

Walsall Council

Internal Audit Progress Report 2023/24

Audit Committee – 20 November 2023

Prepared by: Mazars LLP

Date: November 2023



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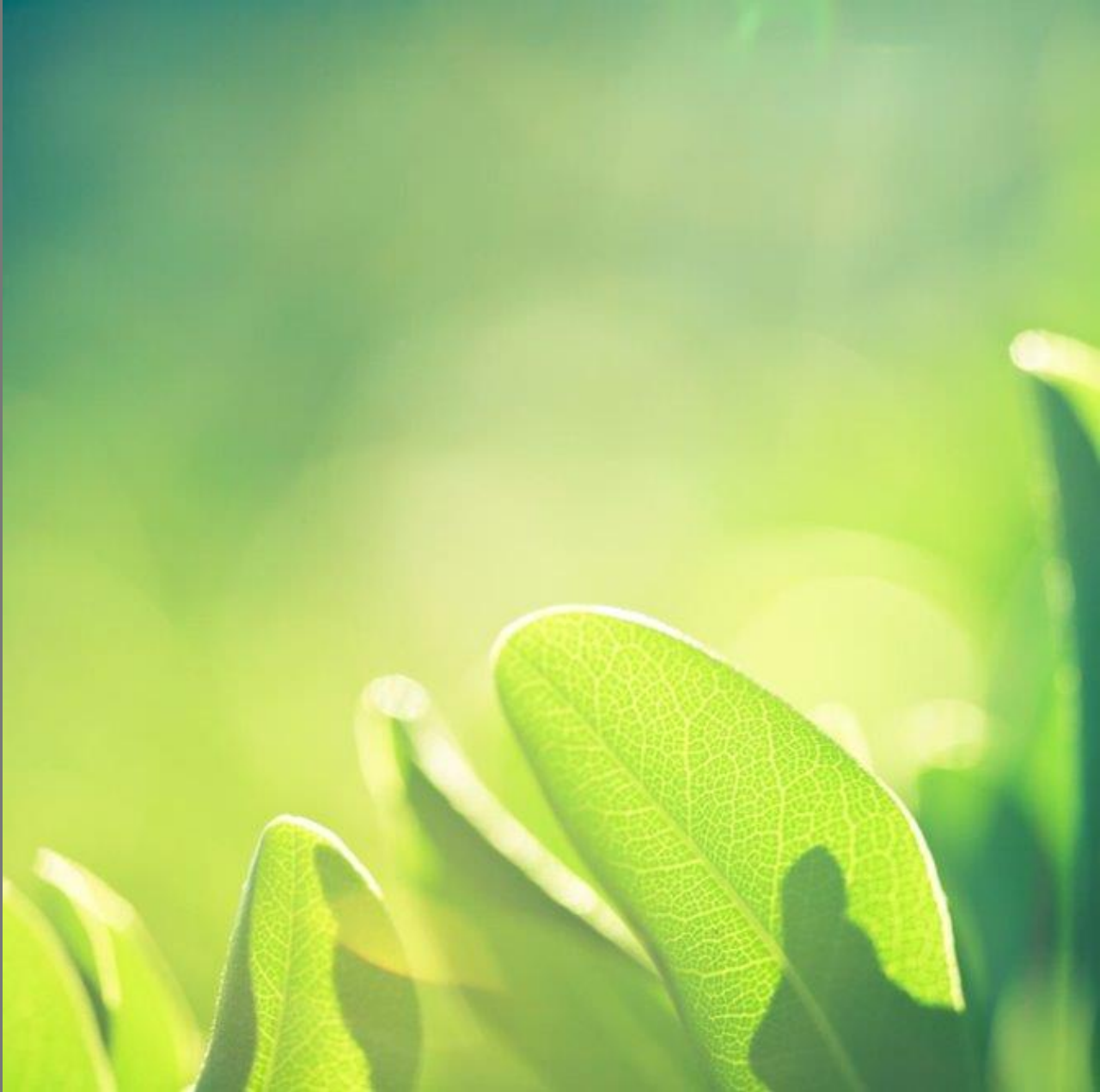
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Status of our Reports

Disclaimer

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 on the final page of this report for further information about responsibilities, limitations and confidentiality.



01

Section 01: **Introduction**



Introduction

This progress report to the Audit Committee covers the work carried out since the last audit committee by Mazars LLP.

The 2023/24 audit plan was agreed at Audit Committee in April 2023 and the Strategic Risk Register informed the audits included in the plan. Due to the Council's blended way of working, we will adapt our approach to ensure that front line services are not impaired by our work, but we must continue to assure members and management that risks are being managed effectively.

The Internal Audit Standards Advisory Board has developed guidance to support both heads of internal audit and individual auditors working in the UK public sector and we will be complying with this guidance in all of our work.

The vast majority of audits completed continue to be carried out remotely and the audit scopes are designed with that in mind.

One High priority recommendation have been raised during the period.

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 Strategic, and Directorate Risk Registers and how the internal audit plan can provide this assurance.



02

Section 02: **Progress to Date**

Progress to Date

Progress against the 2023/24 Internal Audit Plan is shown in Appendix 1

We have issued the following 2023/24 Final Reports since the last meeting of the Audit Committee:

- Manor Primary School (Evaluation/Testing Assurance: **Substantial / Moderate**)
- Leamore Primary School (Evaluation/Testing Assurance: **Substantial / Substantial**)
- St Mary's the Mount Catholic Primary School (Evaluation/Testing Assurance: **Limited / Moderate**)
- Sunshine Nursey & Infants (Evaluation/Testing Assurance: **Substantial / Substantial**)

We have issued the following 2023/24 Draft Reports since the last meeting of the Audit Committee:

- Housing Benefits & Council Tax Reduction`
- Elmore Green Primary School
- Walsall Wood Primary School
- Whitehall Junior School
- New Invention Infant School
- St Patrick's Catholic Primary School



Follow-up of Recommendations

2019/20, 2020/21, 2021/22, 2022/23

The table below highlights the number of recommendations raised in the final audit reports for 2019/20, 2020/21, 2021/22 and 2022/23. It should be noted that progress in implementing recommendations raised is due for follow up as part of the 2021/22 audit plan, and summary of findings to date is shown in the table below:

Year	Total Recommendations	Implemented and/or no longer relevant	%	Implemented, no longer relevant and/or partly implemented	%
2019/20	223	223	100%	223	100%
2020/21	138	137	99%	137	99%
2021/22	214	195	91%	209	97%
2022/23	206	178	86%	178	86%
2023/24	27	14	52%	14	52%

The table below highlights outstanding high priority actions:

Year	Partly implemented	Not implemented / Not Followed up	Not yet due	Superseded
2021/22	1			
2022/23		1	2	

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.

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Substantial Assurance:	The framework of governance, risk management and control is adequate.	The control processes tested are being consistently applied.
Moderate Assurance:	Some improvements are required to enhance the adequacy of the framework of governance, risk management and control.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
Limited Assurance:	There are significant weaknesses in the framework of governance, risk management and control such that it could become inadequate.	The level of non-compliance puts the Organisation's objectives at risk.
Unsatisfactory Assurance:	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate or is likely to fail.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Grading of recommendations

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

Definitions of Recommendations	
Priority	Description
High	Significant weaknesses in governance, risk management and control that if unresolved exposes the Council to an unacceptable level of residual risk. Remedial action must be taken urgently and within an agreed timescale.
Medium	Weakness in governance, risk management and control that if unresolved exposes the organisation to a high level of residual risk. Remedial action should be prioritised and undertaken within an agreed timescale.
Low	Scope for improvement in governance, risk management and control. Remedial action should be taken at the earliest opportunity and within an agreed timescale.

Section 03:

Appendix:

1. Status of Audit Work 2023/24
2. Follow-up of Recommendations 2019/20 2020/21,
2021/22, 2022/23 & 2023/24

Appendix 1 – Status of Audit Work 2023/24

The table below lists the 2023/24 Internal Audit Plan progress and a status summary for all of the reviews to date.

Assurance Requirement	Audit		Days	Status	Assurance Level	Total	H	M	L
Core Financial Systems	Main Accounting	<ul style="list-style-type: none">Regulatory, Organisational & Management RequirementAccounting Records, including access controlAccounting Transactions and Manual AdjustmentsFinancial and Performance Management ReportingReconciliationsSystems Security	10	Work Ongoing					
	Accounts Payable	<ul style="list-style-type: none">Policy, Procedures & LegislationCreditor Transactions & RecordsStanding Data AmendmentsPurchase Order ProcessingGoods ReceiptingInvoice ProcessingPayments ProcessingProcurement CardsManagement Reporting	10	Fieldwork completed					
	Accounts Receivable	<ul style="list-style-type: none">Policy, Procedures & LegislationDebtor Transactions & RecordsStanding Data AmendmentsRaising Invoices / BillsCollectionRefundsDebt Recovery & EnforcementManagement Reporting	10	Fieldwork commencing 7 Dec 23					
	Budgetary Control	<ul style="list-style-type: none">To cover the strategic approach to co-ordinating budgetary control, monitoring and reporting, and also testing a sample of departments.	10	Q4					

Appendix 1 – Status of Audit Work 2023/24

The table below lists the 2023/2 Internal Audit Plan progress and a status summary for all of the reviews to date.

Assurance Requirement	Audit		Days	Status	Assurance Level	Total	H	M	L
	Council Tax / NNDR	<ul style="list-style-type: none">• Roles & Responsibilities• Valuations• Transaction & Records• Discounts, Exemptions, Allowances & Premiums• Billing & Receipts• Refunds• Debt Recovery & Enforcement• Write Off• Management Information	16	Draft Report Issued					
	Housing Benefit and Local Council Tax Support	<ul style="list-style-type: none">• Administration & Assessment of New Claims• Local Housing Allowance• Reviews• Backdated Benefits / Discretionary Payments• Cancellations, Overpayments & Recovery Action• Fraud Management	10	Draft Report Issued					
	Payroll and Pensions Administration	<ul style="list-style-type: none">• Covering the adequacy and effectiveness of controls over starters, leavers, amendments, etc.	10	Q4					

Appendix 1 – Status of Audit Work 2023/24

The table below lists the 2023/24 Internal Audit Plan progress and a status summary for all of the reviews to date.

Assurance Requirement	Audit	Scope	Days	Status	Assurance Level	Total	H	M	L
Operational Risks	Planning and Building Control	<ul style="list-style-type: none">• Policies & Procedures• Planning & Building Control Applications inc Fees & Charges• Appeals & Complaints• Demand Management• Management Information.	10	ToR Issued					
	Cultural Services	<ul style="list-style-type: none">• Income• Procurement• Payroll	12	Fieldwork Completed					
	Night Time Economy	Covering adequacy and effectiveness of key controls within licensing, community safety, regeneration and PROTECT	12	Q4					
	Workforce Strategy	To cover controls over the revised Corporate Workforce Strategy, including succession planning, recruitment and retention.	10	Work Ongoing					
	One Source Self-Service Compliance	Review of the controls in place within the self service application and staff compliance across the Council	10	Q3					
	Supporting Families	Covering adequacy and effectiveness of controls in place over eligibility, payments and achievement of progress measures.	10	Work Ongoing	Q1 and Q2 visits completed.				

Appendix 1 – Status of Audit Work 2023/24

The table below lists the 2022/23 Internal Audit Plan progress and a status summary for all of the reviews to date.

Assurance Requirement	Audit	Scope	Days	Status	Assurance Level	Total	H	M	L
	Lighthouse Federation	<ul style="list-style-type: none">• Policies & Procedures• Federation Governance Arrangements• Governing Body Structure• Scheme of Delegation• Declarations of Interest• Get Information about Schools Webste• Financial Reporting to the Local Authority• Budget Monitoring• Traded Service & Financial Management	10	Work ongoing					
	Family Hubs	Resource allocated to understanding the Family Hub programme and carrying out the annual auditing process.	10	Q4					
	Early Intervention	Covering adequacy and effectiveness of controls in place over “front door” and prevention services within Adult Social Care	13	Q4					

Appendix 1 – Status of Audit Work 2023/24

The table below lists the 2023/24 Internal Audit Plan progress and a status summary for all of the reviews to date.

Assurance Requirement	Audit	Scope	Days	Status	Assurance Level	Total	H	M	L
Strategic Risks	Walsall Proud Programme	Covering adequacy and effectiveness of controls in place over transformation projects – scope to be confirmed.	15	Q3					
	Contract Management	Covering adequacy and effectiveness of the controls over the Council's corporate approach to contract management.	15	Fieldwork Commencing 6 th Dec '23					
	Development of Walsall Local Plan	Covering adequacy and effectiveness of the Council's controls in respect of the corporate approach to future planning policy following the end of the Black Country Plan 2039. To include Local Development Scheme timetable and decision making processes.	15	Q4					
	HR Transactional	Covering adequacy and effectiveness of the Council's corporate processes including HR (recruitment) and Finance	10	Q4					
	ASC Charging Policy – End to End Process	<ul style="list-style-type: none">• Adult Social Care Charging Policy• Compliance with the Care Act 2014• Data Entry in Mosaic including Joint Funding• Financial Assessments / Completion of Data Capture Forms• Validation of Bills Issued• Collection of Fees / Debt Management• Development of Permanent Structure• Implementation of Better Care Finance System	15	Work Ongoing					
	Grant Sign-off work	Annual Sign Offs	22	Ongoing					

Appendix 1 – Status of Audit Work 2023/24

The table below lists the 2022/23 Internal Audit Plan progress and a status summary for all of the reviews to date

Other Considerations		Days	Comments		
Schools	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	105	See individual School Audit update		
ICT	The Digital and Transformation risk register continues to show cyber security as a key risk. The last cyber security audit in April 22 assessed a range of essential cyber security controls, but omitted some that are still important. Furthermore migration of services into Azure creates new risks. We therefore propose to do a single audit of key security controls with a scope yet to be determined that will complement the audit work previously completed.	25	Fieldwork to commence 20 th November 2023		
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. Review of individual risks registers as agreed with management.	30			
National Fraud Initiative	Internal Audit will work with the Council and carry out the role of key contact for the NFI and data match reviews	10	Data matching work ongoing		
Management and Reporting Activities					
Follow Up	Follow-up of all high and medium priority recommendations made in final reports issued.	20			
Management, Advice and Planning	Including attendance at Audit Committee	70			
Contingency	Contingency allocation to be utilised upon agreement of the Chief Finance Officer.	50			
Total		575			

Appendix 1 – Status of Audit Work 2023/24 (Schools)

The table below lists the 2022/23 Internal Audit Plan progress and a status summary for all of the school reviews to date.

Audit	Days	Audit Scope	Status	Assurance Level	Total	H	M	L
Alumwell Infants	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Final Report Issued (July 2023)	Substantial / Substantial	3	-	1	2
Blakenall Heath Junior	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Final Report Issued (June 2023)	Moderate / Moderate	7	-	5	2
Christchurch CE Primary	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Final Report Issued (July 2023)	Moderate / Moderate	7	-	3	4
Elmore Green Primary	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Work ongoing	Draft Report Issued				
Kings Hill Primary School	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Final Report Issued (June 2023)	Substantial / Substantial	3	-	1	2
Leamore Primary	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Final Report Issued (Sept 2023)	Substantial / Substantial	1	-	1	-
Little Bloxwich CE Primary	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Final Report Issued (July 2023)	Substantial / Substantial	3	-	1	2

Appendix 1 – Status of Audit Work 2023/24 (Schools)

The table below lists the 2023/24 Internal Audit Plan progress and a status summary for all of the school reviews to date.

Audit	Days	Audit Scope	Status	Assurance Level	Total	H	M	L
Manor Primary	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Final Report (Sep 2023)	Substantial / Limited	3	-	2	1
New Invention Infants	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Draft Report Issued					
Radley Primary	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Final Report Issued	Moderate / Moderate	4	-	4	-
St Giles CE Primary	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Final Report Issued (June 2023)	Substantial / Substantial	1	-	-	1
St Mary's the Mount Catholic Primary	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Final Report (Sept 2023)	Limited / Moderate	5	1		
St Patricks Catholic Primary	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Draft Report Issued					

Appendix 1 – Status of Audit Work 2023/24 (Schools)

The table below lists the 2023/24 Internal Audit Plan progress and a status summary for all of the school reviews to date.

Audit	Days	Audit Scope	Status	Assurance Level	Total	H	M	L
Sunshine Nursery & infants	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Final Report (Oct 2023)	Substantial / Substantial	2	-	1	1
Walsall Wood Primary School	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Draft Report Issued					
Whitehall Junior	6	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Draft Report Issued					

Appendix 2 - Follow-up of Recommendations 2019/20, 2020/21, 2021/22, 2022/23 & 2023/24

Follow-up audits have been undertaken in accordance with the 2023/24 audit plan. The objective was to confirm the extent to which the recommendations made in previous internal audit final reports have been implemented.

Summary of Recommendations Raised and Follow Up Status - 2019/20

Audit	Assurance Level	Status														
		Total Number of Audit Actions			Implemented			Partly Implemented			Outstanding Past Due Date			Due Date Not Reached		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
New Art Gallery (September 2019)	Limited / Substantial	2	3	1	2	3	1	-	-	-	-	-	-	-	-	-
		2	3	1	2	3	1	-	-	-	-	-	-	-	-	-
		6			6			-			-			-		

Summary of Recommendations Raised and Follow Up Status - 2020/21

Audit	Assurance Level	Total Number of Audit Actions			Implemented	Status			Outstanding Past Due Date	Due Date Not Reached		
		H	M	L		H	M	L		H	M	L
HR Grievances (March 2021)	Substantial / Substantial	1	-	-	-	-	-	-	-	1	-	-
		-	1	-	-	-	-	-	-	1	-	-
		1	-	-	-	-	-	-	1	-	-	-

Summary of Recommendations Raised and Follow Up Status - 2021/22

Audit	Assurance Level	Status														
		Total Number of Audit Actions			Implemented			Partly Implemented			Outstanding Past Due Date			Due Date Not Reached		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Section 106 Planning Obligations (Mar 2022)	Limited / Limited	3	2	1	2	2	1	1	-	-	-	-	-	-	-	-
Information Governance (Feb 2022)	Moderate / Moderate	-	5	1	-	2	1	-	3	-	-	-	-	-	-	-
Business Continuity (Mar 2022)	Moderate / Limited	-	5	2	-	5	2	-	-	-	-	-	-	-	-	-
Children's Services / IFM School Capital (May 2022)	Moderate / Moderate	-	3	1	-	-	1	-	3	-	-	-	-	-	-	-
Contract Management (Apr 2022)	Limited / Moderate	1	1	-	1	1	-	-	-	-	-	-	-	-	-	-
Asset Management (Jul 2022)	Moderate / Moderate	-	4	3	-	1	3	-	3	-	-	-	-	-	-	-
Mental Health Social Care Provision (Sep 2022)	Moderate / Moderate	-	3	1	-	-	1	-	-	-	-	3	-	-	-	-

Summary of Recommendations Raised and Follow Up Status - 2021/22

Audit	Assurance Level	Status														
		Total Number of Audit Actions			Implemented			Partly Implemented			Outstanding Past Due Date			Due Date Not Reached		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Commissioning Strategy (Jun 2022)	Moderate / Limited	1	4	-	1	2	-	-	1	-	-	1	-	-	-	-
Walsall Proud Programme – The Hub (Oct 2022)	Moderate / Limited	-	6	-	-	2	-	-	4		-	-	-	-	-	-
		5	33	9	4	15	9	1	14	-	-	4	-	-	-	-
		47			28			15			4			-		

Summary of Recommendations Raised and Follow Up Status - 2022/23

Audit	Assurance Level	Status														
		Total Number of Audit Actions			Implemented			Partly Implemented			Outstanding Past Due Date			Due Date Not Reached		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
New Leaf Centre (Nov 2022)	Moderate / Moderate	-	5	1	-	4	1	-	-	-	-	1	-	-	-	-
Shepwell School (Dec 2022)	Moderate / Limited	-	8	4	-	8	4	-	-	-	-	-	-	-	-	-
St Thomas of Canterbury Catholic School (Jan 2023)	Moderate / Moderate	-	2	5	-	-	5	-	-	-	-	2	-	-	-	-
Cadmus Family of Schools (Apr 2023)	Limited / Limited	4	6	-	1	5	-	-	-	-	1	1	-	2	-	-
Climate Emergency Action Plan (Mar 2023)	Limited / Moderate	-	6	2	-	-	2	-	-	-	-	-	-	-	6	-

Summary of Recommendations Raised and Follow Up Status - 2022/23

Audit	Assurance Level	Total Number of Audit Actions			Implemented			Partly Implemented			Outstanding Past Due Date			Due Date Not Reached		
		Status														
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Alumwell Junior (Apr 2023)	Limited / Limited	1	9	3	1	7	3	-	-	-	-	-	-	-	2	-
Payroll & Pensions Administration	Substantial / Moderate	-	2	2	-	-	-	-	-	-	-	-	-	-	2	2
Temporary Accommodation	Limited / Limited	1	6	2	1	-	-	-	-	-	-	-	-	-	6	2
WPP - Income Generation	Moderate / Moderate	-	1	2	-	-	2	-	-	-	-	-	-	-	1	-
		6	45	21	3	24	17	-	-	-	1	4	-	2	17	4
		72			44			-			5			23		

Summary of Recommendations Raised and Follow Up Status - 2023/24

Audit	Assurance Level	Status														
		Total Number of Audit Actions			Implemented			Partly Implemented			Outstanding Past Due Date			Due Date Not Reached		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Blakenall Heath Junior School (June 2023)	Moderate / Moderate	-	5	2	-	-	2	-	-	-	-	-	-	-	5	-
Little Bloxwich CoE Primary School (July 2023)	Substantial / Substantial	-	1	2	-	-	2	-	-	-	-	-	-	-	1	-
Kings Hill Primary School (June 2023)	Substantial / Substantial	-	1	2	-	-	2	-	-	-	-	-	-	-	1	-
Christ Church CoE Primary School (July 2023)	Moderate / Moderate	-	3	4	-	-	4	-	-	-	-	-	-	-	3	-
Radley Primary School (July 2023)	Moderate / Moderate	-	4	-	-	1	-	-	-	-	-	-	-	-	3	-
		14			1											
		24			11			-			-			13		

Section 04 - 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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