

**Audit Committee – 25 January 2021**

**Internal Audit Progress Report 2020/21 & KPI's – as at the end of Quarter 3**

**1. Summary of report**

- 1.1 This report provides an update to Audit Committee on Internal Audit's progress against the 2020/21 audit plan as at the end of quarter 3.

**2. Recommendations**

- 2.1 That Audit Committee notes the contents of this report.

**3. Background**

- 3.1 The audits in the plan have been proposed on the basis of the Council's current Strategic and Directorate Risk Registers; the Walsall Proud Programme, which will continue to give rise to significant change in the organisation; any emerging legislation which will impact the Council in 2020/21; and the recent impacts of Covid-19.
- 3.2 Although the impact of Covid-19 and remote working continues, delivery of the audit programme has progressed by amending processes to accommodate the new working arrangements. A full update on internal audit progress is provided at Appendix 1.

**4. Resource and Legal Consideration**

- 4.1 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.

**5. Citizen Impact**

- 5.1 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 the council's operations.

**6. Performance and Risk Management issues**

- 6.1 Part of internal audit's role is to provide assurance on 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.
- 6.2 Regular updates will be provided to Audit Committee on progress against the approved Internal Audit Plan for 2020/21.

- 6.3 KPI performance for the third quarter of 2020/21 is detailed below, with all KPI's currently on target with the exception of two draft reports which were not issued within 6 weeks of commencement (33 and 34 days respectively rather than 30) due to requesting additional information at the review stage to complete the audits.

Standard	Target	Actual as at 31/12/20
Achieve the Annual Audit Plan	>95% audits in the annual plan to be completed to draft report stage within 15 working days of the 31 March of each year.	End of Year Measure
Produce annual report which includes an overall assurance opinion for the Council for the year and provides assurance that the system of risk management and identification is suitable and sufficient for the purposes of the Annual Governance Statement.	To be produced and issued to the Chief Finance Officer in accordance with the Audit Committee Work Programme & Timetable, or within 30 working days from 31 March each year (whichever is shorter).	End of Year Measure
Annual review and report on the effectiveness of the risk management strategy and its application with comments and recommendations for changes.	To be produced and issued to the Chief Finance Officer in accordance with the Audit Committee Work Programme & Timetable.	Ongoing Risk Management work with the Council
Effective completion of audit work.	>95% draft reports, which include relevant recommendations, are issued within 6 weeks of the commencement of work.	15/17 88%  Exception: Housing Benefit & Council Tax Support, Payments to Suppliers
Produce quarterly progress report in accordance with the specification.	To be produced and issued to the Chief Finance Officer within 15 working days of the end of each quarter.	Met for quarter
Produce a six monthly risk management update report	To be produced and issued to the Chief Finance Officer in accordance with the CMT and Audit Committee Work Programme & Timetable, or within 30 working days of the end of each half year period (whichever is shorter).	Strategic Risk Register updates regularly presented to CMT and Audit Committee. Risk sessions across the Council ongoing
Six month review of Strategic Risk Register (SRR) and report for Corporate Management Team and Audit Committee	To be produced and issued to the Chief Finance Officer in accordance with the CMT and Audit Committee Work Programme & Timetable, or within 30 working days of the end of each half year period (whichever is shorter).	Strategic Risk Register updates presented to CMT and Audit Committee. Next update to Audit Committee 25th January

- 6.4 The following table sets out the Performance Standards against which the success of the contract is measured. Quarter 3 performance for 2020/21 is currently on target for all areas apart from the requirement to produce draft reports within 10 working days of the exit meeting where as part of the quarter 1 performance a variance was previously highlighted relating to 2 audits that had seen slight delays (11 and 12 days respectively rather than 10) due to the impact of Covid-19 and remote working at that time. During quarter 3 a further 2 audits have seen delays in this area due to temporary manager absence and the need for additional management cover to be put in place.

Standard	Target	Actual as at 31/12/20
Notification of planned audits to Secondary Clients (not surprise visits) within the time period agreed with them.	Secondary Clients to be notified of the start date of each audit (100%) within the time period agreed with them (up to a maximum of 15 days).	34/34 100%
Issue audit brief within the time period agreed with the Secondary Client.	100% of audit briefs to be submitted to the Secondary Client for comment and approval within the time period agreed with them prior to commencement date of each audit (up to a maximum of 10 days).	34/34 100%
Conduct exit meetings within the time period agreed with the Secondary Client.	100% to be carried out with Secondary client or their representative, within the time period agreed with them, from completion of all audit work at a mutually agreed time.	22/22 100%
Produce draft report, which reflects the agreed brief.	>95% to be produced and issued by the date set out in the terms of reference and within 10 working days of the exit meeting.	16/20 80% exceptions - <b>HB &amp; CTS, Blue Coat Federation, Castlefort Primary School, Whetstone Primary</b>
Produce final report within the time period agreed with the secondary client (>95%)	100% to be produced and issued with 5 working days of receipt of management response to draft report.	18/18 100%
Complete National Fraud Initiative (NFI) data matching exercise.	Ensure that all data matches are reviewed and investigated in accordance with the timetables provided.	2020/21 data uploaded, matches to be shared early 2020
Counter fraud work	To maintain and update counter fraud policies, the counter fraud toolkit, training and other counter fraud work as agreed in advance with the Chief Finance Officer.	Ongoing as required
Follow up on all high priority actions	Reports produced in accordance with timetables set out in the Specification.	Ongoing and progress reported to each Audit Committee

Standard	Target	Actual as at 31/12/20
Specialist IT / risk audits	Quarterly report detailing percentage of time of qualified or specialist staff utilised in delivery of the audit and risk work undertaken during the quarter	Completed as part of monitoring information
Respond to unsatisfactory client satisfaction questionnaires/CMT feedback	To be provided to the Chief Finance Officer within 10 working days of the feedback being received.	N/A
Attendance at planned meetings with both the Chief Finance Officer and external audit as detailed throughout this specification.	Meetings attended by Contract Manager	Ongoing
Attend the Audit Committee meetings in accordance with the Audit Committee Work Programme and Timetable	Meetings attended by Partner or Director or Contract Manager	Ongoing
Provision of audit helpline and confidential reporting hotline answer phone facility, and provision of summary of advice provided within the agreed time period.	Summary of audit advice provided, and summary of confidential reports received and action taken to be submitted to chief Finance Officer prior to discussion at quarterly meetings.	Completed as part of monitoring information
Quality control system	Copy to be provided to Chief Finance Officer on an annual basis	Provided
Compliance with the PSIAS via external accreditation	To provide evidence of the external accreditation	External Assessment completed in 2019 and results shared with Chief Finance Officer.
Provide training, as agreed with the Chief Finance Officer, for Council Officers, Project Managers and Members in the principles and practices of Audit and Risk Management.	Provision of training as agreed by the Chief Finance Officer	Member training scheduled in Audit Committee work programme

- 6.5 The KPI's set out above include revisions reported to Audit Committee at their last meeting (the full list of revisions and rationale for changes is available in the 'Internal Audit Progress Report 2020/21 & KPI's – as at the end of Quarter 2' report presented on 23 November 2020), and incorporates feedback provided by committee at that meeting to ensure clarity on maximum time periods applicable.

## 7. Equality Implications

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

## 8. Consultation

- 8.1 The annual work plan 2020/21 was consulted upon before its endorsement by executive directors, senior managers, and the Chief Finance Officer.

## 9. Background Papers

### 9.1 Internal Audit reports/monitoring information



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## **WALSALL COUNCIL**

# **INTERNAL AUDIT PROGRESS REPORT**

**Audit Committee – 25<sup>th</sup> January 2021**

### **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.

Audit planning discussions with key members of management had been completed prior to the Covid-19 pandemic, and their suggestions included in the plan. However, while these suggestions may remain important, some aspects of service delivery and ways of working will have to be transformed and systems of internal control need to change along with these. The Covid-19 Strategic Risk Register has informed some of the audits included in the proposed plan, and the Corporate Management Team has approved these suggestions. We will adapt our approach to ensure that front line services are not impaired by our work, but we must continue to assure members and management that risks are being managed effectively.

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

The schools audits we have completed since April have all been carried out remotely and we have amended the usual scope accordingly. Where there are known risks within the omitted scope areas, we have agreed with the schools that we will carry out specific testing in these areas later in the year.

## Background

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

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

As internal audit is a major source of assurance that the Council is effectively managing the principal risks to the achievement of its corporate objectives, a key rationale for the development of the internal audit plan was the Council's own Strategic, Covid-19 and Directorate Risk Registers and how the internal audit plan can provide this assurance.

## Progress to Date

Progress against the 2020/21 Internal Audit Plan is shown in Appendix 1.

We have issued the following 2020/21 Final report since the last meeting of the Audit Committee:

- HR Recruitment Vetting (Evaluation assurance: **Substantial**. Testing assurance **Good**)
- Housing Benefit & Local Council Tax Support (Evaluation assurance: **Substantial**. Testing assurance **Substantial**)
- Payments to Suppliers (Evaluation assurance: **Good**. Testing assurance **Good**)

- St Joseph's Primary School (Evaluation assurance: **Substantial**. Testing assurance **Substantial**)
- Short Heath Federation (Evaluation assurance: **Substantial**. Testing assurance **Substantial**)
- Whetstone Field Primary School (Evaluation assurance: **Substantial**. Testing assurance **Substantial**)

We have issued the following 2020/21 Draft report since the last meeting of the Audit Committee:

- Pool Hayes Primary School
- HR Grievances

## Progress to Date Follow-up of Recommendations

### 2017/18, 2018/19, 2019/20, 2020/21

The table below highlights the number of recommendations raised in the final audit reports for 2017/18, 2018/19, 2019/20 and 2020/21. It should be noted that progress in implementing recommendations raised is due for follow up as part of the 2020/21 audit plan, and summary of findings to date is shown in the table below:

Year	Total Recommendations	Implemented and/or no longer relevant	%	Implemented, no longer relevant and/or partly implemented	%
2017/18	375	364	97%	365	97%
2018/19	333	314	94%	329	99%
2019/20	226	204	90%	211	93%
2020/21	84	73	87%	73	87%





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

Year	Partly Implemented	Not Implemented	Not Yet Due	Superceded
2018/19	4			
2019/20	2	4		
2020/21			2	

## Definition of Assurance & Priorities

### Audit assessment

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

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.

## 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 2020/21

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Core Financial Systems	Housing Benefit & Local Council Tax Support	<ul style="list-style-type: none"> <li>• Policies, Procedures &amp; Legislation</li> <li>• Administration &amp; Assessment of New Claims</li> <li>• Local Housing Allowance</li> <li>• Reviews</li> <li>• Backdated Benefits / Discretionary Payments</li> <li>• Payments &amp; Reconciliations</li> <li>• Cancellations, Overpayments &amp; Recovery Action</li> <li>• Covid-19 Hardship Fund 2020-21</li> <li>• Fraud Management</li> <li>• Impact Planning for Universal Credits</li> </ul>	12	12	Q2	Final Report Issued (Dec 20)	Substantial	Substantial	-	1	2	
	Accounts Payable	<ul style="list-style-type: none"> <li>• Policies, Procedures &amp; Legislation</li> <li>• Creditor Transactions &amp; Records</li> <li>• Standing Data Amendments</li> <li>• Purchase Order Processing</li> <li>• Goods Receipting</li> <li>• Invoice Processing</li> <li>• Payments Processing</li> <li>• Procurement Cards</li> <li>• Management Reporting</li> </ul>	12	8	Q3	Work Ongoing						
	Accounts Receivable	<ul style="list-style-type: none"> <li>• Policies, Procedures &amp; Legislation</li> <li>• Debtor Transactions &amp; Records</li> <li>• Standing Data Amendments</li> <li>• Raising Invoices / Bills</li> <li>• Collection</li> <li>• Refunds</li> <li>• Debt Recovery &amp; Enforcement</li> <li>• Management Reporting</li> </ul>	12	8	Q3	Work Ongoing						
	Council Tax & NNDR	<ul style="list-style-type: none"> <li>• Policies, Procedures &amp; Legislation</li> <li>• Reconciliations</li> <li>• Transactions &amp; Records</li> <li>• Discounts, Exemptions, Allowances &amp; Premiums</li> <li>• Billing</li> <li>• Collection &amp; Refunds</li> <li>• Recovery &amp; Enforcement</li> <li>• Suspense Account</li> </ul>	16	2	Q4	Work Ongoing						

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
		<ul style="list-style-type: none"> <li>Write Off</li> <li>Management of Collection Rates</li> <li>Covid-19 Business Rate Relief</li> <li>Business Rates Retention Pilot Scheme</li> </ul>										
	Payroll & Pensions Administration	<ul style="list-style-type: none"> <li>Regulatory, Organisational &amp; Management Requirements</li> <li>Payroll &amp; Pensions Transactions and Records</li> <li>Starters</li> <li>Leavers</li> <li>Variations &amp; Adjustments to Pay</li> <li>Deductions</li> <li>Payments</li> <li>Reconciliations</li> </ul>	12	0.5	Q4	TOR Issued						
	Main Accounting	<ul style="list-style-type: none"> <li>Regulatory, Organisational &amp; Management Requirements</li> <li>Accounting Records including Access Control</li> <li>Accounting Transactions &amp; Manual Adjustments</li> <li>Financial &amp; Performance Management Reporting</li> <li>Reconciliations</li> <li>Systems Security</li> </ul>	12	0.5	Q3	TOR Issued						
<b>Core Financial Systems Total</b>			<b>76</b>	<b>21</b>								
<b>Operational Risks</b>	<b>Resources &amp; Transformation</b>											
	Confidential Reporting (Whistleblowing)	<ul style="list-style-type: none"> <li>Policies, Procedures &amp; Legislation</li> <li>Confidential Reporting (Whistleblowing) Procedure</li> <li>Take Up of Whistleblowing Allegations</li> <li>Monitoring &amp; Reporting</li> </ul>	4	3	Q2	Work Ongoing						
	Human Resources Recruitment Vetting	<ul style="list-style-type: none"> <li>Policies, Procedures &amp; Legislation</li> <li>Recruitment Vetting</li> </ul>	4	4	Q2	Final Report Issued (Nov 20)	Substantial	Good	-	1	-	
	HR - Grievance Process	<ul style="list-style-type: none"> <li>Policies, Procedures &amp; Legislation</li> <li>Grievances Raised</li> <li>Monitoring &amp; Reporting</li> </ul>	10	8	Q2	Draft Report Issued (Jan 21)						
	<b>Economy &amp; Environment</b>											
	Resilient Communities Implementation	Covering adequacy and effectiveness of the implementation of the new working ways within Resilient Communities.	10	0.5	Q2	See Comment						Implementation of model paused

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Capital Programme	<ul style="list-style-type: none"><li>• Directorate Asset Management Plan</li><li>• Governance Arrangements</li><li>• Project Initiation</li><li>• Monitoring</li><li>• End of Project Evaluation</li><li>• Expenditure</li><li>• Budget Monitoring</li></ul>	10	0.5	Q4	TOR Issued						
	Safer Walsall Partnership Plan Follow up	<ul style="list-style-type: none"><li>• Safer Walsall Partnership Plan</li></ul>	5	0.5	Q4	TOR Issued						
	Children's Services											
	Home to School Transport	<ul style="list-style-type: none"><li>• Policies, Procedures &amp; Legislation</li><li>• Recording of Service Users Details</li><li>• Payment to Providers</li><li>• COVID-19</li></ul>	10	9	Q2	Work Ongoing						
	Community Services provided by Maintained Schools	<ul style="list-style-type: none"><li>• Policies, Procedures &amp; Legislation</li><li>• Approval to Set Up and Run Community Facilities</li><li>• Supply of Financial Information</li><li>• Treatment of Income &amp; Surpluses</li><li>• Taxation</li><li>• Complaints</li></ul>	10	3	Q2	Work Ongoing						
Operational Risks Total			63	28.5								
Strategic Risks	Review of Covid-19 Governance & Controls	<ul style="list-style-type: none"><li>• Policies, Procedures &amp; Legislation</li><li>• Decision Making Procedure</li><li>• Procurement of Goods and Services</li><li>• Financial Spend Control</li></ul>	7	6	Q2	Draft Report Issued (Jan 21)						
	Payments to Suppliers	<ul style="list-style-type: none"><li>• Payment to Maintain Business Continuity</li><li>• Other Contractual Relief</li><li>• Accelerating Payment of Invoices</li></ul>	5	5	Q2	Final Report Issued (Jan 21)	Good	Good	-	-	-	
	Commercialism	<ul style="list-style-type: none"><li>• Income &amp; Commercial Policy</li><li>• Income Generation &amp; Cost Recovery</li><li>• Commercial Property Investments</li><li>• Management Information</li></ul>	10	0.5	Q4	TOR Issued						
Strategic Risks Total			22	11.5								



	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Governance, Fraud & other Assurance Methods	Counter Fraud	Internal Audit will work with the Council in the development of fraud risk, attendance at Midlands Fraud Group meetings and carry out the role of key contact for the NFI and data match reviews	20	8	Q1-Q4							
	Governance and Risk Management	The use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities. Risk Management Workshops for staff and Members. Review of individual risks registers as agreed with management.	40	10	Q1-Q4							
	Assurance Mapping	Mapping assurances against risks across the Council and identifying assurance gaps.	20		Q1-Q4							
Governance, Fraud & other Assurance Methods			80	18								
Other	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.	25	16	Q1-Q4							
	Management, Advice and Planning	Including attendance at Audit Committee	70	30	Q1-Q4							
Other total			95	46								
ICT	The specific audits and scopes will be agreed with management.		30		Q3							
ICT total			30									
Schools	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend		120	10	Q1-Q3							
Schools Total			120	101								
Plan Total			486	226								
Ad Hoc Contingency		Contingency allocation to be utilised upon agreement of the Chief Finance Officer.										
Total			489	226								

## School Audits

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Schools	Abbey Primary		5	5	Q1	Final Report Issued (Jul 2020)	Limited	Substantial	1	2	3	
	Blue Coat Federation		10	10	Q1	Final Report Issued (Jun 2020)	Substantial	Substantial	-	3	2	
	Brownhills West Primary		5	5	Q1	Final Report Draft (Jul 2020)	Good	Substantial	-	2	1	
	Castlefort Primary		5	5	Q1	Final Report Issued (Jun 2020)	Substantial	Limited	2	3	2	
	County Bridge Primary		5	5	Q1	Final Report Issued (Jun 2020)	Substantial	Substantial	-	3	1	
	Delves Infants & Nursery School		5	5	Q1	Final Report Issued (Jun 2020)	Good	Good	-	-	1	
	Pool Hayes Primary		4	3	Q3	Draft Report Issued (Jan 2021)						
	Salisbury Primary		5	5	Q1	Final Report Issued (Jul 2020)	Substantial	Substantial	-	2	-	
	Short Heath Federation		10	10	Q1	Final Report Issued (Jan 2021)	Substantial	Substantial	-	5	3	
	St Anne's Catholic Primary School		5	5	Q1	Final Report Issued (Jun 2020)	Substantial	Substantial	-	1	4	
	St Bernadette's Catholic Primary School		5	4	Q2	Work Ongoing						
	St Francis Catholic Primary School		4	4	Q1	Final Report Issued (Jul 2020)	Substantial	Limited	1	6	2	
	St Joseph's Catholic Primary School		5	5	Q2	Final Report Issued (Jan 2020)	Substantial	Substantial	-	3	-	
	St Mary's of the Angels Catholic Primary School		5	5	Q2	Final Report Issued (Sep 2020)	Substantial	Substantial	-	2	3	
	St Peter's Catholic Primary School		5	5	Q2	Final Report Issued (Jun 2020)	Substantial	Substantial	-	3	1	

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Whetstone Field Primary School		5	5	Q3	Final Report Issued (Jan 2021)	Substantial	Substantial	-	4	2	
	Whitehall Infants & Nursery School		5	5	Q3	Final Report Issued (Oct 2020)	Substantial	Limited	2	2	1	
	Rowley View Nursery		4		Q3	ToR Issued						
	Elmwood School		4	4	Q3	Final Report Issued (Oct 2020)	Substantial	Substantial	-	2	2	
	St Francis of Assisi Catholic College		4	4	Q3	Draft Report Issued (Oct 2020)	Substantial	Substantial	-	2	1	
	Admin Time inc SFVS		15	2								
Schools total			120	101			TOR Issued					

## Appendix 2 – Summary of Final Reports

Audit	Opinion		Main Findings
	Evaluation	Testing	
Housing Benefit & Council Tax Support	Substantial	Substantial	<ul style="list-style-type: none"> <li>The existing prosecution policy still refers to housing benefit fraud and does not include the fraud prosecution arrangements and processes for CTR and council tax fraud.</li> </ul>
HR Recruitment Vetting	Substantial	Good	<ul style="list-style-type: none"> <li>There is not a model Recruitment and Selection Policy in place for schools where the governing body has delegated authority and for whom separate arrangements apply.</li> </ul>
Payments to Suppliers	Good	Good	<ul style="list-style-type: none"> <li>No recommendations have been raised as a result of our work on this audit.</li> </ul>
St Joseph's Catholic Primary School	Substantial	Substantial	<ul style="list-style-type: none"> <li>There are no officers at the school with approval to authorise orders / invoices over £10,000</li> <li>School bank accounts have not been audited on an annual basis.</li> <li>One governor had not completed a declaration of business interest form and one had not completed one since 2018.</li> </ul>
Short Heath Federation	Substantial	Substantial	<ul style="list-style-type: none"> <li>The Resources Terms of Reference does not include the delegated to limits the Executive Head Teacher.</li> <li>There is only one office involved with the banking of cash. (Lane Head Nursery)</li> <li>A copy of the cheque had not been retained in one case. (Lane Head Nursery)</li> <li>There is currently a predicted shortfall of £18,452.66 in the Fun Club accounts.</li> </ul>
Whetstone Field Primary School	Substantial	Substantial	<ul style="list-style-type: none"> <li>The DBS certificate of one governor had expired.</li> <li>There is a surplus of £409.62 on the LMS imprest bank account.</li> <li>The school bank account has not been audited on an annual basis.</li> <li>The total amount recorded on the school fund Pebble system between 9 June 2020 and 31 August 2020 was £25.90 lower than the actual cash in hand.</li> </ul>

## **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 2017/18, 2018/19, 2019/20 and 2020/21

Follow-up audits have been undertaken in accordance with the 2020/21 audit plan. The objective was to confirm the extent to which the recommendations made in 2017/18, 2018/19, 2019/20 and 2020/21 internal audit final reports have been implemented.

### Summary of Recommendations Raised and Follow Up Status - 2017/18

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				
RIPA April 2018	Substantial / Substantial	10	3					7		-	Sep 2018	Mar 2020	
Streamlining of Services (Re-design of Library Service) March 2018	Substantial / Substantial	4	-		1			3			Oct 2019	-	
		14	3		1			10					

## Summary of Recommendations Raised and Follow Up Status - 2018/19

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				
Licensing November 2018	Limited / Limited	11	6	2	3						Mar 2020	Dec 2020	
Millfield Primary School October 2018	Limited / Limited	17	16		1						Nov 2018	Mar 2021	
Communication & Staff Engagement June 2019	Substantial / Substantial	3	2					1			Dec 2019	-	
Procurement June 2019	Substantial / Limited	11	5	1	3			2			Apr 2021	-	
Workforce Plans June 2019	Substantial / Substantial	4	2		2						Dec 2019	Jun 2021	
ICT Business Continuity June 2019	Limited / Limited	4	1	1	1			1			Sep 2020	Mar 2021	
Commissioning of Placements (LAC and SEND)	Limited / Substantial	9	8		1						Oct 2019	Mar 2021	
		59	40	4	11			4					

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

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 Art Gallery September 2019	Limited / Substantial	6	4	1	1						Mar 2020	Dec 2020	
Apprenticeships December 2019	Substantial / Substantial	4	2					2			Jul 2020	Jan 2021	
New Invention Infant School December 2019	Limited / Substantial	14	12		1			1			Mar 2020	Jul 2020	
Saddlers Centre Management March 2020	Substantial / Limited	5	1		1		2	1			Sep 2020	Mar 2021	
School Capital Programme February 2020	Substantial / Substantial	1						1			Mar 2020	Dec 2021	
Social Media February 2020	Limited / Limited	6					2	1			Apr 2021		3
Payroll & Pensions Administration June 2020	Limited / Limited	6	4	1				1			Mar 2021		
Federation School Governance May 2020	Substantial / Substantial	3	2					1			Oct 2020		



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				
Cyber Security April 2020	Substantial / Substantial	4	2		2						Mar 2021		
		49	27	2	5		4	8					3

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

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				
St Francis Catholic Primary School July 2020	Substantial / Limited	8	7					1			Sep 2020	Mar 2021	
Whitehall Nursery & Infant School October 2020	Substantial / Limited	5	2								Dec 2020		3
HR Recruitment Vetting November 2020	Substantial / Good	1									Mar 2021		1
Housing Benefit & Council Tax Support November 2020	Substantial / Substantial	3	2								Mar 2021		1
St Joseph's Catholic Primary School January 2021	Substantial / Substantial	3									Jan 2021		3
Short Heath Federation January 2021	Substantial / Substantial	8	7								Jul 2021		1
Whetstone Field Primary School January 2021	Substantial / Substantial	6	5								Mar 2021		1

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				
		34	23					1					10

## **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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