



WALSALL COUNCIL

INTERNAL AUDIT PROGRESS REPORT

Audit Committee

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Introduction

This progress report to the Audit Committee covers the work carried out during the period April 1st 2016 to 31st October 2016 by Mazars Public Sector Internal Audit Limited.

Appendix 1 outlines progress to date against the 2016/17 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

Audit fieldwork on the 2016/17 Internal Audit Plan has progressed well and audit coverage has been in line with the Plan, as shown in Appendix 1.

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

- Delves Infant and Nursery School (Evaluation assurance: **Good**. Testing assurance: **Substantial**)
- St Anne's Catholic Primary School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- St Joseph's Catholic Primary School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- St Peter's Catholic Primary School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)

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

- Pheasey Park Farm Children's Centre
- Castlefort JMI School
- St Francis of Assisi School

Changes to the Plan

The Head of Business Change has requested that the audit of Partnership Arrangements and Shared Services be deferred into the 2017/18 plan

Follow-up of Recommendations

2015/16 and 2016/17

The table below highlights the number of recommendations raised in the 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 2016/17 audit plan, and summary of findings to date is shown in the table below:





| Year | Total Recommendations | Implemented | % | Implemented or partly implemented | % |
|---------|-----------------------|-------------|-----|-----------------------------------|-----|
| 2015/16 | 454 | 300 | 66% | 308 | 68% |
| 2016/17 | 78 | 44 | 56% | 44 | 56% |

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 October 2016.

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

No priority 1 recommendations have been raised in the Final reports issued to date.

Appendix 1 – Status of Audit Work 2016/17

| | Area | Scope | Plan 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. | 15 | | Q4 | | | | | | | |

| | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|----------------------|---|--|-----------|-------------------|-----------------------|------------------|------------|---------|-----------------|---|---|----------|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| | NNDR | Covering adequacy and effectiveness of controls including Business Rate Retention Scheme, liabilities, billing, cash collection, recovery and accounting. CRSA to be applied. | 15 | | 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. | 20 | | Q3 | | | | | | | |
| | Payroll and Pensions Administration | Covering adequacy and effectiveness of controls over starters, leavers, amendments, etc. | 15 | 0.5 | Q3 | | | | | | | |
| | Asset Management | Assurance over the design and application of controls relating to areas such as asset management strategy, capital accounting, partnership arrangements with voluntary sector / local community groups, etc. | 10 | | Q3 | | | | | | | |
| | Core Financial Systems Total | | | 125 | 0.5 | | | | | | | |
| Operational Risks | Change and Governance | | | | | | | | | | | |
| | Homelessness | Covering adequacy and effectiveness of controls over homelessness, including the approach to developing the Homelessness Prevention Strategy | 15 | 10 | Q2 | Work in Progress | | | | | | |
| | Human Resources | Covering adequacy and effectiveness of key controls over recruitment, workforce planning, sickness absence and training | 15 | 0.5 | Q4 | | | | | | | |

| Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|---|--|-----------|-------------------|-----------------------|------------------------|-------------|---------|-----------------|---|---|--|
| | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| Economy and Environment | | | | | | | | | | | |
| Public Health Information Governance | To cover controls over handling, storing and sharing personal information, reporting data breaches and management reporting. | 15 | | Q4 | | | | | | | |
| Active Living Centres | Covering adequacy and effectiveness of key controls over project management arrangements. | 10 | 8 | Q2 | Work in Progress | | | | | | |
| Code of Conduct for Operational PFI/PPP Contracts | Covering the engagement with PFI/PPP partners to improve operational efficiency, and explore opportunities for cost reduction. | 10 | 9 | Q1 | Fieldwork completed | | | | | | |
| Town and District Centres Markets | To cover controls over the operation of a sample of markets within the borough to ensure secure collection and maximisation of income. | 10 | 8 | Q2 | Work in Progress | | | | | | |
| CRC Energy Efficiency Scheme | Annual audit and sign off | 10 | 9.5 | Q2 | Draft report issued | | | | | | |
| Local Growth Fund | Annual audit and sign off | 5 | 5 | Q2 | Completed | N/A | | | | | |
| Children's Services | | | | | | | | | | | |
| Troubled Families | Covering adequacy and effectiveness of controls in place over eligibility, payments and achievement of progress measures. | 10 | 5 | Q2 & Q4 | Q2 Final Report Issued | Substantial | Good | - | - | - | Sample testing to confirm September 2016 grant application |

| Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|---------------------------------------|---|-----------|----------------|--------------------|---------------------------|------------|---------|-----------------|---|---|----------|
| | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| Adoption and Fostering | Covering controls in place to safeguard children being moved from care into adoption and fostering arrangements, and that appropriate contact arrangements are in place. | 10 | 0.5 | Q3 | Terms of Reference Issued | | | | | | |
| Residential Care | Covering controls in place regarding the quality and safety of children's residential care. | 15 | | Q4 | | | | | | | |
| Schools Improvement Service | To cover the effectiveness of the arrangements in place to support school improvement and to facilitate co-operation between schools. | 10 | | Q4 | | | | | | | |
| Multi-Agency Working (MASH) | Covering Children's Services | 15 | | Q2 | | | | | | | |
| Pheasey Park Farm Children's Centre | Covering governance and financial controls in place at the Children's Centre | 5 | 4.5 | Q2 | Draft Report Issued | | | | | | |
| Adult Social Care | | | | | | | | | | | |
| Deputyships and Appointeeships | To cover controls in place over expenditure and income received, and to ensure legal requirements are met and assets are safeguarded. | 10 | 9.5 | Q1 | Draft Report Issued | | | | | | |
| Direct Payments and Personal Budgets | Covering controls over the eligibility assessment and monitoring of payments to ensure that vulnerable adults receive appropriate level of care (to include ILF transfers). | 15 | | Q3 | | | | | | | |
| Community Alarms and Telecare Service | Covering controls over the service provided to vulnerable clients. | 10 | | Q3 | | | | | | | |
| Community Capacity Grant | Annual audit and sign off | 5 | 5 | Q2 | Completed | N/A | | | | | |

| | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|--------------------------------|--|---|------------|----------------|--------------------|----------------------|------------|---------|-----------------|---|---|----------|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| | End to End Operating Model | Carried forward from 2015/16 | 10 | | Q3 | | | | | | | |
| | Resource Allocation and Support Planning | Carried forward from 2015/16 | 10 | | Q4 | | | | | | | |
| Operational Risks Total | | | 215 | 74.5 | | | | | | | | |
| Strategic Risks | Procurement | Covering adequacy and effectiveness of the Council's corporate approach to procurement, including impact of new EU Procurement Directives. | 25 | 0.5 | Q2-Q4 | Scoping meeting held | | | | | | |
| | Contract Management | Covering adequacy and effectiveness of the Council's corporate approach to contract management. | 25 | | Q2-Q4 | | | | | | | |
| | Facilities Management | Covering the controls in place over accommodation arrangements, security, cleaning and insurance. | 15 | 14 | Q2 | Fieldwork completed | | | | | | |
| | Partnership Arrangements and Shared Services | Review the arrangements in place for joint strategic needs assessments and the changes in commissioning services. | 20 | 0.5 | Q3 | Scoping meeting held | | | | | | |
| | Regeneration including Local Enterprise Partnerships | Project management assurance in respect of significant regeneration schemes. | 20 | | Q3 | | | | | | | |
| | 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 | | | | | | | |
| Strategic Risks Total | | | 120 | 15 | | | | | | | | |

| Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|--|---|------------|----------------|--------------------|--------|------------|---------|-----------------|---|---|---|
| | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| 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 | 6 | Q1-Q4 | | | | | | | Attendance at Midlands Fraud Group and CIPFA Fraud presentation, NFI work |
| 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 | 6 | Q1-Q4 | | | | | | | ICT Risk Management session, CRR updates |
| 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 | | Q2-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. | 15 | 1 | Q3-Q4 | | | | | | | |
| Governance, Fraud & other Assurance Methods | | 115 | 13 | | | | | | | | |

| | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|---------------|---|---|-----------|----------------|--------------------|--------|------------|---------|-----------------|---|---|----------|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| ICT | The specific audits and scopes will be agreed with management | The specific audits and scopes will be agreed with management | 40 | 4 | Q2-Q4 | | | | | | | |
| ICT total | | | 40 | 4 | | | | | | | | |
| Other | Follow-up of Recommendations | Follow-up of all priority 1 and 2 recommendations made in final reports issued. | 30 | 15 | Q1-Q4 | | | | | | | |
| | Management and Planning | Including attendance at Audit Committee | 85 | 35 | Q1-Q4 | | | | | | | |
| | Ad Hoc/Contingency | Contingency allocation to be utilised upon agreement of the Chief Finance Officer. -Completion of 15/16 audit work | 70 | 10 | | | | | | | | |
| Other total | | | 190 | 60 | | | | | | | | |
| 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 | 69.5 | | | | | | | | |
| Schools Total | | | 120 | 76.5 | | | | | | | | |
| TOTAL | | | 920 | 243.5 | | | | | | | | |

| | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|---------|--|-------|-----------|----------------|--------------------|---------------------|-------------|-------------|-----------------|---|----|----------|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| Schools | County Bridge Primary School | | 5 | 5 | Q1 | Final Report Issued | Substantial | Substantial | - | 4 | 10 | |
| | Pool Hayes Primary School | | 5 | 5 | Q1 | Final Report Issued | Substantial | Substantial | - | 4 | 12 | |
| | Whitehall Infants School | | 5 | 5 | Q1 | Final Report Issued | Substantial | Substantial | - | 6 | 9 | |
| | Elmwood School | | 5 | 5 | Q1 | Final Report Issued | Good | Substantial | - | 1 | 3 | |
| | Delves Infants School | | 5 | 5 | Q1 | Final Report Issued | Good | Substantial | - | 2 | 4 | |
| | St Joseph's Catholic Primary School | | 5 | 5 | Q1 | Final Report Issued | Substantial | Substantial | - | 3 | 2 | |
| | St Anne's Catholic Primary School | | 5 | 5 | Q1 | Final Report Issued | Substantial | Substantial | - | 5 | 9 | |
| | St Francis Catholic Primary School | | 5 | 5 | Q1 | Final Report Issued | Good | Substantial | - | 1 | - | |
| | St Peter's Catholic Primary School | | 5 | 4 | Q2 | Draft Report Issued | | | | | | |
| | Rowley View Nursery | | 5 | 5 | Q2 | Final Report Issued | Substantial | Good | - | - | 4 | |
| | Whetstone Field Primary School | | 5 | 4 | Q2 | Fieldwork complete | | | | | | |
| | Castlefort Primary School | | 5 | 4.5 | Q2 | Draft Report issued | | | | | | |
| | Little Bloxwich CE Primary School | | 5 | 0.5 | Q3 | ToR Issued | | | | | | |
| | St Francis of Assisi Catholic Technology College | | 5 | 4.5 | Q2 | Draft Report Issued | | | | | | |
| | Abbey Primary School | | 5 | 0.5 | Q3 | ToR Issued | | | | | | |
| | Short Heath Federation | | 15 | 0.5 | Q3 | ToR Issued | | | | | | |

| | Area | Scope | Plan Days | Days Delivered | Start of Fieldwork | Status | Opinion | | Recommendations | | | Comments |
|----------------------|--|-------|------------|-------------------|-----------------------|------------------------|------------|---------|-----------------|---|---|----------|
| | | | | | | | Evaluation | Testing | 1 | 2 | 3 | |
| | Blue Coat Foundation | | 10 | 0.5 | Q3 | ToR Issued | | | | | | |
| | St Bernadette's Catholic Primary School | | 5 | 0.5 | Q3 | ToR Issued | | | | | | |
| | Brownhills West School | | 5 | 4 | Q3 | Fieldwork Completed | | | | | | |
| | St Mary's of the Angels Catholic Primary School | | 5 | 4 | Q3 | Fieldwork Completed | | | | | | |
| | Admin Time | | 5 | 4 | | | | | | | | |
| Schools total | | | 120 | 76.5 | | | | | | | | |

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.

Our school audits considered the following areas of activity:

- Governance
- Financial Planning
- Budget Monitoring
- Procurement
- Financial Controls
- Income Controls
- Voluntary Funds
- Extended Activities
- Banking (including LMS Bank Account)
- Payroll
- Petty Cash
- Tax
- Assets and Security
- Insurance
- Information governance
- Arrangements are in place for the completion & submission of the SFVS self-assessment form by 31/03/17

Delves Infants and Nursery School

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 |
|-----------------------|--------------------|
| Good | Substantial |

We have raised two priority 2 recommendations where we believe there is scope for improvement within the control environment. Our finding was:

- From examination of 10 orders / invoices it was found that in all cases the order and invoice had been signed by the same officer and in three cases an order had not been raised.
- A data sharing agreement with the provider of financial services has not been considered.

St Anne's Catholic Primary School

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 where we believe there is scope for improvement within the control environment. Our findings were:

- There was no evidence that the Governing Body had approved a 5 year lease for a photocopier.
- The handover of cash between officers is not documented and signed for.
- Only one designated member of staff is involved in income collection.
- A safe log is not currently in place.
- Portable assets have not been security marked.

St Joseph's Catholic Primary School

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 three priority 2 recommendations where we believe there is scope for improvement within the control environment. Our findings were:

- There are no officers at the school with approval to authorise orders / invoices over £10,000
- From examination of 10 orders / invoices it was found that in two cases the order and invoice had been signed by the same officer.
- A data sharing agreement with the appointed provider of financial services has not been completed.

Appendix 3 – Summary of Unplanned/Irregularity Reports

Brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given (if applicable) in respect of unplanned/irregularity reports issued since the last meeting of the Audit Committee will be provided in this section.

No unplanned/irregularity work has been carried out to date for 2016/17

An update on progress of 2015/16 unplanned/irregularity work has been included in a separate report.

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

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

The tables below provide a summary of the status of all 2015/16 recommendations where the proposed implementation date was at or before 31st October 2016 and have not been reported as implemented at the previous Audit Committee meeting.

| Title | Assurance Level | Raised | Implemented | Partly Implemented | Outstanding | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|--|-----------------|--------|-------------|--------------------|-------------|--------------------|-------------------|------------------|-------------|
| Capital Accounting | Significant | 5 | 5 | | | | | | |
| Capital Programming | Significant | 2 | 2 | | | | | | |
| Council Tax/NNDR | Significant | 10 | 3 | | | | Dec 2016 | | 7 |
| Bank Account Reconciliations | Significant | 11 | 7 | 3 | | 1 | Jan 2016 | Dec 2016 | |
| 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 | | | | | | |

| Title | Assurance Level | Raised | Implemented | Partly Implemented | Outstanding | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|--|------------------------|--------|-------------|--------------------|-------------|--------------------------|-------------------|-----------------------------|-------------|
| Carbon Reduction Commitment Efficiency Scheme (CRC) | Significant | 11 | 7 | | | 4 (Re-raised 2016/17) | | Re-raised in 2016/17 report | |
| Bereavement & Registration (including Coroner) | Significant | 14 | 12 | 2 | | | Mar 2016 | Mar 2017 | |
| Green Spaces | Significant | 9 | 8 | 1 | | | Jan 2016 | Awaiting manager response | |
| Customer engagement, consultation and complaint management | Borderline Significant | 30 | 19 | 2 | 5 | | Mar 2016 | Oct 2016 | 4 |
| Community Capacity Grant | Significant | 1 | 1 | | | | | | |
| Autism Innovation Capital Grant | Significant | 1 | 1 | | | | | | |
| Adult Safeguarding | Borderline Significant | 24 | 14 | | | | Sept 2016 | | 10 |
| Personal Budgets inc Direct Payments | Limited Progress | 16 | 16 | | | | | | |
| Looked After Children Follow Up | Significant | 5 | 1 | | 4 | | Aug 2015 | | |
| Schools Property Maintenance Follow Up | Significant | 3 | 3 | | | | | | |
| Accommodation Services Follow Up | Significant | 5 | 3 | | | | Feb 2016 | Mar 2017 | 2 |
| Asset Management Follow Up | Limited Progress | 6 | 6 | | | | | | |
| Stroud Avenue Family Centre | Significant | 1 | 0 | | | | Jun 2016 | Jan 2017 | 1 |

| Title | Assurance Level | Raised | Implemented | Partly Implemented | Outstanding | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|---|------------------------|--------|-------------|--------------------|-------------|--------------------|-------------------|---------------------------|-------------|
| Follow Up | | | | | | | | | |
| Growth Deal | Significant | 4 | 4 | | | | | | |
| Shared Lives | Borderline Significant | 10 | 2 | | 5 | | Jun 2016 | Dec 2016 | 3 |
| Corporate Risk 3b | Significant | 3 | 3 | | | | | | |
| Software Licensing | Significant | 7 | 5 | | | | Sep 2016 | | 2 |
| Payroll Follow Up | Significant | 8 | 8 | | | | | | |
| Corporate Risk 3a | Significant | 6 | 6 | | | | | | |
| Housing Benefit & Council Tax Reduction Follow Up | Significant | 6 | 4 | | | | Dec 2016 | | 2 |
| Mental Health Follow Up | Limited Progress | 16 | 9 | | 7 | | Sep 2015 | Awaiting manager response | |
| Better Care Fund | Significant | 2 | 0 | | | | Sep 2016 | | 2 |
| Residential Charging | Limited Progress | 30 | 4 | | | | Dec 2016 | | 26 |
| Accounts Payable Follow Up | Significant | 12 | 12 | | | | | | |
| Cloud Computing | Borderline Significant | 4 | 0 | | | | Jun 2017 | | 4 |

| Title | Assurance Level | Raised | Implemented | Partly Implemented | Outstanding | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|---|------------------------|--------|-------------|--------------------|-------------|--------------------|-------------------|------------------|-------------|
| Solihull Framework | Limited Progress | 13 | 3 | | | | Oct 2016 | | 10 |
| Social Media | Limited | 11 | 0 | | | | Mar 2017 | | 11 |
| Accounts Receivable Follow Up | Significant Progress | 10 | 3 | | | | Mar 2017 | | 7 |
| Corporate Risk 9 | Significant | 5 | 5 | | | | | | |
| ICT Risk Management | Limited | 6 | 0 | | | | Dec 2016 | | 6 |
| Christchurch Primary School | Limited | 36 | 35 | | | | Sep 2016 | Nov 2016 | 1 |
| Jane Lane School | Limited | 31 | 23 | | | | Oct 2016 | | 8 |
| Blakenall Heath Junior | Significant | 13 | 10 | | | | Sep 2016 | Oct 2016 | 3 |
| Leamore Primary School | Significant | 12 | 12 | | | | | | |
| Phoenix School | Significant | 19 | 19 | | | | | | |
| St Thomas of Canterbury Catholic Primary School | Borderline Significant | 22 | 11 | | | | Sep 2016 | Nov 2016 | 11 |
| Sunshine Infants & Nursery School | Significant | 7 | 7 | | | | | | |
| Greenfield Primary School Follow Up | Significant Progress | 1 | 1 | | | | | | |
| | | 454 | 300 | 8 | 21 | 5 | | | 120 |

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

| Title | Assurance Level | Raised | Implemented | Partly Implemented | Outstanding | No longer relevant | Original Due Date | Revised Due Date | Not yet due |
|-------------------------------------|-----------------------------|--------|-------------|--------------------|-------------|--------------------|-------------------|------------------|-------------|
| County Bridge Primary School | Substantial/ Substantial | 14 | 2 | | 8 | | Dec 2016 | | 4 |
| Delves Infant & Nursery School | Good / Substantial | 6 | 4 | | | | Mar 2017 | | 2 |
| Elmwood School | Good / Substantial | 4 | 1 | | | | May 2017 | | 3 |
| Pool Hayes Primary School | Substantial/ Substantial | 16 | 12 | | | | Nov 2016 | | 4 |
| Rowley View Nursery | Substantial / Good | 4 | 4 | | | | | | |
| St Annes Catholic Primary School | Substantial/ Substantial | 14 | 4 | | | | Apr 2016 | | 10 |
| St Francis Catholic Primary School | Good / Substantial | 1 | 1 | | | | | | |
| St Joseph's Catholic Primary School | Substantial/ Substantial | 4 | 3 | | | | Oct 2016 | | 1 |
| Whitehall Nursery & Infant School | Substantial/ Substantial | 15 | 13 | | | | Dec 2016 | | 2 |
| | | 78 | 44 | | 8 | | | | 26 |

Outstanding and Partly Implemented High Priority Recommendations

| Audit | Recommendations | Management Response | Status | Responsibility and Due Date | Update Position |
|--|-------------------------------------|---|--------------------|---|--|
| Bank Account Reconciliation | Bank Account Controls and Training | The review of all Council bank accounts and delivery of account training will be prioritised to allow a review schedule to be formulated and implemented. | Partly Implemented | Accountancy Officer / Treasury Management Officer Dec 2016 | All school accounts reviewed but some other accounts still to be reviewed |
| Bereavement and Registration Services | Procurement and Invoices | Orders are now raised prior to the procurement of goods / services / works. Invoices are now paid in accordance with relevant payment targets. | Not Implemented | Bereavement & Registration Services Manager Sept 2016 | From a sample of 5 invoices it was identified that in 3 cases the order had been raised after the invoice date |
| | Joint Working Arrangements | Joint working arrangements with the Walsall Healthcare NHS Trust and the Register Office will be documented detailing the responsibilities of each party. | Not Implemented | Superintendent Registrar Mar 2017 | Some progress has been made, but work is ongoing |
| Customer Engagement, Consultation and Complaint Management | Consultation Plans in Place | The Key Decisions document will be fully completed in terms of whether there is a consultation plan in place. Where there is no consultation plan in place, the reasons for this will be clearly stated in the pre-consultation column. | Not Implemented | Manager of Corporate Performance Management Oct 2016 | Work in Progress |
| | Monitoring of Consultation Activity | The enhanced 'Key Decisions' document will be used to capture and share key learning arising from consultation exercises. | Not Implemented | Manager of Corporate Performance Management Oct 2016 | Work in Progress |
| Looked After Children (Follow Up) | Monitoring Visits | Children will be seen by the social worker every 6 weeks and the visit will be recorded on the Paris system within 3 days. | Not Implemented | Group Manager Aug 2015 | Testing Required |

| Audit | Recommendations | Management Response | Status | Responsibility and Due Date | Update Position |
|--------------|--------------------------|---|-----------------|--|---|
| Shared Lives | Carers Record Management | <p>In undertaking the recruitment of carers it is now ensured that:</p> <ul style="list-style-type: none"> ·A file checklist is complete. ·A pre-assessment meeting record is completed. ·A medical report is obtained. ·The assessment form is signed by all relevant parties. <p>All carers are included within the carers training spreadsheet.</p> | Not Implemented | <p>Lead Reablement Officer</p> <p>Dec 2016</p> | <p>There have been no new carers since the audit was undertaken it was therefore not possible to undertake testing</p> <p>A review of carer files is currently being undertaken to ensure all relevant documentation is on file</p> |
| | 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. | Not Implemented | <p>Group Manager - Learning Disability</p> <p>Dec 2016</p> | |
| | Payments to Carers | <p>It will be ensured that:</p> <p>Evidence that the funding has been approved is held on Mosaic.</p> <p>Support plans are held on Mosaic.</p> <p>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.</p> | Not Implemented | <p>Group Manager - Learning Disability</p> <p>Dec 2016</p> | Work in progress |

| Audit | Recommendations | Management Response | Status | Responsibility and Due Date | Update Position |
|---------------------------|---|---|--|---|--|
| Mental Health (Follow Up) | Procurement - Raising of invoices | Purchase orders will be raised prior to commissioning of the goods/service/work. All purchase orders will be authorised promptly. | Not Implemented | Interim Head of Community Care Unknown (Original Jun 15) | |
| | Data sharing protocols | Senior management should ensure that data sharing protocols and system accesses are reviewed with the Trust (NHS) to negotiate access required by the Council to service user data. | Not Implemented | Interim Head of Community Care; and Head of Social Care Unknown (Original Sept 15) | Work in progress – discussed at Partnership Operations Group |
| | Personalisation documentation within care planning documentation on Oasis | Access to care planning documentation relating to service users receiving mental health care funded by the Council should be provided and be available for assurance purposes promptly from the date of request. Assurance should be provided by the Trust to senior management of the Council that personalisation documentation is being uploaded and retained on Oasis to ensure that mental health staff who have no access to Mosaic can access this information. | Confirmed implemented by Manager but not tested by audit | Head of Social Care - Mental Health Unknown (Original Apr 15) | |
| | Delegation of Roles and Responsibilities | Where roles & responsibilities of the Executive Director - Social Care & Inclusion are delegated to another Council officer, this should be formally recorded and documented in accordance with the requirements stipulated in the Council's Constitution. Evidence of this delegation should be retained. | Confirmed implemented by Manager but not tested by audit | Strategic Lead Commissioning Manager – Mental Health Unknown (Original Apr 15) | |

| Audit | Recommendations | Management Response | Status | Responsibility and Due Date | Update Position |
|-------|--|---|-----------------|--|-----------------|
| | Sign off of placement contracts | WSS1010 placement contracts should be fully signed prior to any service users being placed with a residential / nursing provider. Where this is not possible, due to it being an emergency situation, the WSS1010 should be completed before the placement has ended with a clear reason provided for why the placement was an emergency situation. | Not Implemented | Strategic Lead Commissioning Manager – Mental Health Unknown (Original Apr 15) | |
| | Communication of the role of the Commissioning Development Officer | The role the Commissioning Development Officer undertakes to co-ordinate the funding panel should be communicated to other appropriate officers. Additional admin support should be considered. | Not Implemented | Strategic Lead Commissioning Manager – Mental Health Head of Social Care – Mental Health Head of Joint Commissioning Unknown (Original Jun 15) | |
| | Complaints and concerns management | It should be ensured that effective communication methods and data cleansing mechanisms between the Council's safeguarding team and the Trust service experience desk are established to ensure that all complaints and concerns received are appropriately recorded, allocated, actioned and closed. | Not Implemented | Interim Head of Community Care Unknown Original Jun 15) | |

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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