Audit Committee – 4 September 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, in particular the change to the programme of audits for Adult Social Care following the update to the Directorate Risk Register. The changes made to the programme more accurately reflect the risks identified by the directorate for 2017/18.

James T. Walsh – Chief Finance Officer

14 August 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 July 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 is 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

Audit Committee – 4th September 2017

CONTENTS

Introduction

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

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.

- Salisbury Primary School (Evaluation assurance: **n/a**. Testing assurance: **n/a**)
- Budgetary Control (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)

We have issued the following 2017/18 Final reports since the last meeting of the Audit Committee.

- Millfields Nursery School (Evaluation assurance: **Substantial**. Testing assurance: **Limited**)
- Sandbank Nursery School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Beacon Primary School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- New Invention Junior (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- St Michaels Primary (Evaluation assurance: **Substantial**. Testing assurance: **Limited**)
- Oakwood School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)

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

- Business Continuity Planning (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Ogley Hay Nursery (Evaluation assurance: **Substantial**. Testing assurance: **Limited**)
- Valley Nursery (Evaluation assurance: **Substantial**. Testing assurance: **Limited**)
- Mary Elliot School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Chuckery Primary (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Leighswood Primary (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)

Progress to Date
Follow-up of Recommendations

2015/16, 2016/17 & 2017/18

The table below highlights the number of recommendations raised in the final audit reports for 2015/16, 2016/17 and 2017/18. 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	436	97%	443	98%
2016/17	391	304	78%	320	82%
2017/18	63	47	75%	49	78%

Appendix 4 provides a summary of the status of all 2015/16, 2016/17 and 2017/18 recommendations where the proposed implementation date was at or before 31st July 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	G	There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial	S	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	L	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	N	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 since the last Audit Committee meeting.

Appendix 1 – Status of Audit Work 2017/18

	Area	Scope	Ian 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	Ian 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.	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**									
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	12	Q2	Fieldwork completed						
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	15		Q3							

Operational Risks

Area	Scope	Ian Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
						Evaluation	Testing	1	2	3	
	outcomes. To include advice regarding the changes to the existing procedures.										
CRC Energy Efficiency Scheme	Annual audit and sign off	15	12	Q2	Fieldwork completed						Certification work completed – report to complete
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	0.5	Q2	Terms of Reference Issued						
Local Growth Fund	Annual audit and sign off	5	5	Q2	Sign off work completed	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	5	2	Q1	ToR Issued						Audit commenced and stopped due to Ofsted inspection.

Area	Scope	Ian Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
						Evaluation	Testing	1	2	3	
	clearly recorded and comprehensive training is available to staff and partners regarding the role.										Restarting on 24th August
School Admissions Planning	Covering controls to ensure sufficient school places are available to meet the Borough's needs	16		Q2	ToR Issued						
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	Q4	ToR issued						Audit postponed to Q4 at the request of the Head of Integrated Commissioning
Market Management	Review of controls in place over contract management across the directorate, and measures adopted to monitor potential provider failure.	15	0.5	Q2	ToR issued						
Safeguarding	A review of the new safeguarding procedures following decentralisation to localities.	15		Q3							
Community Based Charging	A review of the revised Community Based Charging policy.	5		Q4							
Operational Risks Total		**171**	**32.5**								
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							

Strategic Risks

Area	Scope	Ian Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
						Evaluation	Testing	1	2	3	
Procurement	Covering adequacy and effectiveness of the Council's corporate approach to procurement.	20		Q3							
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	14	Q1	Draft Report Issued						
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**	**14**								

	Area	Scope	Ian 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		Q1-Q4							
	Governance and Risk Management	CRR/Assurance Framework updates to CMT and AC, Risk Management Workshops for staff and Members.	30	5	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 General Ledger.	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 used to update the key questions document in preparation for the Annual Governance testing.	20		Q3-Q4							
Governance, Fraud & other Assurance Methods			**120**	**5**								

	Area	Scope	Ian Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
ICT	IT Monitoring and Management Information	A review of monitoring solutions in place for key systems and infrastructure, capability for reporting key IT management information, and management oversight of antivirus tools	10		TBC							
	Social Medial Policies and Procedures	A review of the adequacy and effectiveness of the controls in place over the use of Social Media	5		TBC							
	IT Strategy	A review of IT Strategy development and management	5		TBC							
	iTrent Payroll Application	A review of the adequacy and effectiveness of controls in place over the Payroll application, including system access, transaction controls, updates and back-up routines.	6		TBC							
	Mosaic Application	A review of the adequacy and effectiveness of controls in place over the Adults and Children's case management system, including system access, transaction controls, updates and back-up routines.	6		TBC							
	Website Security	A review of key security controls operating over the Council's website	6		TBC							
	Management Advice		2									
ICT total			**40**	**-**								
Other	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.	30	5	Q1-Q4							

	Area	Scope	Ian Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Management and Planning	Including attendance at Audit Committee	80	11	Q1-Q4							
	Advisory	Resources used for advice such as project boards	20		Q1-Q4							
Other total			130	16								
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	54.25	Q1-Q3							
Schools Total			120	54.25								
Plan Total			807	121.75								
Ad Hoc/Contingency		Contingency allocation to be utilised upon agreement of the Chief Finance Officer.	70									
TOTAL			877	121.75								

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Schools	Beacon Primary School		5	5	Q1	Final report issued	Substantial	Substantial	-	2	6	
	Leighswood Primary School		5	4	Q2	Draft Report Issued						
	New Invention Junior School		5	5	Q1	Final Report Issued	Substantial	Substantial	-	3	3	
	St Michaels Primart School		5	5	Q1	Final Report Issued	Substantial	Limited	-	10	8	
	Millfields Nursery School		5	5	Q1	Final report issued	Substantial	Limited	-	7	7	
	Ogley Hay Nursery School		5	4	Q1	Draft Report Issued						
	Sandbank Nursery School		5	5	Q1	Final report issued	Substantial	Substantial	-	6	5	
	Valley Nursery School		5	4	Q2	Draft Report Issued						
	Oakwood School		5	5	Q1	Final Report Issued	Substantial	Substantial	-	2	4	
	Chuckery Primary		5	4	Q2	Draft Report Issued						
	Old Church Primary School		5	0.25	Q2	ToR Issued						
	Alumwell Nursery School		5	0.25	Q2	ToR Issued						
	Fullbrook NurserySchool		5	0.25	Q2	ToR Issued						
	Mary Elliot School		5	4	Q2	Draft Report Issued						
	Old Hall School		5	0.25	Q2	ToR Issued						
	Hilary Primary School		5	0.25	Q3	ToR Issued						
	Lindens Primary School		5	0.25	Q3	ToR Issued						

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Pheasey Park Farm Primary School		5	0	Q4							
	Pinfold Street Primary School		5	0.25	Q3	ToR Issued						
	Brownhills Community Technology College		5	0.25	Q3	ToR Issued						
	St Thomas More Business & Enterprise College		5	0.25	Q3	ToR Issued						
	Admin Time inc SFVS		15	2								
Schools total			**120**	**54.25**								

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.

Budgetary Control

Our audit considered the following areas of activity:

- Regulatory, operational and management requirements
- Budget Setting
- Budget Upload
- Budget Monitoring
- Alterations and Virements
- Budget Savings and Financial Risk

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 one priority 2 recommendation, and one priority 3 recommendation, as we believe there is scope for improvement within the control environment. Our main findings were:

- Whilst the level of overspend in 2016/17 was reduced as a result of saving initiatives and mitigating actions, originally approved savings and income target for 2016/17 were not achieved in a number of areas. From budget monitoring reports, overspends reported are due to unpredictable/uncontrollable demand led costs or changes to operating circumstances in some cases. However, from our work throughout 2016/17, some service areas expressed concerns regarding unrealistic targets being set.

- Training is available for the budget holders. However, some budget holders were not aware of this training being available and commented that they would like more training on budget management.

Salisbury Primary School

Our audit considered the following areas of activity:

Internal Audit undertook an advisory piece of work for Salisbury Primary School. No assurance opinion has been provided, however, this audit report details recommendations for the school's management to implement. Recommendations have been given a priority rating to enable senior management to focus remedial actions in accordance with the associated risk.

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 31/03/18

Millfields 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
Substantial	Limited

We have raised seven priority 2 and seven priority 3 recommendations where we believe there is scope for improvement within the control environment. Our main findings were:

- Approval is not sought from governors for service level agreements / traded services.
- From examination of 10 orders / invoices, it was found that in three cases orders and invoices had been signed by same officer, in two cases approval had not been sought from governors for expenditure exceeding the Head Teachers delegated limit.
- Records are not maintained of nursery school income and there is only one officer involved in the collection and banking of income.
- Records of day centre income banked is not maintained.
- Monthly day care bank account / petty cash reconciliations are not undertaken.
- Petty cash vouchers are not completed for payments made by cash from the day care account.

Sandbank 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
Substantial	Substantial

We have raised six priority 2 and five priority 3 recommendations where we believe there is scope for improvement within the control environment. Our main findings were:

- From examination of 10 orders / invoices it was found that in three cases, orders had not been raised.

- Records are not maintained of all nursery school income received, a current financial year school trip safe log sheet had been disposed of and records of the handover of cash between staff is not always maintained.

- Expenditure from the school fund is not always authorised for payment.

- The school fund bank reconciliation is not signed or checked.

- A monthly day care bank reconciliation is not undertaken.

- A memory stick used to transfer pupil data is not encrypted.

Beacon 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 two priority 2 and six priority 3 recommendations where we believe there is scope for improvement within the control environment. Our main findings were:

- From examination of 10 invoices, it was found that in three cases an order had not been raised.

- Income is prepared for banking by the School Secretary, however no checks are undertaken by a second officer to ensure that the correct amount has been banked. (Afterschool Club, Breakfast Club, Bagels, School Fund). Further, it was not always possible to verify that the income had been banked as the safe log records all income received in date order and there is no summary of banking for each income stream.

New Invention Junior

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 and three priority 3 recommendations where we believe there is scope for improvement within the control environment. Our main findings were:

- The Head Teacher signs both the order and the invoice.

- The safe log sheet is not signed by both officers, a record of the handover of fundraising is not maintained and all income received is not recorded on the safe log sheet.

- Monthly school fund bank account cash reconciliations are not undertaken.

St Michaels Primary

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	Limited

We have raised ten priority 2 and eight priority 3 recommendations where we believe there is scope for improvement within the control environment. Our main findings were:

- The Head Teacher's delegated expenditure limit is not specified in committee terms of reference.

- There are no documented financial procedure notes.

- Approval is not sought from governors for service level agreements / traded services.

- The School Business Manager inputs and validates invoices on Oracle.

- There is no independent check of income banked. (School Fund & Out of School Fund)

- Only one member of staff is involved in the collection and banking of Out of School Fund income.

- The school fund has not been audited since 2014.

- Monthly school fund / out of school fund bank account reconciliations are not undertaken.

- The School Business Manager has, on occasion, claimed for overtime worked which she had entered onto the HR payroll portal herself.

- There is not an Acceptable Usage Email/Internet Policy.

Oakwood 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 two priority 2 and four priority 3 recommendations where we believe there is scope for improvement within the control environment. Our main findings were:

- From examination of 10 invoices, it was found that in two cases approval had not been sought from governors for expenditure exceeding the Head Teachers delegated limit and in one case the order and the invoice had been signed by the same officer.

- A summary of income banked is not maintained and checks are not undertaken by a second officer to ensure all income has been banked.

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, 2016/17 and 2017/18

Audit/Report Date	Assurance	Recommendations	Management Response	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 Re-revised September 2017	**Not implemented** Electronic system purchased and all equipment being entered and security marked - revised implementation date September 2017
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 30th 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
			Contracts will be awarded following cabinet approval regarding fee rates.	Lead Commissioning Officer 1st July 2016 Revised 31/10/16 Rerevised April 2018	**Not implemented** Advised that transitional contracts in place, but nothing awarded as waiting on procurement and legal. Revised deadline April 2018

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
Shared Lives May 2016	Borderline Significant	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 October 2017	**Partially Implemented** Benchmarking 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 intregated team commissioner. Revised deadline October 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 Revised date March 2018	**Work in Progress** Following a review of schemes and issues and detailed discussions with portfolio holder for Change and Governance it has been concluded that the Solihull Framework will not be extended (unless an exception circumstance were to occur) when it expires on 31 March 2018. As a result detailed work has included, but not limited to, prioritizing the identification of other procurement options to the Solihull Framework to secure better VFM for the Council both during 2017/18 and from 2018/19 onwards. Revised date March 2018

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
		Performance Management	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. Solihull have been informed and they are investigating and if required retraining their staff to suit the council's requirements.	Head of Facilities Management Revised date March 2018	Completed including revised scripts and priorities. 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. The Manager Integrated Facilities Management is seeking assurance that this has been undertaken and that it continues throughout the course of the contract. Revised date March 2018
		Capital Programme / Maintenance Plans	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. Monthly meetings are taking place as of May 2016 to monitor progress.	Head of Facilities Management Revised September 2017	The Manager Integrated Facilitied Management has instructed the issuing of formal default notices against Solihull for failure to deliver in line with KPI's on a range of medium / large school capital works. Other KPIs to be reviewed in September 2017, again in priority order. Revised date September 2017

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
Social Media June 2016	Limited	Policy and Standards	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: 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.	Corporate Assurance Manager / Media & Comms Officer Revised September 2017	**Work in Progress** A Social Media Protocol Guidance document has been drafted and the Council's Email and Internet Usage procedure is being reviewed to include information relating to use of social media and linking to the new policy. Revised implementation date September 2017

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
Risk Management March 2016	Limited	Risks are identified within project plans for new systems and infrastructure, in change requests for existing systems and infrastructure. Anyone within ICT can submit a risk to be considered to be included in the risk register. However, at present there are no guidelines on risk identification or how a risk should be articulated. 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. Recognised risk identification techniques, such as the use of risk workshops and risk scenarios, are not presently used. Risk aggregation is not considered i.e. if two or more identified risks should materialise together.	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. Some techniques which can be used include facilitated risk workshops and the use of risk scenarios. Furthermore, the full risk management ident process will be documented (see 3.1 above) and training provided. 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.	Carol Williams, Head of Information, Communications and Technologies Re-revised September 2017	**Partially Implemented** Further discussions have taken place on aligning ICT risk with corporate risk. Monthly risk meetings to be arranged to discuss risk separately rather than incorporate it into Management Team meetings. Documentation to be formalised (based on the corporate strategy). Corporate risk 6 has already been broken down into a number of issues which ICT are in the process of addressing; the primary one being the data centre strategy project. Revised implementation date September 2017

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
Appointeeships & Deputyships April 2017	Limited / Limited	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. All applications for deputyships should be processed promptly to ensure the ongoing safeguarding of these vulnerable service users.	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. Financial Admin will ensure that Deputyship will be considered as an alternative to appointeeship in relevant cases.	Strategic Lead Officer – Project Officer Executive Director – Adult Social Care Head of Community Care September 2017 Financial Admin Officer	**Not yet due for implementation.**

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
Community Alarms & Telecare Services June 2017	No / Limited	Provisions for providing a 24-hour call out service require review to ensure that sufficiently trained staff are available to deal with emergency/urgent reports to ensure service users are not left at risk.	The CAS call operator and Response officers are available 24/7; to date the fitting service has never had the resource or budget to support 24/7 fitting and maintenance. To date there has never been sufficient evidence to suggest a dedicated out of hours maintenance team is required. In addition, there are councils that do not operate response services for either maintenance equipment or actual support. Benchmarking with these local authorities will be undertaken as part of the review of service delivery options. All equipment that "fails" can be replaced with an alternative where the kit is peripheral, (i.e. is linked to a base unit), and where Response Officers are suitably trained. They are able to fit out of hours on an emergency basis only however, their priority action is responsive care provision. Action: An additional temporary installation officer has been recruited which has reduced installation times down to 48 hours for urgent and 5 days for routine installations as of 19.05.2017. Action: The Group Manager will make initial contact with Integrated Facilities Management to undertake the scoping of a fitting and maintenance programme, based on an affordable, internal facilities management model or by an alternative delivery model.	Team Manager – Response Service Temporary staff sourced by end of July 2017 to support where needed. Group Manager – Learning Disabilities Commissioning Manager Group Manager – Performance Long Term Plan for Assistive Technology to be presented to EDMT in the summer.	**Not yet due for implementation.**

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
	■	Capacity and contingency arrangements for installations require review to ensure that, in the event of urgent referrals for telecare, there is sufficiently experienced staff resources available to meet the needs of the 24-hour service provision.	Current fitting time is now within the 2-day period for emergencies (as of 19.05.2017). With reference to the cases cited opposite: they fall within the "Winter Pressures" period where demand for fitting doubles due to the need to exacerbate discharges. All staffing capacity goes out to fit if necessary: including senior staff. The service will only know at the point of discharge once they have the referral from the referring practitioner, not before. If the referral is completed at the point the section 2 notice is issued from the hospital, then time frames will be met. If the referral is not done until the section 5 notice then response will be slower. It is important to add that pendants do not prevent falls. Falls prevention is based on exercise and rehabilitation programmes, which are not delivered by this service. Action: A set of 10 KPIs will be introduced to cover off and monitor timescales similar to those outlined in the TSA accreditation offer.	Team Manager – Response Service Immediate resources have gone in. Group Manager – Learning Disabilities Commissioning Manager Group Manager – Performance Long Term Plan for Assistive Technology to be presented to EDMT in the summer.	**Not yet due for implementation.**

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
		Senior management should ensure that staff resources are sufficient to allow for statutory breaks to be taken in accordance with the requirements set out in the Working Time Regulations.	The implementation of the new rota proposal is imminent and this will provide adequate capacity to cover breaks and meet the Working Time Directive. A review of service responsibility (corporate call handling / hardwired schemes) will be undertaken as part of the Channel Shift project. This will provide opportunity for cross service working / shared resource planning in the medium term. The service acts as the councils out of hours contact centre with ASC carrying the significant risk of all call traffic between 5pm until 9am the next day (for the whole of the council) and all weekend. This puts additional pressure on the call handlers. Action: Whilst the department looks at alternative delivery models for the service as a whole, a third member of staff will be introduced across the shift to support colleagues. This will enable seniors to be able to concentrate on performance, quality, and managing. This third person will help with emergency fitting too, when required and system cleansing.	Team Manager – Response Service Temporary staffing resources to be in place by the end of July 2017	**Awaiting response to follow up**

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 2018	
Jane Lane School April 2016	Limited	31	29				1			1	Oct 2016	Sep 2017	
ICT Risk Management June 2016	Limited	6	4				1	1			Dec 2016	Sep 2017	
Residential Charging May 2016	Limited	30	21	1			1			7	July 2016	Apr 2018	
Social Media June 2016	Limited	11	9								Mar 2017	Sep 2017	2
Shared Lives May 2016	Borderline Signifcant	10	8	1	1						Jun 2016	Nov 2017	
Cloud Computing June 2016	Borderline Significant	4			3					1	Jun 2017	Oct 2017	
Bank Account Reconciliations November 2015	Significant	11	10		1						Jan 2016	Oct 2017	
		114	89	2	5		6	1		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
Better Care Fund	Significant	2	1	1
		338	317	21

The tables below provide a summary of the status of all 2016/17 recommendations where the proposed implementation date was at or before 31st July 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		3			2		1	July 2017	Dec 2017	
Facilities Management January 2017	Limited / Limited	15	9				3				June 2017	Dec 2017	3
Pheasey Park Farm Children's Centre January 2017	Substantial / Limited	15									Jun 2017	Dec 2017	15
Appointeeships & Deputyships April 2017	Limited / Limited	18	11	1	3			2			Dec 2017		1
Payroll & Pensions Administration May 2017	Substantial/ Substantial	6	5								July 2017		1
Adoption & Fostering March 2017	Good / Substantial	4	3								April 2018		1
Council Tax / NNDR May 2017	Substantial/ Substantial	7	3								Aug 2017		4

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				
Human Resources May 2017	Substantial/ Substantial	10	5								June 2018		5
Community Alarms & telecare Services June 2017	No / Limited	20	4	1							Aug 2017 (temp measures)		15
Salisbury Primary School June 2017	n/a	20	6	1	6						Dec 2017		7
Cyber Security February 2017	Limited / Limited	8	2		1						Feb 2018		5
Housing Benefit & Council Tax Support August 2017	Substantial/ Substantial	6	2								Sep 2017		4
		162	74	3	13			7		1			64

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	
CRC Energy Efficiency Scheme	Substantial / Limited	10	10	

Title	Assurance Level	Raised	Implemented	No Longer Relevant
Accounts Receivable	Substantial / Substantial	2	2	
Treasury Management	Substantial / Substantial	3	3	
		229	229	

The tables below provide a summary of the status of all 2017/18 recommendations where the proposed implementation date was at or before 31st July 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				
New Invention Junior School

July 2017 | Substantial / Substantial | 6 | 5 | | 1 | | | | | | Sept 2017 | | |
| St Michael's Primary School

July 2017 | Substantial / Limited | 18 | 8 | | | | | | | | | Sept 2018 | | 10 |
| Millfields Nursery

June 2017 | Substantial / Limited | 14 | 10 | | 1 | | | | | | | Oct 2017 | | 3 |
| Sandbank Nursery

June 2017 | Substantial / Substantial | 11 | 10 | | | | | | | | | Aug 2017 | | 1 |
| | | 49 | 33 | | 2 | | | | | | | | | 14 |

Fully implemented 2017/18 audit reports

Title	Assurance Level	Raised	Implemented	No Longer Relevant
Beacon Primary School	Substantial / Substantial	8	8	
Oakwood School	Substantial / Substantial	6	6	
		14	14	

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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