

AUDIT COMMITTEE

27TH JUNE 2013

FINANCE & CORPORATE SERVICES

REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES - H JENKINS

INDEX OF REPORT ITEMS

Part 1 Doc. Code: AUD-270613-REP-FS

Report Item	Page Nos.	Wards Affected
SECTION B – MATTERS FOR INFORMATION		
1. Internal Audit Service – Progress Report to 28 th February 2013	2-24	All
2. 2012/13 Closure of Accounts Process	25-26	All

SECTION B – MATTERS FOR INFORMATION

ITEM 1

INTERNAL AUDIT SERVICE – PROGRESS REPORT TO 31st MAY 2013

1. Purpose of the report

To provide details of the work undertaken for the period from the 1st March 2013 to the 31st May 2013, to provide the final position on work carried out in 2012/13 and an update on progress against the 2013/14 Internal Audit Plan.

2. Background

2.1. One of the terms of reference of this Committee is to ‘monitor internal (and external) audit performance’. In order to comply with this requirement to monitor the in-house service, a progress report is given below outlining internal audit work undertaken in the last quarter. This work is then set against the original Internal Audit Plan to show what progress has been achieved against that plan.

2.2. In addition, information is provided for members on the current position regarding staff vacancies and other staffing issues within the section.

3. Audit Assignments Completed

3.1. A total of 27 formal audit reports have been issued since the 1st March in line with normal distribution guidelines.

3.2. The following is a summary list of the reports that have been issued:

- Five Primary Schools
- Three Special Investigation
- Three Performance Indicators
- Two Grants
- Afan Forest Park
- Accounting Instructions
- Student Finance
- School Minibus
- NNDR
- Treasury Management
- Main Accounting

- Carbon Reduction Credit
- Petty Cash
- Creditors
- Payroll
- Housing Benefit
- Council Tax
- Criminal Records Bureau/Disclosure and Barring Service

3.3. Attached as Appendix 1 to this report is a full list of the reports along with a brief summary of their findings.

3.4. In addition to the above, Internal Audit continues to carry out post audit reviews (follow ups) on all the planned audits carried out.

3.5. There are no issues in terms of the post audit reviews that need to be brought to Members' attention.

4. Progress against the Audit Plan

4.1. Appendix 2 gives details of the final position on work carried out in 2012/13 against the plan.

4.2. Appendix 3 gives details of the work carried out to date against the 2013/14 audit plan.

4.3. There are currently two special investigations in progress.

5. Staffing

5.1. Following the promotion of the Chief Internal Auditor a temporary restructure has taken place within the section. The Senior Auditors are acting up into the role of joint Audit Managers with clearly defined areas of responsibility and an additional Auditor post has been created which is in the process of being filled. This structure is temporary until a review of staffing within the financial services division (to include Internal Audit) is completed.

5.2. Currently there are three members of staff studying for their professional accountancy qualifications. Two are studying CIPFA and one ACCA; they are currently at different stages of their various courses.

6. National Fraud Initiative (NFI)

- 6.1. The current (12/13) exercise is underway, with the reports on data matches having been received from NFI in early February.
- 6.2. The data matching exercise has produced a total of 58 reports, covering 15 service areas. In total 10,223 matches have been provided in these reports, 3,532 of which are recommended by NFI for review.
- 6.3. Updates on progress will be provided in forthcoming Audit Committee meetings.

7. Recommendation

That the report be noted

Appendices

Appendix 1 – Published Reports

Appendix 2 – Final Audit Plan Monitoring 2012/13

Appendix 3 – Audit Plan Monitoring 2013/14

List of Background Papers

Audit Files

Wards Affected

Not Applicable

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Published Reports

Report Ref	Report Subject	Report Conclusion	Category
2012-13 R74	Special Investigation	This investigation arose as a result of concerns raised by the service manager re one of his team members. Following the audit investigation disciplinary action was recommended.	N/A
2012-13 R75	YGG Rhosafan	The school has good controls in place in most areas and the report makes recommendations to enhance the controls in place in some other areas. The school is working on the implementation of the recommendations that were made.	2
2012-13 R76	Accounting Instruction	In several instances the Accounting Instructions need to be updated. An agreed timetable to update the Accounting Instructions has been agreed with Managers.	2
2012-13 R77	Afan Forest Park	Overall controls in place were found to be robust, with enhancement required in a small number of areas.	2
2012-13 R78	Student Finance	The overall system is robust, utilising Student Finance Wales computer software packages to process the applications.	2
2012-13 R79	School Minibus	Very good controls are in place at the school and only a small number of recommendations have been made.	2
2012-13 R80	Special Investigation	This investigation arose following receipt of a letter from a whistleblower. Following the investigation disciplinary action was recommended and is ongoing.	N/A
2012-13 R81	Special Investigation	This investigation arose following a complaint from a Manager. Following the investigation disciplinary action was recommended.	N/A
2012-13 R82	NNDR	Excellent internal controls were found to be in place and as a result no recommendations were made.	1

Published Reports

Report Ref	Report Subject	Report Conclusion	Category
2012-13 R83	Gnoll Primary School	Generally good controls were in place in most areas tested. Recommendations were made and their implementation will be monitored by Internal Audit.	2
2012-13 R84	Treasury Management	There are good controls in place for the Treasury Management Function as a whole. A comprehensive Treasury Management Strategy is in place which has been appropriately approved by members.	2
2012-13 R85	Main Accounting	There are good controls in place for the areas covered in this audit including journal posting, code integrity, suspense accounts, petty cash accounts, closure procedures, the Mentor system and record security.	2
2012-13 R86	Carbon Reduction Credit	Good internal controls were found to be in place with enhancements recommended in a small number of areas.	2
2013-14 R 1	Petty Cash	In general all petty cash accounts looked at as part of this audit are administered correctly. Issues identified were considered to be of a minor nature and these have been brought to the attention of the Imprest holders of the petty cash accounts concerned.	2
2013-14 R 2	Creditors	The system controls in many cases are not being fully adhered to, thus increasing the levels of risk within the system.	3
2013-14 R 3	Housing Benefits	Good controls were found to be in place and a small number of recommendations were made to enhance the existing controls.	2
2013-14 R 4	Payroll	Good controls were found to be in place for the areas examined as part of this audit. All statutory deadlines have been met and all deductions from pay tested were found to be correct.	2

Published Reports

Report Ref	Report Subject	Report Conclusion	Category
2013-14 R 5	14 -19 Learning Pathways Grant	Good controls are in place to ensure that the Neath Port Talbot claim is submitted correctly and on time to the lead body. There are ongoing budget monitoring procedures in operation and systems are in place to ensure that all expenditure is eligible for the scheme.	1
2013-14 R 6	Council Tax	Good controls were found to be in place and a small number of recommendations were made to enhance existing controls.	2
2013-14 R 7	Bus Services Operators Grant	All supporting documentation relating to the grant claim was found to be accurate and the grant claim was subsequently signed off.	1
2013-14 R 8	National Strategic Performance Indicators SCA 001	The figures being reported were verified to supporting documentation.	1
2013-14 R 9	National Strategic Performance Indicators SCA 019	The figures being reported were verified to supporting documentation.	1
2013-14 R10	St Josephs Junior School	Generally good controls were in place in all areas tested. Due to an administrative error one long term employee required a new staff check due to a change in roles. Some other minor recommendations were required.	2
2013-14 R11	National Strategic Performance Indicators SCA/002	The figures being reported were verified to supporting documentation	1

Published Reports

Report Ref	Report Subject	Report Conclusion	Category
2013-14 R12	Blaengwrach Primary School	The school has good controls in place in most areas and the report makes recommendations to enhance the controls in place in some other areas. The school is working on the implementation of the recommendations that were made.	2
2013-14 R13	Cilfriw Primary School	The school has good controls in place in most areas and the report makes recommendations to enhance the controls in place in some other areas. The school is working on the implementation of the recommendations that were made.	2
2013-14 R14	Criminal Records Bureau/Disclosure and Barring Service	A satisfactory CRB/DBS notification was received for all 40 of the staff tested. Minor points were noted in relation to risk assessments and portability that resulted in a recommendation been made.	2

Key:

Category 1 – Service risk assessed as low.

Category 2 – Service risk will be assessed as low when the recommendations are implemented.

Category 3 – There are significant risks that Audit Committee needs to be aware of.

Category 4 – Immediate action is required to reduce the level of risk.

Audit Plan Monitoring 2012 - 2013

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Education, Leisure and Lifelong Learning					
School Based Audits					
Twenty Primary Schools	M	Three reports issued.	Six Reports Issued in the year to date.	Nine reports issued in the year to date.	Sixteen reports issued in the year.
Three Secondary Schools	H	Planned change to two schools plus minibus audit due to the number of schools with a minibus.		One school audit completed, draft report prepared.	One school audit completed and report issued.
Other Education					
Student Finance	M			Work in progress.	Work completed, report agreed and issued
Milland Road Training Agency	L				Not undertaken due to number of special investigations undertaken

Audit Plan Monitoring 2012 - 2013

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Prince's Trust	M				Not undertaken due to number of special investigations undertaken
Leisure, Culture and Lifelong Learning					
Youth Clubs	M				Not undertaken due to number of special investigation undertaken
Field Studies Centre	L	To be replaced by minibus audit.		Work in progress	Work completed, no report required.
School minibuses	H	Scope and programme agreed. Work to start at end of quarter 2	First minibus audit completed and report issued.	Fifteen reports issued in the year to date.	Twenty four reports issued in the year.

Audit Plan Monitoring 2012 - 2013

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Finance and Corporate Services					
Revenue Collection					
Council Tax	H	Periodic checks being carried out	Periodic checks being carried out	Periodic checks being carried out.	Annual audit completed report issued
NNDR	M		Periodic checks being carried out	Periodic checks being carried out.	Annual audit completed report issued
Debtors	H		Periodic checks due to begin.	Scoping work completed.	Annual audit in progress.
Cash Collection	H	Spot checks being carried out.	Spot checks being carried out.	Spot checks being carried out.	Spot checks being carried out.
Benefits Administration					
Benefits	M		Periodic checks being carried out	Periodic checks being carried out.	Annual audit completed report issued
Prosecution Panel	N/A	On-going	On-going	On-going.	On-going.

Audit Plan Monitoring 2012 - 2013

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Exchequer					
Payroll	M	Work on cut-off procedures has been completed.	Periodic checks due to begin.	Periodic checks being carried out. One report issued.	Audit complete and report issued.
Creditors	H		Periodic checks being carried out	Periodic checks being carried out.	Audit complete and report issued.
Travel Expenses	M		Periodic checks being carried out	Periodic checks being carried out. One report issued.	Periodic checks being carried out.
Accountancy					
Treasury Management	H		Periodic checks due to begin.	Work in progress.	Audit complete and report issued.
Bank Reconciliation	M				Covered as part of Main Accounting Audit
Grants	H				Awaiting information from WAO

Audit Plan Monitoring 2012 - 2013

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Trust Funds	M			Work in progress.	Work completed, no report required.
Main Accounting	M				Audit complete and report issued.
Legal Services					
None					
Chief Executive's					
System Reviews	M	To be replaced by Risk Register audit.	See Quarter 1	See Quarter 1	See Quarter 1.
Working Time Validation	M	Scope prepared.	Work in progress	Work in progress.	Audit complete report issued.
Risk Register	M	Work in progress.	Draft report being prepared	Work completed report issued.	See Quarter 3.

Audit Plan Monitoring 2012 - 2013

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Social Services, Health and Housing					
Housing					
Property Bay Wales	H	Preliminary work in progress.	Work in progress	Work in progress.	Draft report issued
Social Services					
External Care Providers	H				Rolled forward to 2013/14
Hillside Secure unit	M			Work in progress	Work completed, report issued.
Establishment Audits	M	On-going, two reports issued to date.	Five reports issued to date	Work completed, five reports issued.	See Quarter 3.
Home Care Finance	M	Work in progress	Work completed	See Quarter 2	See Quarter 2.

Audit Plan Monitoring 2012 - 2013

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Environment					
Carbon Reduction Scheme	H	Work due to start in July	Awaiting Environment Directorate	Work in progress.	Work complete report issued
Stores	M		Periodic checks due to begin.	Periodic checks started.	Periodic checks on-going.
Convergence Funding	H			Now to be carried out by WAO.	See Quarter 3.
Fuel Usage of Vehicles	M			Audit scope prepared.	Carried over to 2013/14.
Cash - Pay and Display	M	Scope prepared.	Work in progress	Work completed report issued.	See Quarter 3.

Audit Plan Monitoring 2012 - 2013

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Cross Directorate					
Special Investigations	N/A	Currently five investigations on-going	Two reports issued, seven investigations outstanding.	Nineteen investigations have been or are being carried out. Six reports have been issued, seven have resulted in no report being required and six are currently on-going.	Twenty three investigations have been or are being carried out. Fourteen reports have been issued, nine have resulted in no report being required.
Advice and Guidance	N/A	On-going	On-going	On-going.	On-going.
IT - Asset Management	N/A				Rolled forward to 2013/14
IT - Wireless Network	N/A				Rolled forward to 2013/14
IT - Mobile Telephones	N/A		Work in progress.	Work completed report issued.	See Quarter 3.
Contract Audit	N/A	On-going	Work in progress.	Work on-going.	Work on-going.

Audit Plan Monitoring 2012 - 2013

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Corporate Governance	N/A	Annual Governance Statement Produced.	See Quarter 1	See Quarter 1	See Quarter 1.
Bribery Act	N/A				Rolled forward to 2013/14
Officer Declarations	M		Periodic checks being carried out.	Periodic checks carried out report issued.	Further periodic checks being carried out.
FOI Act	M				
Petty Cash	M		Quarterly checks being carried out. One report issued.	See Quarter 2	Further Regular checks being carried out.
CRB Checks	M		Work in progress.	Work on-going.	Further Regular checks being carried out.

Audit Plan Monitoring 2012 - 2013

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Other Commitments					
Working Parties	N/A		On-going	On-going.	On-going.
Audit Committee	N/A	On-going	On-going	On-going.	On-going.
FOI Requests	N/A			Two requests have been received.	See Quarter 3.
Accounting Instructions	N/A		Work in progress.	Work on-going.	Initial work completed and report issued.
Contingencies	N/A	One grant claim has been audited and report issued.	See Quarter 1	See Quarter 1 plus periodic checks have been carried out on procurement card usage.	See Quarter 3.
WGBWA	N/A			Work completed report issued.	See Quarter 3.
WPI's	L	Work in progress	Work completed and report issued.	See Quarter 2	See Quarter 2.

Audit Plan Monitoring 2013 - 2014

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Education, Leisure and Lifelong Learning					
School Based Audits					
Twenty Primary Schools	M	Three reports issued			
Three Secondary Schools	H	One school arranged for June start			
Other Education					
Delegated School Reserves	M	Planned to Start in July			
Leisure, Culture and Lifelong Learning					
Margam Park	M	In progress			

Audit Plan Monitoring 2013 - 2014

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Finance and Corporate Services					
Revenue Collection					
Council Tax	H	Monthly checks being undertaken			
NNDR	M	Monthly checks being undertaken			
Debtors	H	Monthly checks being undertaken			
Cash Collection	H	Random unannounced checks being undertaken			
Benefits Administration					
Benefits	M	Monthly checks being undertaken			
Prosecution Panel	N/A	On-going			

Audit Plan Monitoring 2013 - 2014

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Exchequer					
Payroll	M	Monthly checks being undertaken			
Creditors	H	Monthly checks being undertaken			
Travel Expenses	M	Monthly checks being undertaken			
Accountancy					
Treasury Management	H				
Bank Reconciliation	M				
Insurance	M				
Legal Services					
None					

Audit Plan Monitoring 2013 - 2014

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Chief Executive's					
Members' Declarations of Interest	M	Work ongoing			
Urgency Action Procedures	L				
Social Services, Health and Housing					
Housing General Fund: Housing Renewal Area	M				
Social Services					
Monitoring of External Care Providers	H				
Hillside Secure unit	M				
Direct/Indirect Payments	M				
Childrens' Services	H				
Environment					
Building Maintenance	M	In progress			
Stores/Equipment	M				
Planning/Building Regulations	M				
Fuel Usage of Vehicles	M				

Audit Plan Monitoring 2013 - 2014

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Cross Directorate					
Special Investigations	N/A	2 in progress			
Advice and Guidance	N/A	On-going			
I.T. Audit	N/A				
Contract Audit	N/A	On-going			
Corporate Governance	N/A				
Bribery Act	N/A				
Officer Declarations	M	On-going			
FOI Act	M				
Petty Cash	M	Monthly checks being undertaken			
CRB Checks	M	Monthly checks being undertaken			
VFM Work	N/A				
Annual Governance Statement	N/A				
Banking System Administrator	N/A	On-going			

Audit Plan Monitoring 2013 - 2014

Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Other Commitments					
Working Parties	N/A	On-going			
Audit Committee	N/A	On-going			
FOI Requests	N/A	None received to date			
Accounting Instructions	N/A				
Contingencies	N/A	One grant claim audited. Audit of Cognation Project ongoing at the request of the Manager.			
WGBWA	N/A				
WPI's	L	In progress			
SWTRA	N/A				

SECTION B – MATTERS FOR INFORMATION

ITEM 2

2012/13 Closure of Accounts Process

1. Purpose of the report

This report introduces the information in relation to the Council's Outturn position for Revenue and Capital and the Statement of Accounts for 2012/13.

2. Background

- 2.1 The Council's financial year ends on 31st March and following this date, the exercise starts to complete the annual accounts.
- 2.2 The Council prepares its revenue and capital position which provides financial information reflecting the structure and operations of the Council. A draft Statement of Accounts is also produced to comply with the current Accounting Code of Practice which is issued by the Chartered Institute of Public Finance and Accounting.
- 2.3 The Accounts and Audit (Wales) Regulations 2005 require that by the 30th June, the Section 151 officer, our Director of Finance and Corporate Services, signs and dates the accounts, certifying that they present a true and fair view.

3. Closure of Accounts 2012/13

- 3.1 The Revenue Outturn and Reserves Position Statement 2012/13 and the Capital Programme Outturn 2012/13 reflect the Council's management budget and are included as Addendum 1. This report reflects the information provided for decision by Cabinet on 26th June 2013.
- 3.2 The draft Statement of Accounts 2012/13 is included as Addendum 2 (separate copy).

4. Next Steps

This report is now subject to audit by the Wales Audit Office culminating in the final report being signed by the Chair of this Committee at the meeting on 26th September 2013.

5. Recommendation

That the report be noted

Appendices

- Addendum 1 – Revenue Outturn and Reserves Position Statement and Capital Programme Outturn
- Addendum 2 – Draft Statement of Accounts 2012/13

Background Papers

Closing working papers 2012/13

Wards Affected

All

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