

Audit Committee – 14 January 2019

Internal Audit Progress Report 2018/19

Summary of the Report

The purpose of this report is to update the Audit Committee on Internal Audit's progress on the 2018/19 audit plan (attached), including an update on Risk Management.

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 progress against the approved Internal Audit Plan for 2018/19.

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 2018/19 was consulted upon before its final endorsement by executive directors, senior managers, the Chief Finance Officer and Audit Committee.

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A handwritten signature in grey ink that reads "V Buckley" with a stylized flourish at the end.

Vicky Buckley – Head of Finance

3 January 2019



WALSALL COUNCIL

INTERNAL AUDIT PROGRESS REPORT

Audit Committee – 14th January 2019

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 2018/19 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 2018/19 Internal Audit Plan is shown in Appendix 1.

We have issued the following 2018/19 Draft reports since the last meeting of the Audit Committee:

- Planning
- Transition to Education Health & Care Plans
- Alumwell Junior School
- Shepwell Pupil Referral Unit
- New Leaf Pupil Referral Unit
- Follow up of Information Commissioners Office Recommendations relating to Subject Access Requests

We have issued the following 2018/19 Final reports since the last meeting of the Audit Committee:

- Crisis Support (Evaluation assurance: **Substantial**. Testing assurance: **Limited**)
- Catering Contracts (School Meals) (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Licensing (Evaluation assurance: **Limited**. Testing assurance: **Limited**)
- IR35 Compliance (Evaluation assurance: **Substantial**. Testing assurance: **Limited**)
- CRC Energy Efficiency Scheme (Evaluation assurance: **Substantial**. Testing assurance: **Limited**)
- Troubled Families Grant (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)

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- Home to School Transport (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
 - Housing Benefit & Council Tax Support (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
 - Palfrey Infants School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
 - Millfield Primary School (Evaluation assurance: **Limited**. Testing assurance: **Limited**)
 - Delves Junior School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
 - Blackwood Primary School (Evaluation assurance: **Good**. Testing assurance: **Substantial**)
 - Greenfield Primary School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
 - Cooper & Jordan Primary School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
 - Butts Primary School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
 - Bentley Federation (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
 - Watling Street Primary School (Evaluation assurance: **Good**. Testing assurance: **Substantial**)
 - Lower Farm Primary School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
 - Palfrey Junior School (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
 - Treasury Management (Evaluation assurance: **Good**. Testing assurance: **Good**)

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

- Delays in Transfer of Care (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)

Progress to Date Follow-up of Recommendations

2015/16, 2016/17, 2017/18 and 2018/19

The table below highlights the number of recommendations raised in the final audit reports for 2015/16, 2016/17, 2017/18 and 2018/19. It should be noted that progress in implementing recommendations raised is due for follow up as part of the 2018/19 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	451	99%	452	100%
2016/17	417	397	95%	399	96%
2017/18	371	337	91%	341	92%
2018/19	164	122	74%	124	76%

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





Year	Partly Implemented	Not Implemented	Not Yet Due
2015/16	1	-	-
2016/17	1	-	-
2017/18	-	-	2
2018/19	-	-	4

Appendix 4 provides details of outstanding high priority actions and a summary of the status of all 2015/16, 2016/17, 2017/18 and 2018/19 recommendations where the proposed implementation date was at or before 31st October 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		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
Nil		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Good' does not imply that there are no risks to the stated control objectives.

Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
Priority 1	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
Priority 2	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Priority 3	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.

Priority 1 Recommendations

Three Priority 1 recommendations have been raised in the final reports issued since the last Audit Committee meeting.

These Priority 1 recommendations were raised in the Licensing report, and were as follows:

Recommendation: Verification of the Right to Work in the UK should be undertaken in accordance with statutory requirements as part of the application process. Evidence of Rights to Work verification and checks should be documented and retained.

Consideration should be given to strengthening Right to Work checks for other licenses.

The Licensing webpage on the Council website should be updated to clearly notify applicants that Right to Work checks will be carried out as part of the application process for specific licences.

Management Response: We agree with the recommendation and will research the statutory requirements for each type of license.

We will also check with our Neighbouring Authorities Working Group and the Institute of Licensing to identify any good practice they may use to resolve this issue.

Recommendation: A full review of the data set held by the Licensing and enforcement teams should be completed to identify:

- information and data held in excess to requirements;
- duplication of information available in other records; and
- outside of the Council's document retention guidelines.

Management Response: We agree with the recommendation.

The ease with which information/data can be cleansed from the system will vary depending on the nature of the license and how the information is recorded. Initial detection of this will give us a better idea of how quickly/easily this can be done.

There has been a lot of cleansing of M3 in the last 2 years but primarily around enforcement worksheets and consultations not specifically licences.

This Priority 1 recommendation was raised in the CRC Energy Efficiency Scheme report, and was as follows:

Recommendation: There should be appropriate cover arrangements established to ensure that all statutory deadlines are met in the event of key officer annual leave commitments.

Management Response: Cover and alternative arrangements were put in place to allow for the holiday period; unfortunately due to sickness the signatory was unavailable.

Going forward we would recommend bringing forward the internal sign off and submission of the CRC report and figures to the 1st July 2019.

All parties will be informed of the new timelines and Walsall council expectations for all parties to meet these.

To ensure that the new submission date is met, all parties will be required to submit a status review 4 weeks prior to the submission date to IFM.

Appendix 1 – Status of Audit Work 2018/19

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Core Financial Systems	Housing Benefit and Local Council Tax Support	Covering controls over new claims, size criteria, benefit caps, amendments, backdated benefits, payments and reconciliations and Universal Credit.	13	13	Q3	Final Report Issued	Substantial	Substantial	-	1	6	
	Main Accounting	Covering the adequacy and effectiveness of controls including access control, journals, virements, etc.	13	2		Work in Progress						
	Accounts Payable	Covering the adequacy and effectiveness of controls over the payment of creditor invoices.	13	8		Work in Progress						
	Accounts Receivable	Covering the adequacy and effectiveness of controls over the Accounts Receivable system.	13	8	Q3	Work in Progress						
	Treasury Management	Covering of the adequacy and effectiveness of controls over investments, loans, management information, etc. CRSA to be applied.	10	10	Q3	Draft Report Issued	Good	Good	-	-	2	
Core Financial Systems Total			62	41								
Operational Risks	Resources and Transformation											
	IR35	To cover the controls over the Council's compliance with 'Off-payroll working through an intermediary (IR35)' regulations, including Declarations of Interests and impact on rates.	7	7	Q1	Final Report Issued	Substantial	Limited	-	6	3	
	Money, Home, Job Emergency Payments	Covering controls in respect to expenditure and use of crisis funds.	7	7	Q1	Final Report Issued	Substantial	Limited	-	5	-	

Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
						Evaluation	Testing	1	2	3	
Catering Contracts	To provide assurance and oversight of the new catering contracts and charging arrangements.	5	5	Q1	Final Report Issued	Substantial	Substantial	-	2	-	
CRC Energy Efficiency Scheme	Annual audit and sign off	10	10	Q2	Final Report Issued	Substantial	Limited	1	2	-	
Purchase Cards (Money , Home, Job)	Covering the adequacy and effectiveness of controls over purchase card applications, evidence of spend and misuse / non compliance.	10	6	Q3	Work in Progress						
Economy & Environment											
Planning	Covering adequacy and effectiveness of controls in place over planning applications, in light of the 20% national fees uplift.	9	8	Q2	Draft Report Issued						Moved from Q1 at request of Executive Director
Licensing	Covering the controls in place to ensure compliance with the new licencing regulations and the adequacy and effectiveness of licencing applications.	8	8	Q1	Final Report Issued	Limited	Limited	2	5	4	
Local Growth Fund	Annual Audit	7	7	Q3	Work Completed	N/A					
Children's Services											
Troubled Families	Covering adequacy and effectiveness of controls in place over eligibility, payments and achievement of progress measures.	10	5	Q2 & Q4	Qtr 2 –Final Report Issued	Substantial	Substantial	-	2	1	

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Home to School Transport	Covering adequacy and effectiveness of controls in place over the new provider framework.	10	10	Q2	Final Report Issued	Substantial	Substantial	-	4	3	
	Transition to Education Health and Care Plans	To cover controls in place over the transition to education health & care plans, including Walsall's transition plan, EHC needs assessments, decision making and care plans.	10	9	Q2	Draft Report Issued						
	Commissioning of Placements	Covering adequacy and effectiveness of controls in place over the commissioning of looked after children placements and SEND placements.	13	2		Work in Progress						
	Schools Governance	Providing assurance over the controls in place to ensure sufficient governance and control arrangements in schools.	8	8	Q1	Final Report Issued	Limited	Substantial	1	4	2	
Adult Social Care												
	Residential and Nursing Care	Q1 – Review of transition process for financial data onto Mosaic Q4 -To cover controls in place over expenditure and income received, and to ensure legal requirements are met and assets are safeguarded.	15	5	Q2 / Q4	Work in Progress						
Operational Risks Total			129	97								
Strategic Risks	Corporate Review of Agency Staff	Review the use of agency staff, processes for approval and needs analysis.	12	10	Q3	Work in Progress						Moved from Q1 at request of Senior HR Manager
	Follow up of Information Commissioners Office Recommendations relating to Subject Access Requests	To provide assurance that recommendations made following the ICO inspection have been addressed.	5	4	Q2	Draft Report Issued						

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	GDPR	To review the current controls and arrangements in place for ensuring compliance with the General Data Protection Regulations.	16	16	Q2	Final Report issued	Substantial	N/A	-	3	1	
Strategic Risks Total			33	30								
	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	17	Q1-Q4							National Fraud Initiative data matching exercise. Attendance at the Midland Fraud Group. Policies Review / E-learning / Fraud Risk Register
	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	15	Q1-Q4							See detail on page 31
Governance, Fraud & other Assurance Methods			70	32								
Other	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.	30	15	Q1-Q4							See detail on page 17
	Management and Planning	Including attendance at Audit Committee	75	35	Q1-Q4							
Other total			105	50								
Schools	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend		127	105	Q1-Q3							

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Schools Total			127	106								
Plan Total			526	356								

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Schools	Alumwell Junior		5	4	Q3	Draft Report Issued						
	Bentley Federation		10	10	Q3	Final Report Issued	Substantial	Substantial	-	4	6	
	Blackwood Primary		5	5	Q2	Final Report Issued	Good	Substantial	-	2	1	
	Busill Jones Primary		5	5	Q1	Final Report Issued	Limited	Limited	1	6	6	
	Butts Primary		5	5	Q3	Final Report Issued	Substantial	Substantial	-	3	6	
	Cooper & Jordan Primary		5	5	Q3	Final Report Issued	Substantial	Substantial	-	3	3	
	Delves Junior		5	5	Q2	Final Report Issued	Substantial	Substantial	-	3	2	
	Greenfield Primary		5	5	Q2	Final Report Issued	Substantial	Substantial	-	5	4	
	Lower Farm Primary		5	5	Q3	Final Report Issued	Substantial	Substantial	-	5	1	
	Millfield Primary		5	5	Q2	Final Report Issued	Limited	Limited	-	11	6	
	Palfrey Infants		5	5	Q1	Final Report Issued	Substantial	Substantial	-	4	2	
	Palfrey Junior		5	5	Q3	Final Report Issued	Substantial	Substantial	-	3	3	
	Pelsall Village Primary		5	5	Q1	Final Report Issued	Substantial	Substantial	-	3	4	
	Pheasey Park Farm Primary		5		Q4							

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
	Rushall Primary		5	5	Q1	Final Report Issued	Good	Good	-	-	2	
	St Johns Primary		5	5	Q1	Final Report Issued	Substantial	Substantial	-	3	3	
	Watling Street Primary		5	5	Q3	Draft Report Issued	Good	Substantial	-	1	2	
	Castle Business & Enterprise College		5	5	Q1	Final Report Issued	Good	Good	-	-	1	
	New Leaf Pupil Referral Unit		5	4	Q3	Draft Report Issued						
	Shepwell Pupil Referral Unit		5	4	Q3	Draft Report Issued						
	The Jane Lane School		7	5	Q3	Work in Progress						
	Admin Time inc SFVS		15	4								
Schools total			127	106								

Appendix 2 – Summary of Final Reports

Audit	Opinion		Main Findings
	Evaluation	Testing	
Delays in Transfer of Care	Substantial	Substantial	<ul style="list-style-type: none"> Roles and responsibilities for the ICS Operations Manager needs to be clearly defined to ensure that conflicts of interest do not arise. The operating procedure note had not been finalised or shared with key staff and key staff had received no official Delays in Transfer of Care (DTOC) training. DTOC testing identified instances where the official DTOC's were attributed to a social care delay when this was not the case. Patient social care assessments were not completed promptly following the receipt of the assessment notice from Health. Four DTOC's had been recorded as awaiting a residential/nursing place.
Crisis Support	Substantial	Limited	<ul style="list-style-type: none"> From examination of 12 payments, it was found that evidence to support the eligibility and entitlement of funding is not always recorded and held on file and in one case, items purchased were inappropriate and excessive. Furniture is not being purchased from the approved supplier. A record of electricity / gas tokens issued is not maintained. Details of payments are not easily identifiable from records maintained.
Catering Contracts (School Meals)	Substantial	Substantial	<ul style="list-style-type: none"> The fee for key stage 2 school meals has not been reviewed for approximately 5 years. School meal service fees have been recorded incorrectly in the 2018/19 budget.
Licensing	Limited	Limited	<ul style="list-style-type: none"> Right to work documentation is not being verified in all cases required by the Immigration Act 2016 - particularly for personal and premises licences. There is potential non-compliance with GDPR due to the use of spreadsheets that contain information dating back to 2005. The spreadsheets duplicate information already held on the information management systems and include personal and identifiable data such as names, addresses, phone numbers and NI numbers. Instances of misallocation of concerns/complaints was identified resulting in these cases not being investigation or acted upon.
IR35 Compliance	Substantial	Limited	<ul style="list-style-type: none"> Corporate and schools IR35 guidance and flowchart documentation requires review and recommunication to staff. Instances of non-compliance with the IR35 processes were identified both within the Council and at Schools. Governing Body decisions regarding the status of IR35 interim workers are not

Audit	Opinion		Main Findings
	Evaluation	Testing	
			<p>overseen by the Council and do not follow corporate independent verification processes.</p> <ul style="list-style-type: none"> • A duplicate IR35 invoice payment was identified during audit testing. • Instances were identified where the IR35 status and assessment had not been checked for individuals and contractors paid via the Accounts Payable system.
CRC Energy Efficiency Scheme	Substantial	Limited	<ul style="list-style-type: none"> • Key officer absence continues to cause issue over the key CRC reporting period, this requires additional operational input by Internal Audit, which should be managed by the operational team and officers. • The initial annual report figures and final reporting figures provided by STC Energy Management Ltd were not, in all cases, accurate. • Communication between Council officers and STC Energy Management Ltd require improvement to ensure that changes within contractual arrangements and asset portfolio.
Troubled Families Grant	Substantial	Substantial	<ul style="list-style-type: none"> •
Home to School Transport	Substantial	Substantial	<ul style="list-style-type: none"> • Documentation is not held securely. • There is no written justification to support awarding a personal transport budget. • The forecast overspend for the 2018/19 is £380,000. • Contract monitoring of transport providers has not been undertaken.
Housing Benefit & Council Tax Support	Substantial	Substantial	<ul style="list-style-type: none"> • The write off policy was documented in 2015 and requires review to ensure it is fit for purpose and details the process to be followed for all write-off reasons. • The fraud prosecution policy requires updating to include CTR fraud prosecutions and be included in fraud awareness training, which has yet to be delivered. • Northgate and Civica are not always updated with clear calculations or note explanations, particularly for complex cases or where complex calculation/decisions have been made.
Palfrey Infants School	Substantial	Substantial	<ul style="list-style-type: none"> • A Governor had not provided evidence of their holding an enhanced DBS certificate. • There are not documented procedures for all financial processes. • Officer's were unaware of the safe insurance limit. • A timesheet had not been approved by an appropriately authorised member of staff.
Millfield Primary School	Limited	Limited	<ul style="list-style-type: none"> • Two governors have not yet provided evidence of their holding a DBS certificate. • There are currently two processes in operation for the payment of invoices. • Governor approval had not been obtained for a purchase in excess of the Executive Head Teacher's delegated limit. • Orders and invoices are both signed by the Head Teacher. • Income records are not up to date and two officers are not involved in the process.

Audit	Opinion		Main Findings
	Evaluation	Testing	
			<ul style="list-style-type: none"> Bank accounts have not been audited in the last two years. Bank account reconciliations have not been undertaken since April 2018. Evidence of spend to support a school fund payment was not available. There is no encryption on memory sticks used by the School. Consideration has not been given to completing a data sharing agreement with the finance services provider. A GDPR privacy notice has not yet been placed on the School website.
Delves Junior School	Substantial	Substantial	<ul style="list-style-type: none"> The terms of reference does not specify the financial value of the delegated limits for the Executive Head Teacher and has not been approved by governors. Three timesheets examined had not been approved by an appropriately authorised member of staff. Consideration has not been given to completing a data sharing agreement with the finance services provider.
Blackwood Primary School	Good	Substantial	<ul style="list-style-type: none"> Monthly budget monitoring does not always include a review of the payroll report. Three recently appointed governors have not yet provided evidence of their holding a DBS certificate.
Cooper & Jordan Primary	Substantial	Substantial	<ul style="list-style-type: none"> Two governors have not yet provided evidence of their holding a DBS certificate. Governor approval had not been obtained for two purchases in excess of the Head Teacher's delegated limit. School fund bank reconciliations are not undertaken.
Greenfield Primary School	Substantial	Substantial	<ul style="list-style-type: none"> One Governor had not provided evidence of their holding an enhanced DBS certificate. Governor approval had not been obtained for a purchase in excess of the Head Teacher's delegated limit. Before and after school club income collection sheets had not been fully completed which made it difficult to verify amounts banked. There was insufficient evidence held on file to support three payments made from bank accounts.
Butts Primary School	Substantial	Substantial	<ul style="list-style-type: none"> Monthly bank account reconciliations are not undertaken. Evidence of spend to support a school fund payment was not available. The School Business Manager submits her own timesheets on the HR Portal.
Bentley Federation	Substantial	Substantial	<ul style="list-style-type: none"> Income is not banked intact as it is used for cash payments, due to insufficient records being maintained it was not possible to verify that all income had been banked. School fund bank account reconciliations have not been undertaken since April 2018. Evidence of spend to support two school fund payments was not available.

Audit	Opinion		Main Findings
	Evaluation	Testing	
			<ul style="list-style-type: none"> Income paid into the LMS account is not transferred to the school budget promptly.
Watling Street Primary School	Good	Substantial	<ul style="list-style-type: none"> There is no record of the handover of toast money. Income is not banked promptly resulting in the safe insurance limit being exceeded.
Lower Farm Primary School	Substantial	Substantial	<ul style="list-style-type: none"> The school does not have a Freedom of Information Policy.
Palfrey Junior School	Substantial	Substantial	<ul style="list-style-type: none"> One governor has not yet provided evidence of their holding a DBS certificate. Governors had not been informed of the reasons for not complying with contract rules. The School Business Manager submits her own timesheets on the HR Portal.

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, 2017/18 and 2018/19

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, 2017/18 and 2018/19

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
Residential Charging May 2016	Limited		Contracts will be awarded following cabinet approval regarding fee rates.	Lead Commissioning Officer 1 st July 2016 Revised 31/10/16 Rerevised March 2019	Partially implemented Currently in the final stages with Procurement regarding the preferred option for this tender. It is anticipated that the procurement exercise will commence October 2018 for award by March 2019.
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.	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	No longer applicable. On 24 October 2018 Cabinet approved ceasing the provision of the community alarm service.

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
			<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>Long Term Plan for Assistive Technology to be presented to EDMT in the summer.</p> <p>Revised date December 2017</p> <p>Rerevised date September 2018</p>	
<p>Market Management April 2018</p>	<p>Limited / Substantial</p>	<p>It should be ensured that:</p> <ul style="list-style-type: none"> • There is quality contract monitoring of domiciliary care providers. • The quality monitoring tool used for residential care providers is utilised for other care providers. • Service reviews of non-residential care providers 	<p>There is no dedicated resource for quality monitoring within ASC and the function of our corporate team is limited to contract compliance.</p> <p>ASC has tried to address the gap for Older People Residential Care homes by incorporating the task into the Commissioning Officers role with the intention of rolling out the learning across all client groups and</p>	<p>Head of Service – Integrated Commissioning / Lead Commissioner / Lead Commissioner</p> <p>December 2018</p>	<p>Not yet due for implementation</p>

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
		<p>are undertaken on a regular basis.</p>	<p>accommodation types. With competing priorities, this ambition has not been achieved. In recognition of the gap ASC hosted the Quality Summit bringing together key stakeholders with collective responsibility for the quality of all care provision in Walsall.</p> <p>Sub groups have been established and scoping work continues with recognition of the areas covered in this report. It is likely the Council will need to find additional investment to effectively manage providers to deliver good quality care in Walsall.</p>		
<p>Forest Arts July 2018</p>	<p>Limited / Limited</p>	<p>The grant conditions noted in the observation should be investigated and addressed to ensure compliance. The Service Manager and Service Accountant should ensure that they are aware of and undertake their roles and responsibilities as documented in the grants manual and that communications are effective to ensure that any conditions noted in Arts Council England grant offer letter are met.</p>	<p>The DfE / ACE grant-funded Music Hub activities will be put into a separate cost centre to clearly differentiate funded activities from the wider Forest Arts / music tuition activities. This action will be progressed with Finance colleagues.</p> <p>There is an opportunity to improve the collaborative working between Finance and Service officers so that the claiming and usage of grant funding is shared and fully understood by all involved. This will be addressed through monthly budget monitoring meetings.</p> <p>The DfE funding (distributed by ACE) of £465,655 (2017/18) is solely used to fund Music Hub salaries. Two</p>	<p>Forest Management Team / Finance September 2018</p>	<p>Partially Implemented</p> <p>Music Hub and Forest Arts Centre income and expenditure are now clearly separated in independent cost centres. The Forest Arts Operations Manager, Music Education Manager and the Senior Accountancy Officer now meet on a monthly basis to monitor income and expenditure and ensure that transactions are appropriately coded.</p>

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
			<p>forms of non-income generating provisions are understood to be made through this employment:</p> <ul style="list-style-type: none"> a) After school music activity - free to all Walsall young people. b) One term of first access music tuition - free to Walsall schools. <p>This indicates that ACE / DfE funding is spent on front-line delivery, however work is ongoing, with support from Finance, to evidence this and to better track music educators work so that it can be properly costed to either the Arts Council free Music Hub work or the schools SLA traded service. Income from traded services with schools currently sits under the Music Hub cost centre, however feeds into the Forest Arts overall budget. Work is ongoing to improve how we account for the DfE / ACE grant so that it is clear this service (and associated income) sits under Forest Arts activities and not the Music Hub.</p>		
<p>Schools Governance August 2018</p>	<p>Limited / Substantial</p>	<p>In order to fulfil its statutory duties, the Schools Governance Team should consider introducing standard, essential training to all schools in order to emphasise the core</p>	<p>Following careful consideration additional core training to all schools, beyond those buying into an SLA, will not be viable without additional core funding.</p> <p>The team fulfils its statutory</p>	<p>Governance Manager Revised induction pack in place from 10 September 2018</p>	<p>Not yet due for implementation</p>

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
		responsibilities of a governing body.	<p>responsibilities by ensuring all new governors are issued with an induction pack setting out their core duties and responsibilities. Following the recommendation of this report, our induction material will be reviewed and relaunched from September 2018. All Chairs, Vice Chairs and Clerks are invited to a termly briefing covering key statutory updates and all governors receive an e-version of Walsall Governor which covers statutory updates, legislation changes and good practice.</p> <p>A wider core training offer risks reduced training income due to less schools buying into an SLA if they receive core training free. Alternatively the requirement of cross subsidy from other elements of the teams traded offer will put the team at a disadvantage against its competitors.</p> <p>In 2017-18 training generated £42,000 in income for the team (24% of traded income target). £3,000 of this was from income generated by training places bought by governors not buying into a Service Level Agreement.</p>		
Licensing November 2018	Limited / Limited	Verification of the Right to Work in the UK should be undertaken in accordance with statutory requirements as part of the application	<p>We agree with the recommendation and will research the statutory requirements for each type of license.</p> <p>We will also check with our</p>	Regulatory Services Manager 31 st December	Not yet due for implementation

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
		<p>process. Evidence of Rights to Work verification and checks should be documented and retained.</p> <p>Consideration should be given to strengthening Right to Work checks for other licenses.</p> <p>The Licensing webpage on the Council website should be updated to clearly notify applicants that Right to Work checks will be carried out as part of the application process for specific licences.</p>	<p>Neighbouring Authorities Working Group and the Institute of Licensing to identify any good practice they may use to resolve this issue.</p>	<p>2018</p>	
		<p>A full review of the data set held by the Licensing and enforcement teams should be completed to identify:</p> <ul style="list-style-type: none"> • information and data held in excess to requirements; • duplication of information available in other records; and • outside of the Council's document retention guidelines. 	<p>We agree with the recommendation.</p> <p>The ease with which information/data can be cleansed from the system will vary depending on the nature of the license and how the information is recorded. Initial detection of this will give us a better idea of how quickly/easily this can be done.</p> <p>There has been a lot of cleansing of M3 in the last 2 years but primarily around enforcement worksheets and consultations not specifically licences.</p>	<p>Regulatory Services Manager</p> <p>31st December 2018</p>	<p>Not yet due for implementation</p>
<p>CRC Energy Efficiency Scheme</p>	<p>Substantial / Limited</p>	<p>There should be appropriate cover arrangements established to ensure that all statutory deadlines are met in</p>	<p>Cover and alternative arrangements were put in place to allow for the holiday period; unfortunately due to sickness the signatory was</p>	<p>Commercial Manager</p> <p>Contract Monitoring</p>	<p>Not yet due for implementation</p>

Audit/Report Date	Assurance	Recommendations	Management Response	Responsibility and Due Date	Update Position
October 2018		the event of key officer annual leave commitments.	<p>unavailable.</p> <p>Going forward we would recommend bringing forward the internal sign off and submission of the CRC report and figures to the 1st July 2019.</p> <p>All parties will be informed of the new timelines and Walsall council expectations for all parties to meet these.</p> <p>To ensure that the new submission date is met, all parties will be required to submit a status review 4 weeks prior to the submission date to IFM.</p>	<p>Officer</p> <p>January 2019</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	22	1						7	July 2016	Mar 2019	-
		30	22	1	-	-	-	-	-	7	-	-	-

* See 'Outstanding and Partly Implemented High Priority Recommendations from 2015/16, 2016/17, 2017/18 and 2018/19' 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 October 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	10		1					1	July 2017	Apr 2019	-
Facilities Management January 2017	Limited / Limited	15	12					3		-	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
Support Planning, Resource Allocation, Personal Budgets & Direct Payments September 2017	Substantial / Limited	12	11		1					-	Mar 2018	Dec 2018	-
		54	33		2			3		1	-	-	15

* See 'Outstanding and Partly Implemented High Priority Recommendations from 2015/16, 2016/17, 2017/18 and 2018/19' 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 October 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				
St James Primary School January 2018	n/a	31	25		1			1		4	Sep 2018	Feb 2019	-
Accounts Receivable February 2018	Substantial / Substantial	2	-		2					-	May 2018	Dec 2018	-
Council Tax & NNDR February 2018	Substantial / Substantial	4	3					1		-	Sep 2018	Nov 2018	-
RIPA April 2018	Substantial / Substantial	10	3							-	Sep 2018	-	7
Adult Social Care Market Management April 2018	Limited / Substantial	7	1							-	Dec 2018	-	6
Domiciliary Care June 2018	Limited / Limited	13	8					4		-	Apr 2019	-	1
Forest Arts Centre July 2018	Limited / Limited	19	12	1				1			Apr 2019	-	5
Controlling Migration Fund	Substantial / Substantial	7	6					1			Aug 2018	Dec 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				
August 2018													
Delays in Transfer of Care	Substantial / Substantial	9	6								Jan 2019	-	3
October 2018													
		102	64	1	3	-	-	8	-	4	-	-	22

* See 'Outstanding and Partly Implemented High Priority Recommendations from 2015/16, 2016/17, 2017/18 and 2018/19' table at the start of appendix 4 for priority 1 recommendations updated position.

The tables below provide a summary of the status of all 2018/19 recommendations where the proposed implementation date was at or before 31st October 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				
School Governance August 2018	Limited / Significant	7	3								Dec 2018		4
IR35 Compliance October 2018	Substantial / Limited	9	3								Jan 2019	-	6
Crisis Support Scheme October 2018	Substantial / Limited	5			1						Dec 2018	-	4
Catering Contracts September 2018	Substantial / Substantial	2									Dec 2018	-	2
Licensing November 2018	Limited / Limited	11	4								Mar 2020	-	7
CRC Energy Efficiency Scheme October 2018	Substantial / Limited	3									Jan 2019	-	3
Housing Benefit & Council Tax Reduction	Substantial / Substantial	7	6								Jun 2019	-	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				
November 2018													
Home to School Transport	Substantial / Substantial	7	3							Jan 2019	-	4	
Delves Junior School	Substantial / Substantial	5	3							Nov 2018	-	2	
October 2018													
Millfield Primary School	Limited / Limited	17	16		1					Nov 2018	Jan 2019		
October 2018													
Bentley Federation	Substantial / Substantial	10	6							Feb 2019	-	4	
November 2018													
Lower Farm Primary School	Substantial / Substantial	6	5							Dec 2018	-	1	
November 2018													
Palfrey Junior School	Substantial / Substantial	6	5							Dec 2018	-	1	
December 2018													
Cooper & Jordan Primary School	Substantial / Substantial	6	5							Jan 2019	-	1	
December 2018													
		101	59		2							40	

Fully implemented 2018/19 audit reports

Title	Assurance Level	Raised	Implemented	No Longer Relevant
Rushall Primary School	Good / Good	2	2	
Castle School	Good / Good	1	1	
Busill Jones Primary School	Limited / Limited	13	13	
Pelsall Village Primary School	Substantial / Substantial	7	7	
St John's CE Primary School	Substantial / Substantial	6	6	
Troubles Families Grant	Substantial / Substantial	3	3	
Greenfield Primary School	Substantial / Substantial	8	8	
Palfrey Infants	Substantial / Substantial	6	6	
Butts Primary School	Substantial / Substantial	9	9	
Watling Street Primary	Good / Substantial	3	3	
Blackwood Primary School	Substantial / Good	3	3	
Treasury Management	Good / Good	2	2	
Total		63	63	

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>	22 nd February 2018 Completed
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 th April Childrens' Services – 26 th April Economy and Environment – 21 st May Resources and Transformation - 14 th May Completed
3	Presentation of refreshed Strategic Risk Register to Audit Committee. Audit Committee Member briefing/training session.	July 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 Completed
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. This action is part complete. <i>Key contacts to act as Risk Champions have been identified for all directorate areas. These officers form a link between services and audit.</i> <i>We have attended two planned risk management workshops with Resources and Transformation and they held a third one for officers only. Meetings have taken place with other champions throughout the year.</i> <i>There is more work to be done with Directorates and Services.</i> <i>Actions for 2019/20 are outlined in the updated action plan, which is an appendix to the Strategy.</i>	October 2018
6	Review the Strategy and Procedural Documentation to ensure they fully reflect developed practices including the refreshed Corporate Plan and Change Programme. <i>Strategy has been reviewed as planned.</i> <i>Procedural documentation can be finalised now strategy has been refreshed.</i>	December 2018 December 2018 January 2019

New	<p>Review and provide challenge to all Departmental Risk Registers produced in line with the requirements of the new Strategy.</p> <p><i>This review has been completed.</i></p>	<p>September 2018</p> <p><i>October 2018</i></p>
New	<p>Develop an Assurance Map for the High Original Rated Corporate Risks to streamline the communication of assurances within the organisation as well as strengthening the links between the Departmental Risk Registers and the Strategic Risk Register.</p> <p>This action is part complete. <i>Corporate Risks have been identified through work with services. Meetings have taken place with lead officers for corporate risks either individually or as part of wider group discussion. Further details are provided in 4.7 of this report. This action has been included in the 2019/20 action plan.</i></p>	<p>September and October 2018</p> <p><i>October 2018</i></p>
7	<p>Updated Strategy is approved at Committee</p> <p><i>Timing and style of future reporting on risk to Committee to be formally agreed.</i></p>	<p>January 2019</p>

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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