

## **Audit Committee – 16 April 2018**

### **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), including an update on Risk Management period ending 28 February.

#### **Background Papers**

Internal Audit reports/monitoring information.

#### **Recommendations**

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

#### **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 28 February 2018. Audit coverage is in line with the plan.

## **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.



**James T Walsh**  
**Executive Director – Resources & Transformation**

**28 April 2018**

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# **WALSALL COUNCIL**

## **INTERNAL AUDIT PROGRESS REPORT**

**Audit Committee – 16<sup>th</sup> April 2018**

### **Status of our reports**

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

The Report was prepared solely for the use and benefit of Walsall Council and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix 5 of this report for further information about responsibilities, limitations and confidentiality.

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## Introduction

This progress report to the Audit Committee covers the work carried out since the last audit committee by Mazars 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 2017/18 Draft reports since the last meeting of the Audit Committee:

- Adult Social Care Market Management (Evaluation assurance: **Limited**. Testing assurance: **Substantial**)

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

- Accounts Payable (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Accounts Receivable (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Payroll & Pensions Administration (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Council Tax / NNDR (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Troubled Families Grant Claims (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- St Thomas More Catholic School (Evaluation assurance: **Substantial**. Testing assurance: **Good**)
- Performance Management (Evaluation assurance: **Substantial**. Testing assurance: **Limited**)
- Early Years (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)

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## 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	447	99%	451	99%
2016/17	417	352	84%	382	92%
2017/18	290	247	85%	249	86%

The table below highlights the number of outstanding high priority actions:

Year	Partly Implemented	Not Implemented
2015/16	1	1
2016/17	-	2
2017/18	-	-





Appendix 4 provides details of outstanding high priority actions and a summary of the status of all 2015/16, 2016/17 and 2017/18 recommendations where the proposed implementation date was at or before 28<sup>th</sup> February 2018.

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## 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
<b>Good</b>		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
<b>Substantial</b>		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.
<b>Limited</b>		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.
<b>Nil</b>		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.

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### 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
<b>Priority 1</b>	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
<b>Priority 2</b>	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
<b>Priority 3</b>	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	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Core Financial Systems	Main Accounting	<ul style="list-style-type: none"> <li>Regulatory, Organisational and Management Requirements</li> <li>Accounting Records</li> <li>Accounting Transactions and Manual Adjustments</li> <li>Year-End Procedures</li> <li>Financial and Performance Management Reporting</li> <li>Reconciliations</li> <li>Systems Security</li> </ul>	10	1	Q4	Work in Progress						
	Treasury Management, Cash & Bank	<ul style="list-style-type: none"> <li>Regulatory, Organisational and Management Requirements</li> <li>Treasury Transactions and Records</li> <li>Cash Flow Forecasting</li> <li>Investments</li> <li>Borrowings</li> <li>Financial and Performance Management Reporting</li> <li>Fraud Prevention</li> </ul>	10	0.25	Q4	TOR Issued						
	Accounts Receivable	<ul style="list-style-type: none"> <li>Policies, Procedures and Legislation</li> <li>Debtor Transactions and Records</li> <li>Standing Data Amendments</li> <li>Raising Invoices/Bills</li> <li>Collection</li> <li>Refunds</li> <li>Debt Recovery and Enforcement</li> <li>Management Reporting</li> </ul>	10	10	Q3	Final Report Issued (Feb 2018)	Substantial	Substantial	-	2	-	Reported to Audit Committee Apr 2018

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
	Accounts Payable	<ul style="list-style-type: none"> <li>• Policies, Procedures and Legislation</li> <li>• Creditor Transactions and Records</li> <li>• Standing Data Amendments</li> <li>• Purchase Order Processing</li> <li>• Goods Receipting</li> <li>• Invoice Processing</li> <li>• Payments</li> <li>• Payments Processing</li> <li>• Procurement Cards</li> <li>• Management Reporting</li> </ul>	10	10	Q3	Final Report Issued (Feb 2018)	Substantial	Substantial	-	2	1	Reported to Audit Committee Apr 2018
	Budgetary Control	<ul style="list-style-type: none"> <li>• Regulatory, Organisational and Management Requirements</li> <li>• Budget Setting</li> <li>• Budget Upload</li> <li>• Budget Monitoring</li> <li>• Alterations and Virements</li> <li>• Budget Savings and Financial Risk</li> </ul>	10	8	Q4	Work in Progress						
	Council Tax / NNDR	<ul style="list-style-type: none"> <li>• Policies, Procedures and Legislation</li> <li>• Reconciliations</li> <li>• Transactions and Records</li> <li>• Discounts, Exemptions, Allowances &amp; Premiums</li> <li>• Billing</li> <li>• Collection and Refunds</li> <li>• Recovery and Enforcement</li> <li>• Suspense Account</li> <li>• Write Off</li> <li>• Management of Collection Rates</li> <li>• Business Rates Retention Pilot Scheme</li> </ul>	20	20	Q4	Final Report Issued (Feb 2018)	Substantial	Substantial	-	2	2	Reported to Audit Committee Apr 2018
	Housing Benefit & Local Council Tax Support	<ul style="list-style-type: none"> <li>• Policies, Procedures and Legislation</li> <li>• Administration and Assessment of New Claims</li> <li>• Local Housing Allowance</li> <li>• Reviews</li> <li>• Backdated</li> </ul>	15	15	Q3	Final Report Issued (Dec 2017)	Substantial	Substantial	-	3	4	Reported to Audit Committee Jan 2018

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
		Benefits/Discretionary Payments <ul style="list-style-type: none"><li>• Payments and Reconciliations</li><li>• Cancellations, Overpayments and Recovery Action</li><li>• Fraud Management</li></ul>										
	Payroll and Pensions Administration	<ul style="list-style-type: none"><li>• Regulatory, Organisational and Management Requirements</li><li>• Payroll Transactions and Records</li><li>• Starters</li><li>• Leavers</li><li>• Variations and Adjustments to Pay</li><li>• Deductions</li><li>• Payments</li><li>• Performance and Financial Management</li><li>• Reconciliations</li><li>• Fraud Prevention</li></ul>	10	10	Q3	Final Report Issued (Feb 2018)	Substantial	Substantial	-	3	3	Reported to Audit Committee Apr 2018
	Asset Management	Assurance over the design and application of controls relating to areas such as asset management strategy, capital accounting.	0		Q4							Not required in 2017/18 included in 2018/19 audit plan
	Core Financial Systems Total			95	74.25							
Operational Risks	Resources and Transformation											
	Declarations of Interest	<ul style="list-style-type: none"><li>• Policies, Procedures and Legislation</li><li>• Declarations of Interest</li><li>• Declarations of Interest Registers</li></ul>	15	15	Q2	Final Report Issued (Oct 2017)	Substantial	Substantial	-	4	2	Reported to Audit Committee Nov 2017
	Individual Performance Management and Development	Covering adequacy and effectiveness of key controls over professional training and development, including links from the Employee Performance Review and monitoring of outcomes. To include advice regarding the	15	0.5	Q4	Scoping meeting held						

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
		changes to the existing procedures.										
	CRC Energy Efficiency Scheme	Annual audit and sign off	15	15	Q2	Final Report Issued (Nov 2017)	Limited	Substantial	-	5	2	Reported to Audit Committee Jan 2018
Economy & Environment												
	Streamlining Services	To cover controls over delivering the proposals for the long term future of libraries	15	0.25	Q4	Scoping Meeting Held						
	Regulation of Investigatory Powers Act 2000 (RIPA)	<ul style="list-style-type: none"><li>• Policies, Procedures &amp; Legislation</li><li>• Covert Surveillance of Social Networking Sites</li><li>• Applications and Approval of Surveillance</li><li>• Monitoring and Reporting</li></ul>	6	4.5	Q2	Draft Report Issued						
	Local Growth Fund	Annual audit and sign off	5	5	Q2	Sign off work completed	N/A					
	Forest Arts Centre	<ul style="list-style-type: none"><li>• Policies, Procedures &amp; Legislation</li><li>• Promotional Activities</li><li>• Budget Monitoring</li><li>• Income &amp; Grant Management</li><li>• Procurement</li><li>• Payroll</li></ul>	9	5	Q4	Work in Progress						
Children's Services												

Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
Troubled Families	<ul style="list-style-type: none"> <li>Criteria for identifying troubled families.</li> <li>Evidence to confirm the families fit the necessary criteria to be classed as a Troubled Family.</li> <li>Assessment and Monitoring</li> <li>Validity of the clam</li> <li>Declaration in place for the authenticity of the claims submitted for payment.</li> </ul>	15	15	Q2 & Q4	Final Report Issued (Q2) (Oct 2017)	Substantial	Good	-	-	3	Reported to Audit Committee Jan 2018
					Final Report Issued (Q4) (Feb 2018)	Substantial	Substantial	-	1	-	Reported to Audit Committee Apr 2018
Early Years	1. Policies, Procedures and Legislation 2. Eligibility, Application and Validity Checking 3. Payments to Providers 4. Funding and Budgetary Control 5. Partnership Working	16	12	Q3	Final Report Issued (Mar 2018)	Substantial	Substantial				Reported to Audit Committee Apr 2018
Local Authority Designated Officer (LADO)	6. Policies, Procedures & Legislation 7. Awareness & Training 8. Referrals & Record Training 9. Retention 10. Reporting of Referrals	5	5	Q1	Final Report Issued (Nov 2017)	Good	Good	-	1	1	Audit commenced and stopped due to Ofsted inspection. Restarted on 28 <sup>th</sup> September  Reported to Audit Committee Jan 2018
School Admissions Planning	11. Policies, Procedures & Legislation 12. Projections and Statutory Returns 13. Awareness and Publication 14. Application Process 15. Appeals 16. Management Information	17	15	Q2	Draft Report Issued						
Adult Social Care											

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
	Domiciliary Care	17. Policies, Procedures & Legislations 18. Expenditure 19. Income	15	6	Q4	Work in Progress						Audit postponed to Q4 at the request of the Head of Integrated Commissioning and agreed with S151 Officer
	Market Management	20. Policies, Procedures & Legislation 21. Contract Monitoring & Compliance 22. Managing Provider Failure 23. Joint Working 24. Management Information	15	11	Q3	Draft Report Issued						
	Safeguarding	A review of the new safeguarding procedures following decentralisation to localities.	10	0.25	Q4	ToR Issued						To include a sample of DoLs within testing
	Delays in Transfer of Care	25. Policies, Procedures & Legislation 26. Joint Working 27. Supporting Discharge of Hospital Patients 28. Performance monitoring	10	7	Q3	Work in Progress						
<b>Operational Risks Total</b>			<b>183</b>	<b>116.5</b>								
<b>Strategic Risk s</b>	Combined Authority	The specific audit and scope will be agreed with management	0		Q4							Not required
	Programme/Project Management	Programme/Project management assurance in respect of Transformation. A sample of projects in the programme will be selected.	20		Q4							
	Procurement	Covering adequacy and effectiveness of the Council's corporate approach to procurement.	20		Q4							

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
	Partnership Arrangements – Controlling Migration Fund	1. Records Management 2. Contractual Arrangements 3. Procurement 4. Performance Management	10	0.25	Q4	ToR Issued						
	Performance Management	5. Policies, Procedures & Legislation 6. Performance Measures 7. Performance Monitoring 8. Performance Reporting	15	14	Q3	Final Report Issued (Mar 2018)	Substantial	Limited	-	5	2	Reported to Audit Committee Apr 2018
	Business Continuity & Emergency Planning	9. Strategy, Policies and Procedures 10. Business Continuity Plan (BCP) 11. Roles and Responsibilities 12. Staff Training and Awareness 13. Rehearsing the Plan 14. Management Information	15	15	Q1	Final Report Issued (Aug 2017)	Substantial	Substantial	-	8	4	Reported to Audit Committee Sept 2017
	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		Q4							
<b>Strategic Risks Total</b>			<b>96</b>	<b>29.25</b>								
	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	10	Q1-Q4							National Fraud Initiative data matching exercise.  Attendance at the Midland Fraud Group.

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
	Risk Management	CRR/Assurance Framework updates to CMT and AC, Risk Management Workshops for staff and Members.	30	18	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		Q4							Video demonstration of data mining tools to be provided in April 2018
	Benefit/Savings Realisation	To provide assurance that processes are in place to measure such initiatives.	20		Q4							
	Governance	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.	10		Q4							
<b>Governance, Fraud &amp; other Assurance Methods</b>			<b>110</b>	<b>28</b>								
<b>ICT</b>	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	0.5	Q3	ToR issued						
	Social Media Policies and Procedures	A review of the adequacy and effectiveness of the controls in place over the use of Social Media	5	0.5	Q3	ToR issued						



	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
	IT Strategy	A review of IT Strategy development and management	5	2	Q2	Work in Progress						
	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	5	Q2	Draft Report Issued						
	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	0.5	Q4	ToR Issued						
	Website Security	A review of key security controls operating over the Council's website	6	0.5	Q4	ToR Issued						
	Management Advice		2									
<b>ICT total</b>			<b>40</b>	<b>9</b>								
<b>Other</b>	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.	30	25	Q1-Q4							
	Management and Planning	Including attendance at Audit Committee	80	75	Q1-Q4							
	Advisory	Resources used for advice such as project boards	20		Q1-Q4							
<b>Other total</b>			<b>130</b>	<b>100</b>								
<b>Schools</b>	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	110	Q1-Q3							
<b>Schools Total</b>			<b>120</b>	<b>110</b>								

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion	Recommendations	Comments
Days previously used for CRSA			10						
Plan Total			784	467					
Ad Hoc/Contingency		Contingency allocation to be utilised upon agreement of the Chief Finance Officer.	93						
TOTAL			877	467					

	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 (Jun 2017)	Substantial	Substantial	-	2	6	Reported to Audit Committee Sept 2017
	Leighswood Primary School		5	5	Q2	Final Report Issued (Sep 2017)	Substantial	Substantial	-	4	4	Reported to Audit Committee Nov 2017
	New Invention Junior School		5	5	Q1	Final Report Issued (Jul 2017)	Substantial	Substantial	-	3	3	Reported to Audit Committee Sept 2017
	St Michaels Primary School		5	5	Q1	Final Report Issued (Jul 2017)	Substantial	Limited	-	10	8	Reported to Audit Committee Sept 2017
	Millfields Nursery School		5	5	Q1	Final report issued (Jun 2017)	Substantial	Limited	-	7	7	Reported to Audit Committee Sept 2017
	Ogley Hay Nursery School		5	5	Q1	Final Report Issued (Sep 2017)	Substantial	Limited	-	7	9	Reported to Audit Committee Nov 2017
	Sandbank Nursery School		5	5	Q1	Final report issued (Jun 2017)	Substantial	Substantial	-	6	5	Reported to Audit Committee Sept 2017
	Valley Nursery School		5	5	Q2	Final Report Issued (Oct 2017)	Substantial	Limited	1	6	8	Reported to Audit Committee Nov 2017

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Oakwood School		5	5	Q1	Final Report Issued (Jul 2017)	Substantial	Substantial	-	2	4	Reported to Audit Committee Sept 2017
	Chuckery Primary		5	5	Q2	Final Report Issued (Sep 2017)	Substantial	Substantial	-	4	3	Reported to Audit Committee Nov 2017
	Old Church Primary School		5	5	Q2	Final Report Issued (Oct 2017)	Substantial	Good	-	2	6	Reported to Audit Committee Nov 2017
	Alumwell Nursery School		5	5	Q2	Final Report Issued (Nov 2017)	Substantial	Substantial	-	3	3	Reported to Audit Committee Jan 18
	Fullbrook Nursery School		5	5	Q2	Final Report Issued (Oct 2017)	Substantial	Good	-	2	4	Reported to Audit Committee Nov 2017
	Mary Elliot School		5	5	Q2	Final Report Issued (Sep 2017)	Substantial	Substantial	-	3	7	Reported to Audit Committee Nov 2017
	Old Hall School		5	5	Q2	Final Report Issued (Oct 2017)	Substantial	Limited	-	7	7	Reported to Audit Committee Jan 18
	Hillary Primary School		5	5	Q3	Final Report Issued (Dec 2017)	Substantial	Substantial	-	3	5	Reported to Audit Committee Jan 18
	Lindens Primary School		5	5	Q3	Final Report Issued (Nov 2017)	Substantial	Substantial	-	5	4	Reported to Audit Committee Jan 18
	St James Primary School		5	5	Q3	Final Report Issued (Jan 2018)	n/a	n/a	1	20	10	Reported to Audit Committee Feb 18
	Pinfold Street Primary School		5	5	Q3	Final Report Issued (Nov 2017)	Substantial	Good	-	3	6	Reported to Audit Committee Jan 18
	Brownhills School		5	5	Q3	Final Report Issued (Dec 2017)	Substantial	Good	-	1	4	Reported to Audit Committee Jan 18
	St Thomas More Business & Enterprise College		5	5	Q4	Final Report Issued (March 2017)	Substantial	Good	-	2	4	Reported to Audit Committee Apr 18

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Admin Time inc SFVS		15	5								
Schools total			120	110								

## Appendix 2 – Summary of Final Reports

Audit	Opinion		Main Findings
	Evaluation	Testing	
Accounts Payable	Substantial	Substantial	<ul style="list-style-type: none"> <li>Policies and procedures were in place, but had not all been reviewed within the last 12 months.</li> <li>Purchase orders are not always raised prior to purchases being made.</li> <li>Payments made by purchase card that might conflict with an existing Council contract are reported to Procurement, however this is based only on the purchase team knowledge of contracts as no formal information sharing arrangements have been established.</li> </ul>
Accounts Receivable	Substantial	Substantial	<ul style="list-style-type: none"> <li>There is a significant amount of debt over a year old.</li> <li>Debt recovery procedures and timeframes for recovery action are not always complied with.</li> </ul>
Payroll and Pensions Administration	Substantial	Substantial	<ul style="list-style-type: none"> <li>Documentation, such as timesheets and expense claims are not always signed by an authorised signatory.</li> <li>The Reimbursement of Relocation and Temporary Accommodation Expenses Claim Form states that it should be signed by the Head of Service rather than an authorised signatory.</li> <li>Details bicycle mileage is not included in the Mileage Guidance Scheme.</li> </ul>
Troubled Families Grant Claims	Substantial	Substantial	<ul style="list-style-type: none"> <li>Audit testing of all individuals in the claim to all individuals listed as Looked After Children (LAC) found one discrepancy where a family that had LAC was included in the claim cohort incorrectly.</li> </ul>
St Thomas More Catholic School	Substantial	Good	<ul style="list-style-type: none"> <li>Income controls require strengthening.</li> <li>Payroll reports are not checked on a monthly basis.</li> </ul>
Performance Management	Substantial	Limited	<ul style="list-style-type: none"> <li>The Performance Management Framework requires updating to align with the 2017-2020 Corporate Plan. There is a lack of clarity around the format of reporting, and no guidelines for developing comprehensive and standardised service plans.</li> <li>A number of measures were not reported on, nor was the most recent performance given for the quarter 1 CMT report.</li> <li>Similarly, some measures are not comprehensive enough to effectively monitor the performance of the corresponding Service Delivery Priority.</li> <li>Lack of targets, or benchmarking performance against potentially unrealistic figures, leads to a lack of clarity on the performance of the Service Delivery Priorities and can be demotivating for the staff involved.</li> </ul>
Early Years	Substantial	Substantial	<ul style="list-style-type: none"> <li>There is a lack of procedure notes and workforce planning to ensure employees understand their roles and responsibilities and that tasks are completed in the absence of key officers.</li> <li>A system to ensure that consent forms are being completed and appropriately retained by providers has not been established.</li> <li>Information sharing and awareness with parents could be improved to ensure they are sufficiently aware of the ability to split free childcare hours across more than one provider.</li> </ul>

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## **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
Residential Charging  May 2016	Limited	Procurement	It should be ensured that the issue of having to manually calculate budget monitoring reports is addressed as part of the implementation of Mosaic Financials.	Mosaic Implementation Team 30 <sup>th</sup> Sept 2016  Revised November 2017  Rerevised September 2018	<b>Not implemented</b> 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. Implementation of Mosaic Financials to be completed by June 2018. Revised June 2018
			Contracts will be awarded following cabinet approval regarding fee rates.	Lead Commissioning Officer 1 <sup>st</sup> July 2016  Revised 31/10/16  Rerevised June 2018	<b>Partially implemented</b> Advised that transitional contracts in place, but not yet gone out to tender as waiting from advice from procurement. Revised deadline June 2018

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.	<p>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.</p> <p>To date there has never been sufficient evidence to suggest a dedicated out of hours maintenance team is required.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Team Manager – Response Service</p> <p>Temporary staff sourced by end of July 2017 to support where needed.</p> <p>Group Manager – Learning Disabilities Commissioning Manager Group Manager – Performance</p> <p>Long Term Plan for Assistive Technology to be presented to EDMT in the summer.</p> <p>Revised date December 2017</p>	<p><b>Not implemented.</b></p> <p><b>Follow up audit to be undertaken March 2018</b></p>



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.	<p>Team Manager – Response Service</p> <p>Immediate resources have gone in.</p> <p>Group Manager – Learning Disabilities Commissioning Manager Group Manager – Performance</p> <p>Long Term Plan for Assistive Technology to be presented to EDMT in the summer.</p> <p>Revised date December 2017</p>	<p><b>Not implemented.</b></p> <p><b>Follow up audit to be undertaken March 2018</b></p>

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				
Residential Charging May 2016	Limited	30	21	1			1			7	July 2016	Sep 2018	
Cloud Computing June 2016	Borderline Significant	4			3					1	Jun 2017	Apr 2018	
		34	21	1	3		1			8			

\* See 'Outstanding and Partly Implemented High Priority Recommendations from 2015/16, 2016/17 and 2017/18' table at the start of appendix 4 for priority 1 recommendations updated position.

The tables below provide a summary of the status of all 2016/17 recommendations where the proposed implementation date was at or before 28<sup>th</sup> February 2018 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				
Town & District Centres Markets March 2017	Limited / Limited	12	9		2					1	July 2017	Jun 2018	
Facilities Management January 2017	Limited / Limited	15	10					5			June 2017	Sep 2018	
Pheasey Park Farm Children's Centre January 2017	Substantial / Limited	15									Jun 2017	To be followed up during school audit 2018/19	15
Appointeeships & Deputyships April 2017	Limited / Limited	18	16		2						Dec 2017	Jun 2018	
Adoption & Fostering March 2017	Good / Substantial	4	3								April 2018		1
Community Alarms & telecare Services June 2017	No / Limited	20	5	3	8			4			Aug 2017 (temp measures)	Follow up audit Mar 2018	
Salisbury Primary School June 2017	n/a	20	9	2	5			1	1		Dec 2017	Sep 2018	2
Cyber Security February 2017	Limited / Limited	8	3		1						Feb 2018	Oct 2018	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				
Support Planning, Resource Allocation, Personal Budgets & Direct Payments September 2017	Substantial / Limited	12	7		3						Mar 2018		2
Residential Care November 2017	Substantial / Limited	11	7		4						Nov 2017	Jan 2018	
		135	69	5	25			10	1	1			24

\* See 'Outstanding and Partly Implemented High Priority Recommendations from 2015/16, 2016/17 and 2017/18' table at the start of appendix 4 for priority 1 recommendations updated position.

The tables below provide a summary of the status of all 2017/18 recommendations where the proposed implementation date was at or before 28<sup>th</sup> February 2018 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				
Ogley Hay Nursery School September 2017	Substantial / Limited	16	14					1			Apr 2018		1
Mary Elliot School September 2017	Substantial / Substantial	10	9								May 2018		1
Local Authority Designated Officer November 2017	Good / Good	2	1								May 2018		1
CRC Energy Efficiency Scheme November 2017	Limited / Substantial	8	5		1						Jun 2018		2
Housing Benefit & Council Tax Reduction December 2017	Substantial / Substantial	7	6								Jun 2018		1
St James Primary School January 2018	n/a	31	10								Sep 2018		21
Accounts Receivable February 2018	Substantial / Substantial	2									May 2018		2
Accounts Payable February 2018	Substantial / Substantial	3	2					1			Feb 2018	Apr 2018	
Payroll & Pensions Administration	Substantial / Substantial	6	4		1			1			Feb 2018	Apr 2018	

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				
February 2018													
Council Tax & NNDR	Substantial / Substantial	4	2								Sep 2018		2
February 2018													
Troubled Families Grant	Substantial / Substantial	1									May 2018		1
February 2018													
Performance Management	Substantial / Limited	7	3								Jul 2018		4
March 2018													
Early Years	Substantial / Substantial	4	2								Aug 2018		2
March 2018													
		101	58		2			3					38

\* See 'Outstanding and Partly Implemented High Priority Recommendations from 2015/16, 2016/17 and 2017/18' table at the start of appendix 4 for priority 1 recommendations updated position.

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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	
Sandbank Nursery School	Substantial / Substantial	11	11	
Chuckery Primary School	Substantial / Substantial	7	7	
Old Church Primary School	Substantial / Substantial	8	8	
Troubled Families Grant	Substantial / Good	3	3	
Declarations of Interest	Substantial / Substantial	10	10	
New Invention Junior School	Substantial / Substantial	6	6	
Hillary Primary School	Substantial / Substantial	8	8	
Valley Nursery School	Substantial / Limited	15	15	
Alumwell Nursery School	Substantial / Substantial	6	6	
Leighswood Primary School	Substantial / Substantial	8	8	
Brownhills School	Substantial / Good	5	5	
St Michael's Primary School	Substantial / Limited	18	18	
Lindens Primary School	Substantial / Substantial	9	9	
Business Continuity	Substantial / Substantial	12	12	
Millfields Nursery	Substantial / Limited	14	14	
Fullbrook Nursery	Substantial / Good	6	6	
Pinfold Primary School	Substantial / Good	9	9	
St Thomas More Catholic School	Substantial / Good	6	6	
Old Hall School	Substantial / Substantial	14	14	
		189	189	

## Appendix 5 – Risk Management Update

Ref	Implementation Action Plan	Estimated Timing by
1	Facilitated CMT session to inform a refresh of the Strategic Risk Register. <i>Confirm principles of new approach.</i> <i>Timed to feed into the 2018/19 audit plan.</i>	Held on 22 <sup>nd</sup> February 2018
2	Sessions with DMTs / Project Teams to cascade the top down Strategic Risks for consideration at the Operational/Project level as well as Operational level 'bottom up' risks facing services to be captured and considered. <i>Communicate the principles of the new approach.</i>	April 2018 Adults Social Care – 25 <sup>th</sup> April Childrens' Services – 26 <sup>th</sup> April Economy and Environment – 14 <sup>th</sup> May Resources and Transformation –TBC
3	Presentation of refreshed Strategic Risk Register to Audit Committee. Audit Committee Member briefing/training session.	June 2018
4	Review of Risk Management for the Head of Internal Audit Opinion.  <i>Any recommendations from the review to be included in future steps of action plan.</i>	April/May 2018
5	Complete sessions with service teams to roll out new strategy and support them to embed.  Undertake a skills gap analysis and provide training to address.  Consideration of training and induction provided to officers and members to ensure no future gaps in skills appear.	June 2018
6	Review the Strategy and Procedural Documentation to ensure they fully reflect developed practices including the refreshed Corporate Plan and Change Programme.  <i>Also consideration of how some other processes will affected by the changes in the risk management framework or how changes in how risk is managed or appetite and tolerance might impact on other business process.</i>	September 2018



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7	Updated Strategy is approved at Committee  <i>Timing and style of future reporting on risk to Committee to be formally agreed.</i>	December 2018
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## Appendix 6 – 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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