

Walsall Council

Internal Audit Progress Report 2022/23

Audit Committee – 27 June 2022

Prepared by: Mazars LLP

Date: June 2022



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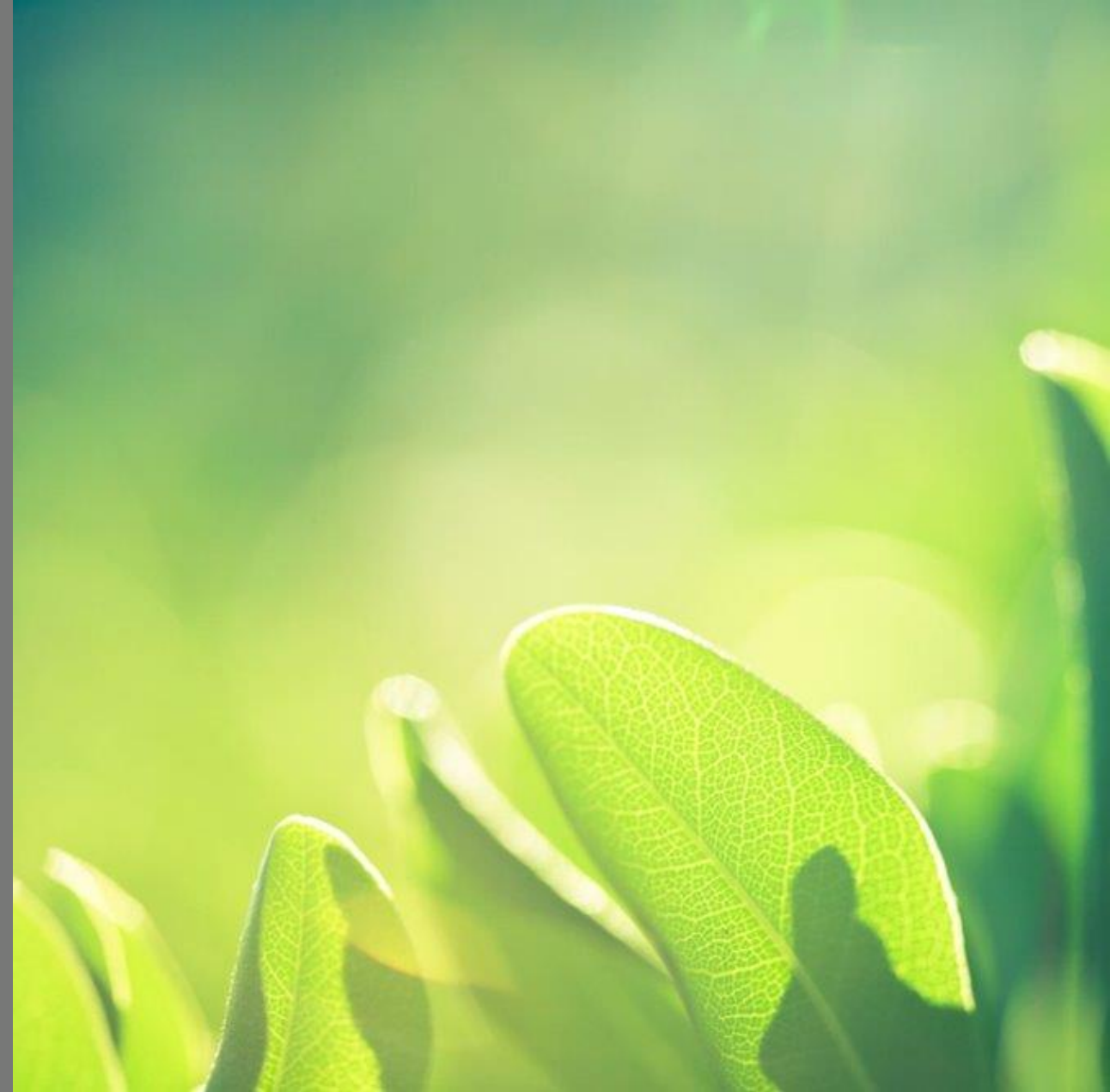
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Status of our Reports

Disclaimer

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 on the final page of this report for further information about responsibilities, limitations and confidentiality.



01

Section 01: **Introduction**



Introduction

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

The 2022/23 audit plan was agreed at Audit Committee in February 2022 and the Strategic Risk Register informed the audits included in the plan. Due to the Council's blended way of working, we will adapt our approach to ensure that front line services are not impaired by our work, but we must continue to assure members and management that risks are being managed effectively.

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

The vast majority of audits completed continue to be carried out remotely and the audit scopes are designed with that in mind.

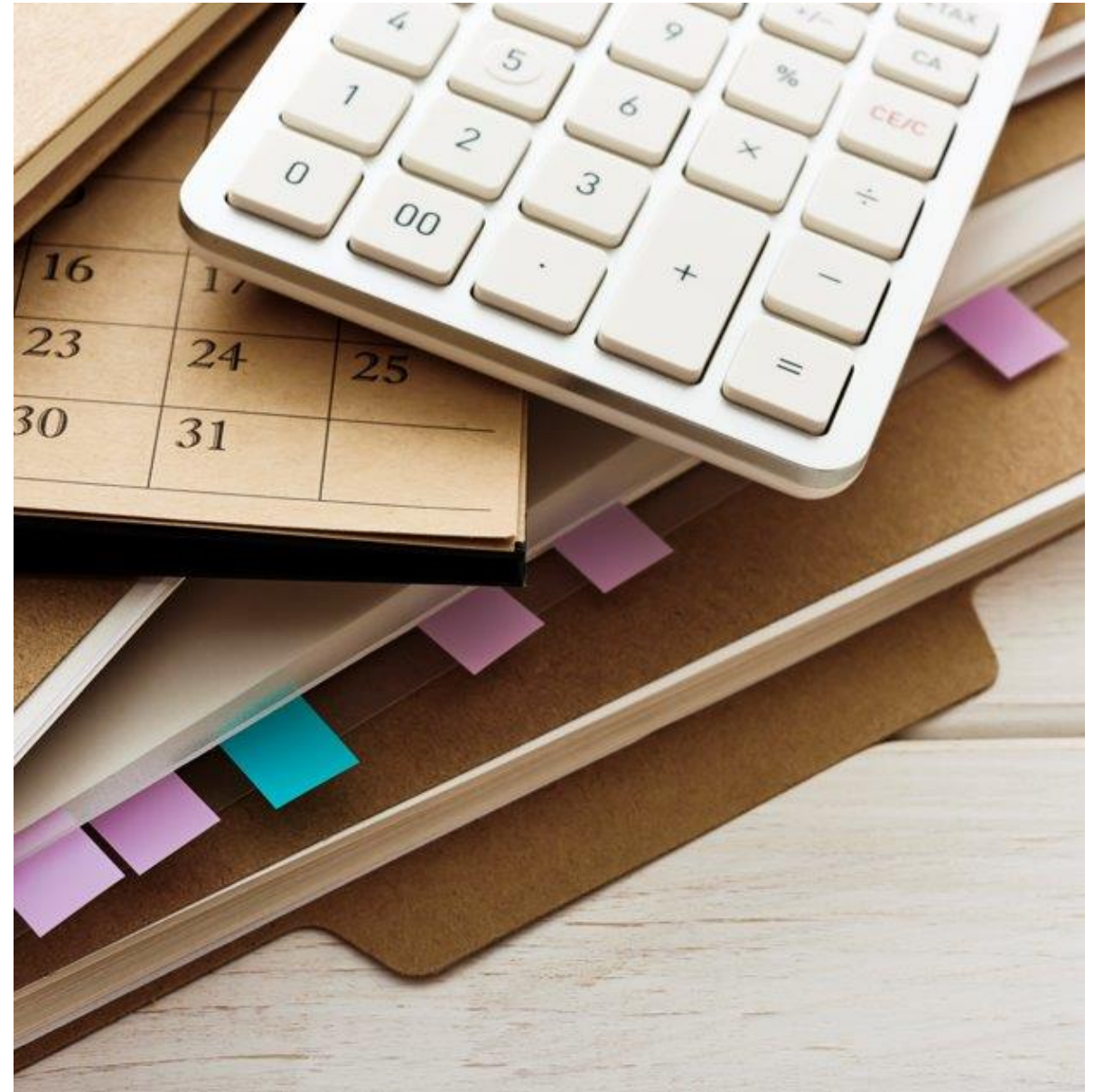
No High priority recommendations have been raised during the period.

Background

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

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

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



02

Section 02:

Progress to Date

Progress to Date

Progress against the 2022/23 Internal Audit Plan is shown in Appendix 1

We have issued the following 2022/23 Final Reports since the last meeting of the Audit Committee:

- Cooper and Jordan Primary School (Evaluation/Testing Assurance: **Substantial / Substantial**)

We have issued the following 2022/23 Draft Reports since the last meeting of the Audit Committee:

- Palfrey Junior School
- Domiciliary Care



Follow-up of Recommendations

2018/19, 2019/20, 2020/21, 2021/22

The table below highlights the number of recommendations raised in the final audit reports for 2018/19, 2019/20 and 2020/21. It should be noted that progress in implementing recommendations raised is due for follow up as part of the 2021/22 audit plan, and summary of findings to date is shown in the table below:

Year	Total Recommendations	Implemented and/or no longer relevant	%	Implemented, no longer relevant and/or partly implemented	%
2018/19	331	327	98%	331	100%
2019/20	223	216	96%	223	100%
2020/21	138	132	96%	135	98%
2021/22	157	113	72%	114	73%

The table below highlights outstanding high priority actions:

Year	Partly implemented	Not implemented	Not yet due	Superseded
2019/20	2		-	-
2021/22			6	

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.

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Substantial Assurance:	The framework of governance, risk management and control is adequate.	The control processes tested are being consistently applied.
Moderate Assurance:	Some improvements are required to enhance the adequacy of the framework of governance, risk management and control.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
Limited Assurance:	There are significant weaknesses in the framework of governance, risk management and control such that it could become inadequate.	The level of non-compliance puts the Organisation's objectives at risk.
Unsatisfactory Assurance:	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate or is likely to fail.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Grading of recommendations

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

Definitions of Recommendations	
Priority	Description
High	Significant weaknesses in governance, risk management and control that if unresolved exposes the Council to an unacceptable level of residual risk. Remedial action must be taken urgently and within an agreed timescale.
Medium	Weakness in governance, risk management and control that if unresolved exposes the organisation to a high level of residual risk. Remedial action should be prioritised and undertaken within an agreed timescale.
Low	Scope for improvement in governance, risk management and control. Remedial action should be taken at the earliest opportunity and within an agreed timescale.

Section 04:

Appendix:

1. Status of Audit Work 2022/23
2. Follow-up of Recommendations 2018/19, 2019/20
2020/21, 2021/22 & 2022/23

Appendix 1 – Status of Audit Work 2022/23

The table below lists the 2022/23 Internal Audit Plan progress and a status summary for all of the reviews to date.

Assurance Requirement	Audit	Days	Status	Assurance Level	Total	H	M	L
Core Financial Systems	Main Accounting	Covering continuous auditing of the adequacy and effectiveness of controls including access control, journals, virements, etc	10					
	Accounts Payable	Covering continuous auditing of the adequacy and effectiveness of controls over the payment of creditor invoices.	10					
	Accounts Receivable	Covering continuous auditing of the adequacy and effectiveness of controls over the Accounts Receivable system.	10					
	Budgetary Control	To cover the strategic approach to co-ordinating budgetary control, monitoring and reporting, and also testing a sample of departments.	10					
	Council Tax / NNDR	Covering the adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. Covering the adequacy and effectiveness of controls including Business Rate Retention Scheme, liabilities, billing, cash collection, recovery and accounting.	16					
	Housing Benefit & Local Council Tax	Covering the adequacy and effectiveness of controls including new claims, size criteria, benefit caps, amendments, backdated benefits, payments and reconciliations	10					
	Payroll & Pensions Administration	Covering the adequacy and effectiveness of controls over starters, leavers, amendments, etc.	10					

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The table below lists the 2022/23 Internal Audit Plan progress and a status summary for all of the reviews to date.

Assurance Requirement	Audit	Scope	Days	Status	Assurance Level	Total	H	M	L
Operational Risks	Planning Applications	<ul style="list-style-type: none"> Planning Application Process Decisions on Planning Applications Monitoring of Planning Applications to ensure compliance with Planning Guarantee Charging for Planning Applications including collection of fees Complaints Process 	12	Fieldwork started 6/6/22					
	Growth Deal	Annual Audit	10						
	Workforce Planning	To cover controls over the revised Corporate Workforce Strategy, including the succession planning, recruitment and retention and links to the WPP.	10						
	Domiciliary Care	<ul style="list-style-type: none"> Policy, Procedures and Legislation Market Management Arrangements Meeting Statutory Requirements Quality of Care Prioritisation of Most at Risk Monitoring of Capacity Management Information 	10	Draft Report					
	Partnership Arrangements	Covering adequacy and effectiveness of controls in place to maintain effective partnership relationships and outcomes within Children's Services.	12						
	Supporting Families	Covering adequacy and effectiveness of controls in place over eligibility, payments and achievement of progress measures.	10						
	Traded Services – Cadmus Federation	Covering adequacy and effectiveness of controls in place over reporting requirements to ensure compliance with financial procedures	10						

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Assurance Requirement	Audit	Scope	Days	Status	Assurance Level	Total	H	M	L
	Commissioning of Barristers within Children's Services	Covering adequacy and effectiveness of controls in place over transparency and service effectiveness.	10						
	Internal Governance and Oversight of Public Health Contracts	Covering adequacy and effectiveness of controls in place over decision making – selection of contracts to include Sexual Health & Drug & Alcohol Services.	15						
Strategic Risks	Walsall Proud Programme	Covering adequacy and effectiveness of controls in place over transformation projects including CAM , WR4C and Income Generation.	40						
	Climate Emergency Action Plan	Covering controls in place over management of actions and reporting requirements	10						
	Programme Assurance	Covering adequacy and effectiveness of the Council's corporate approach to programme management – Connected Gateway	15						
	Cross Council Collaboration for Savings Plans	Specific savings areas selected – Resilient Communities and Transitions from Children's to Adult's Social Care	15						
	FOI and Subject Access Requests	Covering controls over management of Information Rights & Assurance including Freedom of Information, Subject Access and Environmental Information Requests	10						
	Grant Sign-off work	Annual Sign offs	10						

Appendix 1 – Status of Audit Work 2022/23

The table below lists the 2022/23 Internal Audit Plan progress and a status summary for all of the reviews to date

Other Considerations		Days	Comments		
Schools	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	110	See individual School Audit update		
ICT	The specific audits and scopes will be agreed with management..	30			
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	Working with Directors Group		
Counter Fraud	Internal Audit will work with the Council in the development of fraud risk, attendance at Midlands Fraud Group meetings and carry out the role of key contact for the NFI and data match reviews	10	Attendance at Midlands Fraud Group Meetings, co-ordination of NFI data match reviews.		
Management and Reporting Activities					
Follow Up	Follow-up of all high and medium priority recommendations made in final reports issued.	20	Ongoing follow up as recommendations fall due		
Management, Advice and Planning	Including attendance at Audit Committee	70			
Contingency	Contingency allocation to be utilised upon agreement of the Chief Finance Officer.	50			
Total		605			

Appendix 1 – Status of Audit Work 2022/23 (Schools)

The table below lists the 2022/23 Internal Audit Plan progress and a status summary for all of the school reviews to date.

Audit	Days	Audit Scope	Status	Assurance Level	Total	H	M	L
Alumwell Junior School	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
Bentley Federation	10	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
Butts Primary	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
Castle School	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
Cooper & Jordan Primary	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Final Report (June 2022)	Substantial / Substantial	4	-	1	3
Delves Junior	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						

Appendix 1 – Status of Audit Work 2022/23 (Schools)

The table below lists the 2022/23 Internal Audit Plan progress and a status summary for all of the school reviews to date.

Audit	Days	Audit Scope	Status	Assurance Level	Total	H	M	L
Greenfield Primary	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
Holy Trinity Primary	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
Jane Lane School	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
Lower Farm Primary	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
Millfield Primary	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
New Leaf Centre	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						

Appendix 1 – Status of Audit Work 2022/23 (Schools)

The table below lists the 2022/23 Internal Audit Plan progress and a status summary for all of the school reviews to date.

Audit	Days	Audit Scope	Status	Assurance Level	Total	H	M	L
Palfrey Infants	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
Palfrey Junior	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend	Fieldwork started 23/5/22					
Pelsall Village Primary	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
Rushall Primary	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
Shepwell School	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
St Johns CoE Primary	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						

Appendix 1 – Status of Audit Work 2022/23 (Schools)

The table below lists the 2022/23 Internal Audit Plan progress and a status summary for all of the school reviews to date.

Audit	Days	Audit Scope	Status	Assurance Level	Total	H	M	L
St Thomas of Canterbury Primary	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						
Watling Primary	5	To provide the Chief Finance Officer with adequate assurance over standards of financial management and the regularity and probity of spend						

Appendix 2 - Follow-up of Recommendations 2018/19, 2019/20, 2020/21 & 2021/22

Follow-up audits have been undertaken in accordance with the 2021/22 audit plan. The objective was to confirm the extent to which the recommendations made in 2018/19, 2019/20 and 2020/21 internal audit final reports have been implemented.

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

Audit	Assurance Level	Status														
		Total Number of Audit Actions			Implemented			Partly Implemented			Outstanding Past Due Date			Due Date Not Reached		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Communication & Staff Engagement (June 2019)	Substantial / Substantial	-	2	1	-	1	1	-	1	-	-	-	-	-	-	-
ICT Business Continuity (June 2019)	Limited / Limited	-	3	1	-	-	1	-	3	-	-	-	-	-	-	
		-	5	2	-	1	2	-	4	-	-	-	-	-	-	
			7			3			4			-			-	

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

Audit	Assurance Level	Total Number of Audit Actions			Implemented			Partly Implemented			Outstanding Past Due Date			Due Date Not Reached		
		Status			Status			Status			Status			Status		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
New Art Gallery (September 2019)	Limited / Substantial	2	3	1	1	3	1	1	-	-	-	-	-	-		
Apprenticeships (December 2019)	Substantial / Substantial	-	2	1	-	1	1	-	1	-	-	-	-	-		
Saddlers Centre Management (March 2020)	Substantial / Limited	2	2	-	2	1	-	-	1	-	-	-	-	-		
Social Media (February 2020)	Limited / Limited	2	3	-	1	1	-	1	2	-	-	-	-	-		
Cyber Security (April 2020)	Limited / Limited	-	2	2	-	1	2	-	1	-	-	-	-	-		
		6	12	4	4	7	4	2	5	-	-	-	-	-		
			22			15			7		-		-			

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

Audit	Assurance Level	Status														
		Total Number of Audit Actions			Implemented			Partly Implemented			Outstanding Past Due Date			Due Date Not Reached		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
HR Recruitment Vetting (November 2020)	Substantial / Good	-	1	-	-	-	-	-	-	-	-	1	-	-	-	-
HR Grievances (March 2021)	Substantial / Substantial		1						1							
Walsall Proud Programme – Governance (June 2021)	Substantial / Limited	-	4	-	-	2	-	-	2	-	-	-	-	-	-	-
Partnership Relationships (July 2021)	Substantial / Substantial	-	2	3	-	-	3	-	-	-	-	-	-	-	2	-
		-	8	3	-	2	3	-	3	-	-	1	-	-	2	-
			11			5			3			1			2	

Summary of Recommendations Raised and Follow Up Status - 2021/22

Audit	Assurance Level	Total Number of Audit Actions			Implemented			Partly Implemented			Outstanding Past Due Date			Due Date Not Reached		
		Status			Status			Status			Status			Status		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Housing Benefit & CTR (Oct 2021)	Moderate / Substantial	-	1	1	-	-	1	-	1	-	-	-	-	-	-	
Valley Nursery (Dec 2021)	Moderate / Moderate	-	3	6	-	-	6	-	-	-	-	-	-	3	-	
Old Hall / Mary Elliot Federation (Jan 2022)	Moderate / Limited	-	8	3	-	6	3	-	-	-	-	-	-	2	-	
St Thomas More (Dec 2021)	Moderate / Substantial	-	3	-	-	1	-	-	-	-	-	-	-	2	-	
Millfields Nursery	Moderate / Moderate	-	3	4	-	-	4	-	-	-	-	-	-	3	-	
Council Tax / NNDR (Mar 2022)	Moderate / Moderate	-	5	1	-	-	1	-	-	-	-	-	-	5	-	
Section 106 Planning Obligations (Mar 2022)	Limited / Limited	3	2	1	-	-	1	-	-	-	-	-	3	2	-	
Information Governance (Feb 2022)	Moderate / Moderate	-	5	1	-	1	1	-	-	-	-	-	-	4	-	
Business Continuity (Mar 2022)	Moderate / Limited	-	5	2	-	-	2	-	-	-	-	-	-	5	-	
Main Accounting (May 2022)	Substantial / Moderate	-	3	1	-	-	3	-	-	-	-	-	-	1	-	
Accounts Receivable (May 2022)	Substantial / Moderate	-	1	1	-	-	1	-	-	-	-	-	-	1	-	
Monitoring Public Health Outcomes (Apr 2022)	Limited / Moderate	1	2	-	-	-	-	-	-	-	-	-	1	2	-	
Children's Services / IFM School Capital (May 2022)	Moderate / Moderate	-	3	1	-	-	1	-	-	-	-	-	-	3	-	

Summary of Recommendations Raised and Follow Up Status - 2021/22

Audit	Assurance Level	Total Number of Audit Actions			Implemented			Partly Implemented			Outstanding Past Due Date			Due Date Not Reached		
		Status			Status			Status			Status					
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Contract Management (Apr 2022)	Limited / Moderate	1	1	-	-	-	-	-	-	-	-	-	-	-	1	1
		5	48	23	-	7	25	-	1	-	-	2	-	5	36	-
		76			32			1			2			41		

Section 05 - 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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