Audit Committee – 19 February 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) and performance for quarter three.

Background Papers

Internal Audit reports/monitoring information.

Recommendations

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

James T. Walsh – Chief Finance Officer

7 February 2018

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. Audit coverage is broadly in line with the plan.

The Internal Audit contract is subject to key performance indicators (KPI's) including achievement of the audit plan and formal quarterly meetings are held between the Chief Finance Officer and senior representatives at Mazars to monitor performance of the contract.

KPI performance as at 31 December (quarter 3) is detailed below and is broadly in line with the targets. Performance in relation to one key indicator has reduced, namely:

Effective completion of audit work - 100% draft reports issued within 6 weeks of the commencement of work, has reduced from 85% (17/20) to 72% (23/32). The average performance for those reports which missed the target is 45.7 days (from start of audit to draft report) against a target of 30 days

Indicator	Target	Actual at 31st December
Achieve the Annual Audit Plan	100% audits in the annual plan to be completed to draft report stage within 15 working days of the 31 March of each year.	N/A Year-end procedure
Produce annual report which includes an overall assurance opinion for the Council for the year.	To be produced and issued to the Chief Finance Officer within 15 working days from 31 March each year.	N/A Year-end procedure
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.	N/A Year-end procedure
Annual risk management report which 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.	N/A Year-end procedure

Indicator	Target	Actual at 31st December
Effective completion of audit work.	100% draft reports, which include relevant recommendations, are issued within 6 weeks of the commencement of work.	23/32 72% **Exceptions:** Exceptions: Business Continuity, Declarations of Interest, CRC, RIPA, Schools Admissions Planning, Payroll & Pensions Admin, Accounts Receivable, Accounts Payable and Performance Management.
Achieve performance of quarterly audit work plan	100% expected audits in the quarterly plan to be completed to draft report stage within15 working days of last day of quarter	30/35 86% **Exceptions:** LADO, RIPA and Schools Admissions Planning, Early Years and Delayed Transfer of Care.
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.	Completed.
Produce a quarterly risk management update report	To be produced and issued to the Chief Finance Officer within 15 working days of the end of each quarter.	Draft Strategy presented to CMT and Audit Committee. CMT Risk session planned for 22nd February.
Quarterly review of Corporate Risk Register (CRR) and report for Corporate Management Team and Audit Committee	To be produced and issued to the Chief Finance Officer within 15 working days of the end of each quarter.	Completed in September for Quarter 2. Quarter 3 not presented - CMT Risk session planned for 22nd February to progress new Strategy and Strategic Risk Register approach. .

The following table sets out the Performance Standards against which the success of the Agreement will be measured. Performance has been maintained in most areas, with a reduction in the following:

- Produce draft audit report which reflects the agreed brief – 100% to be produced and issued by the date set out in the terms of reference and within 10 working days of the exit meeting – this has reduced from 100% (20/20) to 84% (26/31).

The average performance for those reports which missed the target is 16.8 days (from exit meeting to draft report) against a target of 10 days.

- Produce final report – 100% to be produced and issued with 5 working days of receipt of management response to final report – this has reduced slightly from 94% (15/16) to 92% (22/24). The average performance for those reports which missed the target is 11 days (from receipt of maangemetn response to issue of final report) against a target of 5 days.

Standard	Target	Actual at 31st December
Notification of planned audits to Secondary Clients. (Not surprise visits).	Secondary Clients to be notified of the start date of each audit (100%) at least 15 working days in advance.	36/36 100%
Issue audit brief.	100% of audit briefs to be submitted to the Secondary Client for comment and approval at least 10 days prior to commencement date of each audit.	34/34 100%
Conduct exit meetings.	100% to be carried out with Secondary client or their representative within 5 days of the completion of all audit work at a pre- arranged time, as specified in the audit brief.	33/33 100%
Produce draft report, which reflects the agreed brief.	100% to be produced and issued by the date set out in the terms of reference and within 10 working days of the exit meeting.	26/31 84% **Exceptions:** RIPA, Accounts Receivable, Accounts Payable, Payroll and Pensions Admin & Performance Management.
Produce final report.	100% to be produced and issued with 5 working days of receipt of management response to draft report.	22/24 92% **Exceptions:** Business Continuity Planning and Housing Benefit & Council Taxation Support.

Standard	Target	Actual at 31st December
Complete National Fraud Initiative (NFI) data matching exercise.	Ensure that all data matches are reviewed and investigated on an annual basis in accordance with the timetables provided.	2017/18 updates in progress.
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.	Policy and associated documents updated and published. Money Laundering Arrangements under review.
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.
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	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	Summary of advice provided, to be submitted to chief Finance Officer prior to discussion at quarterly meetings.	Completed as part of monitoring information.

Standard	Target	Actual at 31st December
Provision confidential reporting hotline answer phone facility.	Summary of calls received and action taken to be submitted to chief Finance Officer prior to discussion at quarterly meetings.	None received.
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 and results shared with Chief Finance Officer and Audit Committee.
Provide training for Council Officers, Project Managers and Members in the principles and practices of Risk Management	Provision of training as agreed by the Chief Finance Officer	Directorate workshops planned.
Audit and Risk Training Programme	To provide a copy to the Chief Finance Officer on an annual basis	Year-end procedure

In relation to fraud and risk, further work is planned, as previously reported:

- Review of fraud register and incorporation of fraud risks into directorate risk registers.
- Fraud awareness raising programme.

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.

Contacts:
Sarah Knowles, Internal Audit Manager, ✉ sarah.knowles@mazars.co.uk
Vicky Buckley, Head of Finance, ☎01922 652326, ✉ vicky.buckley@walsall.gov.uk

MAZARS

WALSALL COUNCIL

INTERNAL AUDIT PROGRESS REPORT

Audit Committee – 19th February 2018

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 2017/18 Final reports since the last meeting of the Audit Committee:

- St James Primary School (Evaluation assurance: **n/a**. Testing assurance: **n/a**)

We have issued the following 2017/18 Draft 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**)
- Performance Management (Evaluation assurance: **Substantial**. Testing assurance: **Limited**)
- Early Years (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	444	98%	450	99%
2016/17	417	341	82%	362	87%
2017/18	257	212	83%	214	83%

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

Year	Partly Implemented	Not Implemented
2015/16	3	1
2016/17	1	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 31st January 2018.

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

One Priority 1 recommendation has been raised in the final reports issued since the last Audit Committee meeting and a verbal update will be provided at the 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	• Regulatory, Organisational and Management Requirements • Accounting Records • Accounting Transactions and Manual Adjustments • Year-End Procedures • Financial and Performance Management Reporting • Reconciliations • Systems Security	10	0.25	Q4	TOR Issued						
	Treasury Management, Cash & Bank	Covering adequacy and effectiveness of controls over investments, loans, management information, etc. CRSA to be applied.	10	0.25	Q4							
	Accounts Receivable	• Policies, Procedures and Legislation • Debtor Transactions and Records • Standing Data Amendments • Raising Invoices/Bills • Collection • Refunds • Debt Recovery and Enforcement • Management Reporting	10	7	Q3	Draft Report Issued						
	Accounts Payable	• Policies, Procedures and Legislation • Creditor Transactions and Records • Standing Data Amendments • Purchase Order Processing • Goods Receipting • Invoice Processing • Payments	10	7	Q3	Draft Report Issued						

Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
						Evaluation	Testing	1	2	3	
	• Payments Processing • Procurement Cards • Management Reporting										
Budgetary Control	To cover strategic approach to co-ordinating budgetary control, monitoring and reporting, and also testing a sample of departments.	10	0.25	Q4							
Council Tax / NNDR	• Policies, Procedures and Legislation • Reconciliations • Transactions and Records • Discounts, Exemptions, Allowances & Premiums • Billing • Collection and Refunds • Recovery and Enforcement • Suspense Account • Write Off • Management of Collection Rates • Business Rates Retention Pilot Scheme	20	10	Q4	Work in Progress						
Housing Benefit & Local Council Tax Support	• Policies, Procedures and Legislation • Administration and Assessment of New Claims • Local Housing Allowance • Reviews • Backdated Benefits/Discretionary Payments • Payments and Reconciliations • Cancellations, Overpayments and Recovery Action • Fraud Management	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
							Evaluation	Testing	1	2	3	
	Payroll and Pensions Administration	• Regulatory, Organisational and Management Requirements • Payroll Transactions and Records • Starters • Leavers • Variations and Adjustments to Pay • Deductions • Payments • Performance and Financial Management • Reconciliations • Fraud Prevention	10	8	Q3	Draft Report Issued						
	Asset Management	Assurance over the design and application of controls relating to areas such as asset management strategy, capital accounting.	10		Q4							
Core Financial Systems Total			**105**	**47.75**								
	Resources and Transformation											
Operational Risks	Declarations of Interest	• Policies, Procedures and Legislation • Declarations of Interest • Declarations of Interest Registers	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 changes to the existing procedures.	15	0.5	Q4	Scoping meeting held						

Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
						Evaluation	Testing	1	2	3	
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		Q4							
Regulation of Investigatory Powers Act 2000 (RIPA)	• Policies, Procedures & Legislation • Covert Surveillance of Social Networking Sites • Applications and Approval of Surveillance • Monitoring and Reporting	5	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	• Policies, Procedures & Legislation • Promotional Activities • Budget Monitoring • Income & Grant Management • Procurement • Payroll	7	2	Q4	Work in Progress						
Children's Services											
Troubled Families	• Criteria for identifying troubled families. • Evidence to confirm the families fit the necessary criteria to be classed as a Troubled Family. • Assessment and Monitoring • Validity of the clam • declaration in place for the authenticity of the claims submitted for payment.	15	7	Q2 & Q4	Final Report Issued (Q2) (Oct 2017)	**Substantial**	**Good**	-	-	3	Reported to Audit Committee Jan 2018

Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
						Evaluation	Testing	1	2	3	
Early Years	• Policies, Procedures and Legislation • Eligibility, Application and Validity Checking • Payments to Providers • Funding and Budgetary Control • Partnership Working	15	12	Q3	Draft Report Issued						
Local Authority Designated Officer (LADO)	• Policies, Procedures & Legislation • Awareness & Training • Referrals & Record Training • Retention • 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 28th September Reported to Audit Committee Jan 2018
School Admissions Planning	• Policies, Procedures & Legislation • Projections and Statutory Returns • Awareness and Publication • Application Process • Appeals • Management Information	16	14.5	Q2	Draft Report Issued						
Adult Social Care											
Domiciliary Care	• Policies, Procedures & Legislations • Expenditure • Income	15	2	Q4	Work in Progress						Audit postponed to Q4 at the request of the Head of Integrated Commissioning and agreed with S151 Officer
Market Management	• Policies, Procedures & Legislation • Contract Monitoring & Compliance • Managing Provider Failure • Joint Working • Management Information	15	6	Q3	Work in Progress						

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Safeguarding	A review of the new safeguarding procedures following decentralisation to localities.	10		Q4							To include a sample of DoLs within testing
	Delays in Transfer of Care	• Policies, Procedures & Legislation • Joint Working • Supporting Discharge of Hosptial Patients • Performance monitoring	10	5	Q3	Work in Progress						
Operational Risks Total			**178**	**93.5**								
Strategic Risk s	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		Q4							
	Procurement	Covering adequacy and effectiveness of the Council's corporate approach to procurement.	20		Q4							
	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		Q4	Scoping meeting held						
	Performance Management	• Policies, Procedures & Legislation • Performance Measures • Performance Monitoring • Performance Reporting	15	14	Q3	Draft Report Issued						

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Business Continuity & Emergency Planning	• Strategy, Policies and Procedures • Business Continuity Plan (BCP) • Roles and Responsibilities • Staff Training and Awareness • Rehearsing the Plan • 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							
Strategic Risks Total			**121**	**29**								
	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.
	Risk Management	CRR/Assurance Framework updates to CMT and AC, Risk Management Workshops for staff and Members.	30	12	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 February 2018

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	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							
Governance, Fraud & other Assurance Methods			**110**	**22**								
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	0.5	Q3	ToR issued						
	Social Medial 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						
	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,	6	0.5	Q4	ToR Issued						

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
		updates and back-up routines.										
	Website Security	A review of key security controls operating over the Council's website	6	0.5	Q4	ToR Issued						
	Management Advice		2									
ICT total			**40**	**9**								
Other	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	65	Q1-Q4							
	Advisory	Resources used for advice such as project boards	20		Q1-Q4							
Other total			**130**	**90**								
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	103.25	Q1-Q3							
Schools Total			**120**	**102.25**								
Days previously used for CRSA			**10**									
Plan Total			**814**	**394.50**								
Ad Hoc/Contingency		Contingency allocation to be utilised upon agreement of the Chief Finance Officer.	63									
TOTAL			**877**	**394.50**								

	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
	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

Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
						Evaluation	Testing	1	2	3	
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	0.25	Q4	ToR Issued						
Admin Time inc SFVS		15	3								
Schools total		**120**	**103.25**								

Appendix 2 – Summary of Final Reports

Audit	Opinion		Main Findings
	Evaluation	**Testing**	
St James Primary School	n/a	n/a	• The committee terms of reference do not include the Head Teacher's delegation for virements. • Detailed, complete and accurate minutes of governing body meeting are not always held on file. • A declaration of interest had not been declared by the Head Teacher at a governing body meeting. • Two governors had not provided evidence of their holding an enhanced DBS. • The 3 year budget plan included a deficit for 2019/20. • Budget monitoring reports had not been checked by the Head Teacher. • The 2017/18 budget for Little Stars Nursery includes a predicted overspend. • Approval has not been sought from governors for service level agreements, traded services and leases. • Invoices are not always authorised for payment and orders are not always raised. • Training had been funded for persons not employed at the school. • Controls regarding school fund and nursery income collection and banking require strengthening. • The school fund accounts for period ending 31 March 2017 had not been audited. • A monthly bank reconciliation of the school fund is not undertaken. • The LMS bank account debit card had been used by an unauthorised officer. • Inappropriate payments had been made from the LMS bank account. • An officer was entering their own overtime claims onto the HR payroll portal. • There is not an email/internet acceptable usage policy. • There is no data sharing agreement with the schools finance services provider. • Accounting records are not held securely.

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 30th Sept 2016 Revised November 2017 Rerevised September 2018	**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 September 2018
			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 March 2018	**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 March 2018
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	**Partially Implemented** 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
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 Revised February 2018 Financial Admin Officer	**Partly Implemented** The directorate has done everything possible to secure the transfer of the clients back to the Council but has been unable to achieve this. The project has included detailed liaison with the DWP, IBS Managed Account Ltd and Legal. The directorate has proposed to apply for deputyship through the Court of Protection for those whowish to return to the Council (waiving Court of Protection management fees), arguing the provider is not acting in the service users best interest). It is therefore recommended that Compensation is not paid at the moment but can be considered at the time of any transfer back to the Council' Revised date February 2018 Where appropriate deputyship is considered as an alternative to appointeeships. Action complete.

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.**

Revised date December 2017

Follow up audit to be undertaken Feb 2018 |

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.** **Revised date December 2017** **Follow up audit to be undertaken Feb 2018**

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	10	1							Oct 2016	Mar 2018	
Residential Charging May 2016	Limited	30	21	1			1			7	July 2016	Sep 2018	
Shared Lives May 2016	Borderline Signifcant	10	8	1	1						Jun 2016	Mar 2018	
Cloud Computing June 2016	Borderline Significant	4			3					1	Jun 2017	Apr 2018	
		55	39	2	4		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 31st January 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				
Homelessness March 2017	Substantial/ Substantial	5	4								Dec 2017	Dec 2018	1
Town & District Centres Markets March 2017	Limited / Limited	12	8		2		1			1	July 2017	Jun 2018	
Facilities Management January 2017	Limited / Limited	15	9				3				June 2017	Sep 2018	3
Pheasey Park Farm Children's Centre January 2017	Substantial / Limited	15									Jun 2017	Follow up audit Q4	15
Appointeeships & Deputyships April 2017	Limited / Limited	18	11	1	3		2				Dec 2017	Oct 2018	1
Adoption & Fostering March 2017	Good / Substantial	4	3								April 2018		1
Community Alarms & telecare Services June 2017	No / Limited	20	5								Aug 2017 (temp measures)	Follow up audit Feb 2018	15
Salisbury Primary School June 2017	n/a	20	6	1	6						Dec 2017	Follow up audit Feb 2018	7
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	
		140	63	2	19			6		1			49

* 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 31st January 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				
Millfields Nursery School June 2017	Substantial / Limited	14	11								Jan 2018		3
Business Continuity August 2017	Substantial / Substantial	12	5								Apr 2018		7
Fullbrook Nursery School October 2017	Substantial / Good	6	5								Oct 2017	Feb 2018	1
Ogley Hay Nursery School September 2017	Substantial / Limited	16	14					1			Apr 2018		1
Mary Elliot School September 2017	Substantial / Substantial	10	7								May 2018		3
Old Hall School October 2017	Substantial / Limited	14	12					2			Jan 2018	Mar 2018	
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
Pinfold Primary School November 2017	Substantial / Good	9	8		1						Dec 2017	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				
Housing Benefit & Council Tax Reduction December 2017	Substantial / Substantial	7	6								Jun 2018		1
St James Primary School January 2018	n/a	31	10										21
		129	84		2			3					40

* 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.

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	
		128	128	

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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