable or Asset Management. | 20 | | Q1-Q4 | | | | | | | |
| | Benefit/Savings Realisation | To provide assurance that processes are in place to measure such initiatives. | 20 | | Q3 | | | | | | | |
| | CRSA | The use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities. To be utilised on a number of the core financials and will be issued prior to fieldwork and used to scope the audit. | 20 | | Q3-Q4 | | | | | | | |
| Governance, Fraud & other Assurance Methods | | | 120 | | | | | | | | | |
| ICT | The specific audits and scopes will be agreed with management | | 40 | | Q1-Q4 | | | | | | | |
| ICT total | | | 40 | | | | | | | | | |
| Other | Follow-up of Recommendations | Follow-up of all priority 1 and 2 recommendations made in final reports issued. | 30 | 3 | Q1-Q4 | | | | | | | |

| | Area | Scope | lan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|--------------------|---|---|----------|----------------|--------------------|--------|---------|--|-----------------|--|--|----------|
| | Management and Planning | Including attendance at Audit Committee | 80 | 5 | Q1-Q4 | | | | | | | |
| | Advisory | Resources used for advice such as project boards | 20 | | Q1-Q4 | | | | | | | |
| Other total | | | 130 | 8 | | | | | | | | |
| Schools | To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend | To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend | 120 | | Q1-Q3 | | | | | | | |
| Schools Total | | | 120 | 19.5 | | | | | | | | |
| Plan Total | | | 807 | 33.5 | | | | | | | | |
| Ad Hoc/Contingency | | Contingency allocation to be utilised upon agreement of the Chief Finance Officer. | 70 | | | | | | | | | |
| TOTAL | | | 877 | 33.5 | | | | | | | | |

| | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|---------|----------------------------------|-------|-----------|----------------|--------------------|---------------------|------------|---------|-----------------|---|---|----------|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| Schools | Beacon Primary School | | 5 | 4.5 | Q1 | Draft report issued | | | | | | |
| | Leighswood Primary School | | 5 | | Q1 | | | | | | | |
| | New Invention Junior School | | 5 | | Q1 | | | | | | | |
| | St Michaels Primart School | | 5 | | Q1 | | | | | | | |
| | Millfields Nursery School | | 5 | 4.5 | Q1 | Draft report issued | | | | | | |
| | Ogley Hay Nursery School | | 5 | | Q1 | | | | | | | |
| | Sandbank Nursery School | | 5 | 4.5 | Q1 | Draft report issued | | | | | | |
| | Valley Nursery School | | 5 | | Q1 | | | | | | | |
| | Oakwood School | | 5 | 3 | Q1 | Work in Progress | | | | | | |
| | Chuckery Primary | | 5 | | Q2 | | | | | | | |
| | Old Church Primary School | | 5 | | Q2 | | | | | | | |
| | Alumwell Nursery School | | 5 | | Q2 | | | | | | | |
| | Fullbrook Nursery School | | 5 | | Q2 | | | | | | | |
| | Mary Elliot School | | 5 | | Q2 | | | | | | | |
| | Old Hall School | | 5 | | Q2 | | | | | | | |
| | Hilary Primary School | | 5 | | Q3 | | | | | | | |
| | Lindens Primary School | | 5 | | Q3 | | | | | | | |
| | Pheasey Park Farm Primary School | | 5 | | Q3 | | | | | | | |

| | | | | | | | | | | | | |
|----------------------|--|--|------------|-------------|----|--|--|--|--|--|--|--|
| | Pinfold Street Primary School | | 5 | | Q3 | | | | | | | |
| | Brownhills Community Technology College | | 5 | | Q3 | | | | | | | |
| | St Thomas More Business & Enterprise College | | 5 | | Q3 | | | | | | | |
| | Admin Time inc SFVS | | 15 | 3 | | | | | | | | |
| Schools total | | | 120 | 19.5 | | | | | | | | |

Appendix 2 – Summary of Final Reports

Brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final reports issued since the last meeting of the Audit Committee are provided in this section.

Payroll & Pensions Administration

Our audit considered the following areas of activity:

- Regulatory, Organisational and Management Requirements
- Payroll Transactions and Records
- Starters
- Leavers
- Variations and Adjustments to Pay
- Deductions
- Payments
- Performance and Financial Management
- Reconciliations
- Fraud Prevention

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

| Evaluation Assessment | Testing Assessment |
|-----------------------|--------------------|
| Substantial | Substantial |

We have raised five priority 2 recommendations and one priority 3 recommendation where we believe there is scope for improvement within the control environment. These are detailed in Section 04 of this report. Our main findings were:

- Documentation, such as variation to pay forms, are not always signed by an authorised signatory.
- In one case a leaver form had been completed late resulting in an overpayment.
- In one case an overtime claim form could not be found due to the wrong side of the form being scanned on Intelligent.
- In one case there was no evidence on Intelligent to support the agreement to pay settling in expenses.
- In one case documentation relating to another employee had been included on an employee's file.

Treasury Management

Our audit considered the following areas of activity:

- Regulatory, Organisational and Management Requirements
- Treasury transactions and records
- Cash flow forecasting
- Investments
- Borrowings
- Financial and performance management reporting
- Fraud prevention
- Control Risk Self Assessment

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

| Evaluation Assessment | Testing Assessment |
|-----------------------|--------------------|
| Substantial | Substantial |

We have raised two priority 2 recommendations and one priority 3 recommendation where we believe there is scope for improvement within the control environment. These are detailed in Section 04 of this report. Our main findings were:

- System guidance notes had not been obtained for the new cash flow management system, PSLive which is provided by Capita;
- Third party confirmation had not always been received or sufficiently checked against the Council's own transaction records; and
- One instance was identified where brokers confirmation had not been evidenced as checked against the Council's records.

Council Tax / NNDR

Our audit considered the following areas of activity:

- Policies, Procedures and Legislation
- Reconciliations
- NNDR Transactions and Records
- Discounts, Exemptions, Allowances and Premiums
- Billing
- Collection and Refunds
- Recovery and Enforcement
- Suspense Account
- Write Off
- Management of Collection Rates

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

| Evaluation Assessment | Testing Assessment |
|-----------------------|--------------------|
| Substantial | Substantial |

We have raised four priority 2 recommendations and three priority 3 recommendation where we believe there is scope for improvement within the control environment. These are detailed in Section 04 of this report. Our main findings were:

- There are no documented procedure notes.
- In three cases, there was no evidence to support council tax discounts awarded.
- NNDR refund reports are authorised by officers not approved to do so.
- In one case, details regarding the suppression of NNDR recovery had not been documented on Northgate.

Accounts Receivable

Our audit considered the following areas of activity:

- Policies, Procedures and Legislation
- Debtor Transactions and Records
- Standing Data Amendments
- Raising Invoices/Bills
- Collection

- Refunds
- Debt Recovery and Enforcement
- Management Reporting

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

| Evaluation Assessment | Testing Assessment |
|-----------------------|--------------------|
| Substantial | Substantial |

We have raised two priority 2 recommendations where we believe there is scope for improvement within the control environment. These are detailed in Section 04 of this report. Our main findings were:

- Debt Recovery Procedures and timeframes for recovery action are not always followed by the Income Team
- There is a significant amount of debt over a year old.

Human Resources

Our audit considered the following areas of activity:

- Recruitment
- Workforce Planning
- Sickness / Absence Management
- Training

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

| Evaluation Assessment | Testing Assessment |
|-----------------------|--------------------|
| Substantial | Substantial |

We have raised five priority 2 and five priority 3 recommendations where we believe there is scope for improvement within the control environment. These are detailed in Section 04 of this report. Our main findings were:

- There is no workforce plan for the change and governance directorate.
- From examination of 12 short term and 12 long term sickness absences it was found that there were 23 instances of non-compliance with the Council's Attendance Management procedure.

Community Alarms and Telecare Service

Our audit considered the following areas of activity:

- Policies, Procedures & Legislation
- Entitlement to Service Provision
- Application Management
- Income Management
- Equipment Installation and Maintenance
- Call Management
- Management of Stock

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

| Evaluation Assessment | Testing Assessment |
|-----------------------|--------------------|
|-----------------------|--------------------|

| | |
|----|---------|
| No | Limited |
|----|---------|

We have raised four priority 1, twelve priority 2 and five priority 3 recommendations where we believe there is scope for improvement within the control environment. These are detailed in Section 04 of this report. Our main findings were:

- Reports of urgent equipment faults cannot, in all cases, be dealt with during out of hours periods (evenings and weekends) due to a lack of sufficiently trained staff.
- Maintenance is not undertaken on any telecare equipment installed to ensure that it remains safe to use and is in a sufficient working condition.
- The Council is currently in breach of the Working Time Regulations because community alarms call centre staff are not able to take the statutory breaks during shifts worked due to insufficient staff resourcing of the call centre.
- Urgent faults and referrals are completed by the Installations Team supervising officer, due to there being a lack of capacity to incorporate this into installers work schedules.

Appendix 3 – Summary of Unplanned/Irregularity Reports

No unplanned or irregularity reports have been issued since the last meeting of the Audit Committee.

Appendix 4 - Follow-up of Recommendations 2015/16, 2016/17 and 2017/18

Follow-up audits have been undertaken in accordance with the 2017/18 audit plan. The objective was to confirm the extent to which the recommendations made in 2015/16, 2016/17 and 2017/18 internal audit final reports have been implemented.

Outstanding and Partly Implemented High Priority Recommendations from 2015/16 and 2016/17

| Audit/Report Date | Assurance | Recommendations | Management Response | Status | Responsibility and Due Date | Update Position |
|----------------------------------|-----------|----------------------------|---|--------|---|--|
| Jane Lane School April 2016 | Limited | Inventory Security Marking | All portable assets will be security marked to deter theft and to help identify equipment if stolen and found. An annual check of the inventory will be undertaken and evidenced by the signature(s) of the members of staff involved and the date completed. | | Headteacher October 2016 Rerevised June 2017 | Electronic system purchased and all equipment being entered and security marked - revised implementation date 30/6/17 |
| Residential Charging May 2016 | Limited | Procurement | It should be ensured that the issue of having to manually calculate budget monitoring reports is addressed as part of the implementation of Mosaic Financials. | | Mosaic Implementation Team 30 th Sept 2016 Revised November 2017 | Partially Implemented – This requirement will be implemented as part of Phase 3 Finance implementation. Once all the services have been migrated from current source systems into Mosaic and the system is live budget monitoring will become an automated process and relevant reports will be developed to support the department. Revised November 2017 |

| Audit/Report Date | Assurance | Recommendations | Management Response | Status | Responsibility and Due Date | Update Position |
|--------------------------|---------------------------|--------------------------|--|--------|--|---|
| | | | Contracts will be awarded following cabinet approval regarding fee rates. | | Lead Commissioning Officer 1 st July 2016 Revised 31/10/16 Rerevised June 2017 | Not implemented - Advised that transitional contracts in place, but nothing awarded as waiting on procurement and legal. Should the process need to restart, revised deadline June 2017 |
| Shared Lives May 2016 | Borderline Significant | Referrals and Placements | <p>It will be ensured that the following documents are completed and held on Mosaic:</p> <ul style="list-style-type: none"> · referral to broker form · support plan · RAP checklist and the validation request case note detailing the funding approval <p>It will be ensured that the following documents are completed and held on Mosaic / the service user file:</p> <ul style="list-style-type: none"> · fully completed and signed service user plan · risk assessment · fully completed and signed placement agreement · license agreement 6 week review. | | Group Manager - Learning Disability Dec 2016 Rerevised May 2017 | Work in Progress - Forms are not accessible via MOSAIC, however we continue to liaise with the MOSAIC team, who are prioritising Shared Lives. Revised Implementation Date May 2017 |

| Audit/Report Date | Assurance | Recommendations | Management Response | Status | Responsibility and Due Date | Update Position |
|-------------------------------------|-----------|------------------------------------|---|--------|--|--|
| | | Payments to Carers | It will be ensured that: Evidence that the funding has been approved is held on Mosaic. Support plans are held on Mosaic. Officers will liaise with brokerage regarding differences in payments being made for day care and overnight stays to ensure that they are in accordance with the Social Care Community Based Contributions Policy. | | Group Manager - Learning Disability Dec 2016 Revised July 2017 | Work in Progress - The Scheme to continue to liaise with the social workers to ensure that Support plans are complete . Bench marking with other schemes re payments. Advice sought from Shared Lives Plus. Walsall Council Charging policy is due to go cabinet and following this, there will be a "deep dive" by the lead integrated team commissioner. Revised date July 2017 |
| Solihull Framework June 2016 | Limited | Independent Review of the Contract | An independent review of the contract is being undertaken, reviewing the works and actions of both the partners and Walsall Council. | | Head of Facilities Management | Considerable work is being undertaken with Solihull, including retendering of the asbestos and scaffolding elements of the contract, review of material costs. Additionally fees are under review in terms of preliminaries and design. Until the outcome of the retendering, material costs and fees are known the review cannot be completed It is therefore requested that the deadline be extended until 31st March 2017. Response not received to May 2017 follow up |

| Audit/Report Date | Assurance | Recommendations | Management Response | Status | Responsibility and Due Date | Update Position |
|-------------------|-----------|---------------------------------------|--|--------|-------------------------------|--|
| | | Performance Management | <p>Secret customers have been used to checked the use of the scripts, this has identified some members of the helpdesk staff are not using scripts.</p> <p>Solihull have been informed and they are investigating and if required retraining their staff to suit the council's requirements.</p> | | Head of Facilities Management | <p>Completed including revised scripts and priorities.</p> <p>A system of random and regular checking that the scripts are being used by the helpdesk staff will be undertaken to ensure all relevant information is obtained. This will be implemented from Jan 2017.</p> <p>Response not received to May 2017 follow up</p> |
| | | Capital Programme / Maintenance Plans | <p>Following a meeting, a new staff member from Solihull has taken ownership of the service and compliance. A new Walsall compliance officer is working with Solihull to ensure full compliance and certification for Walsall properties.</p> <p>Monthly meetings are taking place as of May 2016 to monitor progress.</p> | | Head of Facilities Management | <p>Access to the contractors systems now means certificates can be checked on line and verified. The system requires improvement. A master schedule from the contractor detailing all properties, service provided and due dates is required. From that the monthly updates can be reconciled to the master to ensure nothing is missed. The current practice of relying on KPI's is inadequate. Formal notification of concerns about compliance against KPIs will commence as and when required from January 2017</p> <p>Response not received to May 2017 follow up</p> |

| Audit/Report Date | Assurance | Recommendations | Management Response | Status | Responsibility and Due Date | Update Position |
|-------------------------------|-----------|----------------------|---|--------|---|--|
| Social Media June 2016 | Limited | Policy and Standards | <p>A Social Media Policy will be created for Walsall Council, covering all staff (including third-parties and contractors), detailing how the Council will manage a corporate presence across social media channels. Specifically, the policy will provide an appropriate level of awareness, knowledge and skill to minimise the aforementioned risks and include the following:</p> <ol style="list-style-type: none"> 1. The objectives for using social media for Walsall Council purposes. 2. Potential risks and problems. 3. Management of social media channels. 4. Usage by council departments. 5. Evaluation and metrics. | | <p>Corporate Assurance Manager / Media & Comms Officer</p> <p>Revised June 2017</p> | <p>Work in Progress</p> <p>A Social Media Protocol Guidance document has been drafted and the Council's Email and Internet Usage procedure will be reviewed to include information relating to use of social media and linking to the new policy.</p> <p>Revised implementation date 30 June 2017</p> |

| Audit/Report Date | Assurance | Recommendations | Management Response | Status | Responsibility and Due Date | Update Position |
|-----------------------------------|-----------|---|--|--------|--|--|
| Risk Management March 2016 | Limited | <p>Risks are identified within project plans for new systems and infrastructure, in change requests for existing systems and infrastructure.</p> <p>Anyone within ICT can submit a risk to be considered to be included in the risk register.</p> <p>However, at present there are no guidelines on risk identification or how a risk should be articulated.</p> <p>The risks that may impact ICT's ability to deliver its objectives and supporting the delivery of the Council's objectives are not at present effectively addressed.</p> <p>Recognised risk identification techniques, such as the use of risk workshops and risk scenarios, are not presently used.</p> <p>Risk aggregation is not considered i.e. if two or more identified risks should materialise together.</p> | <p>As well as the present tactical approach to risk identification, a strategic approach will be taken to identify all the risks that potential could impact on the ability to deliver ICT's objectives and how ICT supports the delivery of the Council's objectives is not considered.</p> <p>Some techniques which can be used include facilitated risk workshops and the use of risk scenarios.</p> <p>Furthermore, the full risk management ident process will be documented (see 3.1 above) and training provided.</p> <p>Once the risk identification process has been bedded-in, then the process will be further improved by considering risk aggregation. This is the process of considering the impact of two or more risks materialising together e.g. two separate risks may have been identified and both assessed as low risk, but if they should materialise at the same time, the combined risk may be assessed as medium or even high.</p> | | <p>Carol Williams, Head of Information, Communications and Technologies</p> <p>Revised July 2017</p> | <p>Partially Implemented</p> <p>The process is aligned to the corporate risk management strategy and risk management process. Further work to be done on documenting procedures, defining roles, establishing training requirements and setting up regular Risk Workshops facilitated by someone outside of the ICT/IGA team. Due to Corporate Risk Register being reviewed it has been recognised that it is beneficial for the ICT register to be reviewed in conjunction with this and risks aligned. ICT are addressing the corporate risks identified directly with CMT and as part of this exercise the team risk register will be reviewed and updated. The ICT change process has been reviewed and any risks associated with a change are now identified, documented and considered by the approval board before changes to systems and services are made. This has resulted in a significant reduction in the number of Severe Service Disruption incidents arising.</p> |

| Audit/Report Date | Assurance | Recommendations | Management Response | Status | Responsibility and Due Date | Update Position |
|--|-------------------|---|--|--------|---|--|
| Appointeeships & Deputyships April 2017 | Limited / Limited | <p>Remedial action to address the issues identified in the 2012 appointeeship and deputyship audit report should be completed as soon as possible. The appointeeship project group should ensure that all relevant work is completed and regular progress feedback is provided to Adult Social Care executive management and Legal Services.</p> <p>All applications for deputyships should be processed promptly to ensure the ongoing safeguarding of these vulnerable service users.</p> | <p>In order for the decision making process for clients to request their appointeeship to be transferred back to Walsall to be reviewed by the DWP a sample of 4 cases was issued to them on 31 March 2017 in order to provide assurance that due process has been followed by the council. An update regarding this will be provided to Internal Audit.</p> <p>Financial Admin will ensure that Deputyship will be considered as an alternative to appointeeship in relevant cases.</p> | | <p>Strategic Lead Officer – Project Officer</p> <p>Executive Director – Adult Social Care</p> <p>Head of Community Care</p> <p>September 2017</p> <p>Financial Admin Officer</p> <p>June 2017</p> | Not yet due for implementation. |

The table below provides a summary of the status of 2015/16 recommendations that have not been reported as implemented at previous Audit Committee meetings.

| Audit/Report Date | Assurance Level | Raised | Implemented | Partly Implemented | | | Outstanding | | | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|---|------------------------|--------|-------------|--------------------|---|---|-------------|---|---|--------------------|-------------------|------------------|-------------|
| | | | | 1 | 2 | 3 | 1 | 2 | 3 | | | | |
| Solihull Framework June 2016 | Limited | 11 | 8 | | | | 3 | | | | Oct 2016 | Mar 2017 | |
| Jane Lane School April 2016 | Limited | 31 | 29 | | | | 1 | | | 1 | Oct 2016 | June 2017 | |
| ICT Risk Management June 2016 | Limited | 6 | 4 | | | | 1 | 1 | | | Dec 2016 | Jul 2017 | |
| Residential Charging May 2016 | Limited | 30 | 21 | 1 | | | 1 | | | 7 | July 2016 | Nov 2017 | |
| Social Media June 2016 | Limited | 11 | 9 | | | | | | | | Mar 2017 | Jun 2017 | 2 |
| Shared Lives May 2016 | Borderline Significant | 10 | 7 | 1 | 1 | | 1 | | | | Jun 2016 | Aug 2017 | |
| Cloud Computing June 2016 | Borderline Significant | 4 | 0 | | 2 | | | 1 | | 1 | Jun 2017 | Mar 2018 | |
| Better Care Fund May 2016 | Significant | 2 | 1 | | | | | 1 | | | Sep 2016 | Jul 2017 | |
| Bank Account Reconciliations November 2015 | Significant | 11 | 10 | | 1 | | | | | | Jan 2016 | June 2017 | |
| | | 116 | 89 | 2 | 4 | | 7 | 3 | | 9 | | | 2 |

Fully implemented 2015/16 audit reports

| Title | Assurance Level | Raised | Implemented | No Longer Relevant |
|--|------------------|--------|-------------|--------------------|
| Capital Accounting | Significant | 5 | 5 | |
| Capital Programming | Significant | 2 | 2 | |
| Cash and Bank | Significant | 2 | 2 | |
| Nominal Ledger | Significant | 1 | 1 | |
| Treasury Management | Significant | 2 | 2 | |
| Troubled Families Grant January 2016 Claim | Significant | 1 | 1 | |
| Community Capacity Grant | Significant | 1 | 1 | |
| Autism Innovation Capital Grant | Significant | 1 | 1 | |
| Personal Budgets inc Direct Payments | Limited Progress | 16 | 16 | |
| Looked After Children Follow Up | Significant | 5 | 5 | |
| Schools Property Maintenance Follow Up | Significant | 3 | 3 | |
| Asset Management Follow Up | Limited Progress | 6 | 6 | |
| Growth Deal | Significant | 4 | 4 | |
| Corporate Risk 3b | Significant | 3 | 3 | |
| Payroll Follow Up | Significant | 8 | 8 | |
| Corporate Risk 3a | Significant | 6 | 6 | |
| Accounts Payable Follow Up | Significant | 12 | 12 | |
| Corporate Risk 9 | Significant | 5 | 5 | |
| Leamore Primary School | Significant | 12 | 12 | |
| Phoenix School | Significant | 19 | 19 | |

| Title | Assurance Level | Raised | Implemented | No Longer Relevant |
|--|------------------------|--------|-------------|--------------------|
| Sunshine Infants & Nursery School | Significant | 7 | 7 | |
| Greenfield Primary School Follow Up | Significant Progress | 1 | 1 | |
| Carbon Reduction Commitment Efficiency Scheme (CRC) | Significant | 11 | 7 | 4 |
| St Thomas of Canterbury Catholic Primary School | Borderline Significant | 22 | 21 | 1 |
| Software Licensing | Significant | 7 | 7 | |
| Council Tax / NNDR Follow Up | Significant | 10 | 10 | |
| Housing Benefit & Council Tax Reduction Follow Up | Significant | 6 | 6 | |
| Accommodation Services Follow Up | Significant | 5 | 5 | |
| Accounts Receivable Follow Up | Significant | 10 | 10 | |
| Christchurch Primary School | Limited | 36 | 36 | |
| Blakenall Heath Junior | Significant | 13 | 13 | |
| Mental Health Follow Up | Limited Progress | 16 | 16 | |
| Stroud Avenue Family Centre Follow Up | Significant Progress | 1 | 1 | |
| Adult Safeguarding | Borderline Significant | 24 | 22 | 2 |
| Green Spaces | Significant | 9 | 8 | 1 |
| Customer Engagement, Consultation & Complaint Management | Borderline Significant | 30 | 19 | 11 |
| Bereavement & Registration | Significant | 14 | 13 | 1 |
| | | 336 | 316 | 20 |

The tables below provide a summary of the status of all 2016/17 recommendations where the proposed implementation date was at or before 31st May 2017 and have not been reported as implemented at the previous Audit Committee meeting.

| Audit/Report Date | Assurance Level | Raised | Implemented | Partly Implemented | | | Outstanding | | | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|---|--------------------------|--------|-------------|--------------------|---|---|-------------|---|---|--------------------|-------------------|------------------|-------------|
| | | | | 1 | 2 | 3 | 1 | 2 | 3 | | | | |
| Little Bloxwich Primary School January 2017 | Substantial / Limited | 16 | 14 | | | | | | | | Sept 2017 | | 2 |
| Homelessness March 2017 | Substantial/ Substantial | 5 | 4 | | | | | | | | Dec 2017 | | 1 |
| Town & District Centres Markets March 2017 | Limited / Limited | 12 | 6 | | | | | | | | July 2017 | | 6 |
| CRC Energy Efficiency Scheme November 2016 | Substantial / Limited | 10 | 6 | | | | | 1 | | | July 2017 | | 3 |
| Facilities Management January 2017 | Limited / Limited | 15 | 9 | | | | | 2 | | | June 2017 | | 4 |
| Pheasey Park Farm Children's Centre January 2017 | Substantial / Limited | 15 | | | | | | | | | Jun 2017 | | 15 |
| Appointeeships & Deputyships April 2017 | Limited / Limited | 18 | 4 | | | | | | | | Dec 2017 | | 14 |
| Payroll & Pensions Administration | Substantial/ Substantial | 6 | | | 2 | | | | | | July 2017 | | 4 |
| Adoption & Fostering | Good / Substantial | 4 | 3 | | | | | | | | April 2018 | | 1 |
| Accounts Receivable | Substantial/ | 2 | | | | | | | | | June 2017 | | 2 |

| Audit/Report Date | Assurance Level | Raised | Implemented | Partly Implemented | | | Outstanding | | | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|--------------------------------------|-----------------------------|--------|-------------|--------------------|---|---|-------------|---|---|--------------------|-----------------------------|------------------|-------------|
| | | | | 1 | 2 | 3 | 1 | 2 | 3 | | | | |
| | Substantial | | | | | | | | | | | | |
| Treasury Management | Substantial/ Substantial | 3 | 2 | | | | | | | | June 2017 | | 1 |
| Council Tax / NNDR | Substantial/ Substantial | 7 | | | | | | | | | Aug 2017 | | 7 |
| Human Resources | Substantial/ Substantial | 10 | | | | | | | | | June 2018 | | 10 |
| Community Alarms & telecare Services | No / Limited | 20 | | | | | | | | | Aug 2017 (temp measures) | | 20 |
| | | 143 | 48 | | 2 | | | 3 | | | | | 90 |

Fully implemented 2016/17 audit reports

| Title | Assurance Level | Raised | Implemented | No Longer Relevant |
|---|---------------------------|--------|-------------|--------------------|
| Delves Infant & Nursery School | Good / Substantial | 6 | 6 | |
| Elmwood School | Good / Substantial | 4 | 4 | |
| St Francis Catholic Primary School | Good / Substantial | 1 | 1 | |
| Rowley View Nursery | Substantial / Good | 4 | 4 | |
| Pool Hayes Primary School | Substantial / Substantial | 16 | 16 | |
| St Anne's Catholic Primary School | Substantial / Substantial | 14 | 14 | |
| County Bridge Primary School | Substantial / Substantial | 14 | 14 | |
| St Joseph's Catholic Primary School | Substantial / Substantial | 4 | 4 | |
| Whitehall Nursery & Infant School | Substantial / Substantial | 15 | 15 | |
| St Peter's Catholic Primary School | Substantial / Substantial | 11 | 11 | |
| Blue Coat Federation | Substantial / Substantial | 10 | 10 | |
| Brownhills West Primary School | Substantial / Substantial | 11 | 11 | |
| Castlefort Primary School | Substantial / Substantial | 8 | 8 | |
| Whetstone Primary School | Substantial / Substantial | 15 | 15 | |
| St Bernadettes Catholic Primary School | Substantial / Substantial | 19 | 19 | |
| St Marys of the Angels Catholic Primary School | Substantial / Substantial | 10 | 10 | |
| Abbey Primary School | Limited / Substantial | 16 | 16 | |
| Shorth Heath Federation | Substantial / Substantial | 17 | 17 | |
| St Francis of Assisi | Good / Substantial | 10 | 10 | |
| Code of Conduct for Operational PFI/PPP Contracts | Good / Substantial | 1 | 1 | |
| Accounts Payable | Good / Substantial | 2 | 2 | |
| Main Accounting | Good / Good | 1 | 1 | |
| Troubled Families Grant | Limited / Substantial | 5 | 5 | |

| | | | | |
|--|--|-----|-----|---|
| | | 214 | 214 | 0 |
|--|--|-----|-----|---|

Appendix 5 - Statement of Responsibility

We take responsibility to Walsall Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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