



AUDIT COMMITTEE

10.00 AM - FRIDAY, 18 MARCH 2016

PORT TALBOT CIVIC CENTRE, COMMITTEE ROOMS 1/2

PART 1

1. To receive any declarations of interest from Members.
2. To receive the Minutes of the previous Audit Committee held on 11th December 2015 (*Pages 5 - 8*)

Report of Wales Audit Office

3. 2016 Audit Plan Neath Port Talbot County Borough Council
(*Pages 9 - 28*)

Report of the Head of Financial Services

4. Treasury Management Monitoring 15/16 (*Pages 29 - 34*)
5. Internal Audit Services - Progress Report to end of February 2016
(*Pages 35 - 48*)
6. Internal Audit Plan for the period 1st April 2016 and 31st March 2017 (*Pages 49 - 62*)
7. Any urgent items at the discretion of the Chairman pursuant to Section 100B(4)(b) of the Local Government Act 1972.
8. Access to Meetings - to resolve to exclude the public for the following items pursuant to Section 100A(4) & (5) of the Local Government Act 1972 and the relevant Exempt Paragraphs of Part 4 of Schedule 12A to the above Act.

PART 2

Private Report of the Head of Financial Services

9. Special Investigation Report (Exempt Under Paragraph 14) (*Pages 63 - 66*)

S.Phillips
Chief Executive

Civic Centre
Port Talbot

Thursday, 10th March 2016

Committee Membership:

Chairman: Councillor Mrs.L.H.James

Vice Chairman: Councillor J.D.Morgan

Members: Councillors Ms.C.Clement-Williams, D.W.Davies, Mrs.R.Davies, J.S.Evans, M.Harvey, I.B.James, D.Keogh, A.R.Lockyer, Mrs.K.Lloyd and S.Rahaman

Voting Lay Member: Mrs.J.Jenkins

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AUDIT COMMITTEE

(Port Talbot Civic Centre, Committee Rooms 1/2)

Members Present:

11 December 2015

Chairperson: Councillor Mrs.L.H.James

Vice Chairperson: Councillor J.D.Morgan

Councillors: M.Harvey, D.Keogh, A.R.Lockyer and Mrs.K.Lloyd

Officers In Attendance D.Rees, Miss A.O'Donnell, and Mrs.J.Woodman-Ralph

Representing the Wales Audit Office: Mrs.J.McNicholas

Voting Lay Member: Mrs.J.Jenkins

1. **MINUTES OF THE PREVIOUS AUDIT COMMITTEE HELD ON 24TH SEPTEMBER 2015**

Cllr. J.D.Morgan chaired the meeting due to the unavailability of the Chairperson at the commencement of the meeting.

RESOLVED: that the Minutes of the meeting held on the 24 September 2015, be noted.

2. **TREASURY MANAGEMENT MONITORING 2015/16**

Members received an overview of the treasury management action and information reported to the Policy and Resources Cabinet Board on the 19 November 2015, as detailed in the circulated report.

RESOLVED: that the report be noted.

3. **INTERNAL AUDIT SERVICES - PROGRESS REPORT TO MID-NOVEMBER 2015**

Members received details of the work undertaken by Audit for the period from the 1 September 2015 to mid November 2015 and an update on progress against the 2015/16 Internal Audit Plan, as detailed in the circulated report.

Discussion took place on the different levels of categories that are used by audit in measuring the degree of risk and Members asked that consideration be given as to whether an additional category could be added between levels 2 and 3. Officers advised that they would explore the feasibility of this request.

RESOLVED: that the report be noted.

4. **CORPORATE RISK MANAGEMENT POLICY**

The Head of Financial Services updated Members on the Corporate Risk Management Policy which had been approved by Cabinet on the 15th July 2015. Discussions took place on the role and responsibility of the Committee in discharging its duties, as detailed in the circulated report.

Members were supportive of the new policy and asked that consideration be given to ensuring that all the necessary training was provided to Audit Committee Members to enable them to undertake those duties.

The Head of Financial Services was tasked with developing an action plan to include training requirements for consideration at the next meeting of the Audit Committee and would be a standing item on all future agendas as part of the monitoring process.

Members were concerned that due to the current economic situation facing the Council and the loss of experienced managers it was vital that the Audit Team was maintained at current staffing levels to ensure that there was continued auditing and any risks mitigated.

It was also requested that the formula used in prioritising risks in the Corporate Risk Register should be included in Appendix 2 to the circulated report, for Members' information in future.

- RESOLVED:**
1. that the Corporate Risk Management Policy be noted;
 2. that approval be granted for Audit Committee to undertake its role and responsibilities as contained in the circulated report;
 3. that the Head of Financial Services develop a work programme to ensure that Audit Committee discharges the roles and responsibilities as contained within the Policy and to ensure that Audit Committee Members receive all the relevant training.

5. **ACCESS TO MEETINGS**

RESOLVED: that pursuant to Section 100A(4) and (5) of the Local Government Act 1972, the public be excluded for the following item of business which involved the likely disclosure of exempt information as defined in Paragraph 14 of Part 4 of Schedule 12A to the above Act.

6. **SPECIAL INVESTIGATION REPORT**

Members were provided with details of the special investigations and category 3 and 4 reports recently completed, together with a verbal update of the special investigations that were currently in progress.

Members asked that a letter be sent to relevant Directors and Heads of Service regarding the issues highlighted during the recent audits advising of the concern they felt at the points raised and that managers be advised that Audit Committee can request managers to attend future Audit Committees if required.

The Chairperson thanked the Audit Manager and her team for all the work they undertake within the Authority.

In addition, the Chairperson on behalf of the Committee thanked Mrs.J.McNicholas for all the support and assistance she had given the authority and wished her well in her new role.

RESOLVED: that the report be noted.

CHAIRPERSON

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2016 Audit Plan

Neath Port Talbot County Borough Council

Audit year: 2015-16

Issued: March 2016

Document reference: 212A2016

Status of document

This document has been prepared for the internal use of Neath Port Talbot County Borough Council as part of work performed/to be performed in accordance with statutory functions.

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This document was produced by Richard Harries, Jane Holownia, Steve Barry and Gillian Gillett.

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2016 Audit Plan

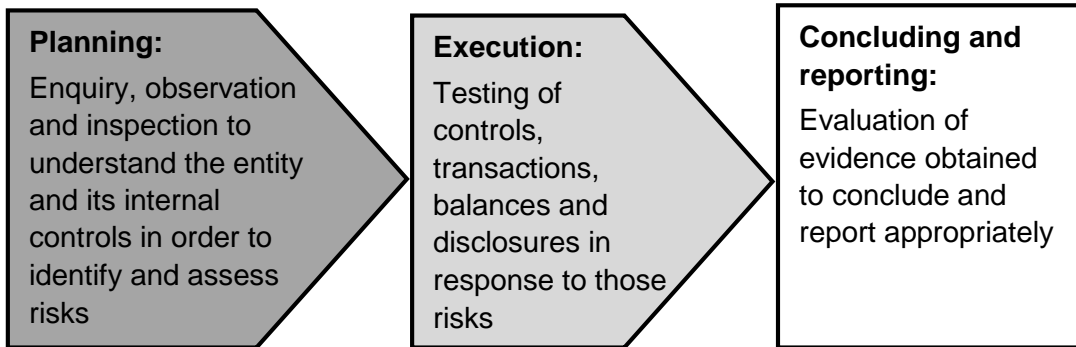
Summary

1. As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are ‘true and fair’;
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
2. The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
3. There have been no limitations imposed on me in planning the scope of this audit.
4. My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Financial audit

5. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their ‘truth and fairness’.
6. I also consider whether or not Neath Port Talbot County Borough Council (the Council) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
7. [Appendix 1](#) sets out my responsibilities in full.
8. The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: My audit approach



9. The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them.

Exhibit 2: Financial audit risks

Financial audit risk	Proposed audit response
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk.	My audit team will: <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
There is a presumption that there is risk of material misstatement due to fraud in revenue recognition and as such this is treated as a significant risk.	My audit team will: <ul style="list-style-type: none"> • evaluate if there is a risk, and if so, which types of revenue give rise to such risks; and • obtain an understanding of the Council's related controls relevant to such risks and focus testing on the timing and value of revenue where appropriate.
The Council continues to face significant financial challenges in common with the rest of the public sector. These financial pressures increase the risk of manipulation of balances to achieve the projected year-end position.	My audit team will reflect the Council's financial position in planning the audit and will direct audit testing to the areas of the financial statements which are at greatest risk of reporting bias.

Financial audit risk	Proposed audit response
The Council has changed its Minimum Revenue Provision (MRP) policy for 2015-16.	<p>My audit team will:</p> <ul style="list-style-type: none"> • review the revised policy to ensure that a prudent provision has been made; • test the provision made to ensure it is in accordance with the revised policy; and • review the disclosures made in the accounts to ensure that the impact of the change is fully disclosed.
A number of issues were identified within the capital accounts in 2015-16. The Council has a number of large capital projects ongoing in 2015-16 and there is a risk that the Statement of Accounts will not reflect all work done up to 31 March 2016 and that the financing of the expenditure will not be correctly accounted for.	My audit team will undertake tests to gain assurance that asset valuations, financing and capital commitments are correctly reflected in the Statement of Accounts.

10. I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
11. For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
12. My fees are based on the following assumptions:
 - information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
13. In addition to my responsibilities in respect of the audit of the Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts.

Certification of grant claims and returns

14. I have been requested to undertake certification work on the Council's grant claims and returns as set out in [Appendix 2](#).
15. My estimated audit fee for this work is set out in [Exhibit 5](#).

Overall issues identified

16. [Exhibit 3](#) summarises the more significant and/or recurring issues I identified when undertaking grant certification work in 2014-15.

Exhibit 3: Overall issues relating to grant claim and return certification

Qualified grant claims and returns qualified in 2014-15

Of the 2014-15 grant claims and returns that I certified, I qualified or amended nine (19 per cent of the total). This represents an improvement on prior years (15 in 2013-14). The main issues on which I qualified concerned the lack of, or quality of, supporting evidence, ineligible expenditure and ineffective cut-off procedures.

Effectiveness of grant coordination arrangements

I have been reporting for a number of years that grants management arrangements need to be improved and that the weaknesses with the current arrangements result in significantly more audit work (and ultimately audit fees) than should be required. I understand that the Council is now working to improve its arrangements which we will test and report on as part of our 2015-16 audit. We will report this back to the Audit Committee as the work is progressed.

Issues related to specific grant claims and returns

17. In addition to the overall issues identified above, I summarise the more significant issues I have identified relating to individual grant claims and returns in [Appendix 2](#).

Other work undertaken

18. I am also responsible for the audit of Margam Joint Crematorium Committee and the independent examination of the Welsh Church Act Trust Fund and the Glamorgan Further Education Trust Fund – Lewis and Aldworth. My team will undertake the audit/independent examination of these accounts on my behalf in accordance with the timescales agreed with the Council and the Charity Commission.
19. My audit fee for this work is set out in [Exhibit 5](#).

Performance audit

20. The components of my performance audit work are shown in **Exhibit 4** and have been designed in order to help deliver the high-level objectives set out in our 2013-2016 corporate strategy (www.audit.wales/publication/wales-audit-office-corporate-strategy-2013-2016).

Exhibit 4: Components of my performance audit work



21. Local government in Wales is going through an unprecedented period of change. Austerity continues to bite, audited bodies will be required to adopt the principle of sustainable development from April 2016, and the draft Local Government (Wales) Bill proposes fewer councils and a renewed performance framework. The Minister for Public Services has publicly stated that he would like to see a refreshed audit regime in advance of the legislative timetable with a view to supporting change. In January this year the minister advised me of a substantial reduction in the grant that subsidises my local government performance audit work under the Measure.
22. However, for 2016-17 the Measure will still be in place, and I will still need to examine whether authorities will meet their duty to make arrangements for continuous improvement. The challenge for me in these uncertain times is to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments.

-
- 23.** In spring 2016 I will be engaging in a consultation with public service bodies on how I can best discharge my various duties whilst striking the most appropriate balance and adding value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 24.** Taking all these factors into consideration, I am presently unable to be specific about my programme of performance audit work in local government. I am working through the practicalities of designing an appropriate programme of work, and examining the implications of the reduction in grant funding with a view to ensuring, as far as I am able, that there is little adverse impact on local authorities through fees.
- 25.** As soon as practical, I will write to confirm my 2016-17 programme of work.
- 26.** The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 3](#).

Fee, audit team and timetable

Fee

- 27.** The Wales Audit Office does not generate profits on fees. Legislation requires that the fees charged may not exceed the full cost of exercising the function to which the fee relates. The fee rates are set at a level to recover that full cost. My fee rates have been held static for 2016 and my audit teams will continue to look for efficiencies in their audits and welcome working with you constructively on this.
- 28.** Your estimated fee for 2016 is set out in [Exhibit 5](#). This figure is the same as last year's fee.

Exhibit 5: Audit fee

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Financial audit work	177,000	177,000
Performance audit work	99,000	99,000
Grant certification work¹	62,000	68,000
Other financial audit work		
• Margam Crematorium	3,000	3,000
• Welsh Church Act Trust Fund	2,000	2,000
• Glamorgan Further Education Trust Fund – Lewis and Aldworth	2,000	2,000
Total fee for other audit work	7,000	7,000
Total fee	345,000	351,000

Notes:

¹ Payable as work is undertaken. There are changes to the grants programme for 2015-16 as the Council is one of the pilot sites for the new Welsh Government approach to auditing grants and EU convergence grants finished in 2015.

29. Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
30. Further information on my fee scales and fee setting can be found on the Wales Audit Office website at: www.audit.wales/about-us/fee-scales-and-fee-setting.

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

Audit team

31. The main members of my team, together with their contact details, are summarised in [Exhibit 6](#).

Exhibit 6: My team

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Director/Engagement Lead – Financial Audit	02920 320500	richard.harries@audit.wales
Jane Holownia	Engagement Lead – Performance Audit	02920 320500	jane.holownia@audit.wales
Gillian Gillett	Financial Audit Manager	01639 763347	gillian.gillett@audit.wales
Melvyn Jones	Financial Audit Team Leader	01639 763591	melvyn.jones@audit.wales
Steve Barry	Performance Audit Manager	07786 190210	steve.barry@audit.wales
Samantha Clements	Performance Audit Lead	07879 848672	samantha.clements@audit.wales

32. I can confirm that my team members are all independent of the Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

33. I will provide reports, or other outputs as agreed, to the Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 7](#).

Exhibit 7: Timetable

Planned output	Work undertaken	Report finalised
2016 Audit Plan	January 2016 to March 2016	March 2016
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements• Financial Accounts Memorandum	February to September 2016	September 2016 September 2016 November 2016
Performance work: I am presently unable to be specific about my programme of performance audit work in local government	April 2016 to March 2017	As soon as practical, I will write to confirm my 2016-17 programme of work
2017 Audit Plan	January to March 2017	March 2017

* Subject to timely clearance of draft findings with the Council.

Future developments to my audit work

34. The Well-being of Future Generations (Wales) Act 2015 (the Act) requires me to have undertaken an examination in each of the public bodies specified within the Act and to have provided a report to the National Assembly, by 2020.
35. As referred to in [paragraph 25](#), I will be consulting on my proposed response to the Act in spring 2016. This consultation will feature a commitment to engage and work collaboratively with public bodies in developing an audit approach which is rigorous, meaningful and proportionate. I propose using 2016-17 as a transition year during which my teams work with a limited number of public bodies to develop and test my approach.
36. As we confirm our audit approaches and respond to continuing consultation from the Welsh Government, we will be talking to audited bodies about the implications for their fees from 2017-18 onwards and will be exploring alternative funding models with the next National Assembly's Finance Committee.

Appendix 1

Respective responsibilities

Financial audit

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- Their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- The consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether Neath Port Talbot County Borough Council (the Council) has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- the Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. The Auditor General must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Appendix 2

Summary of grant claim certification work

Name of scheme	Period of scheme	Value of claim 2014-15	Issues identified in 2014-15
Housing Benefits Subsidy	2014-15	£53,772,785	Claim qualified and amended: <ul style="list-style-type: none"> administration and interim subsidy could not be agreed to DWP letter of 17/3/2015; and errors were identified in the calculation of the earned income figures used to assess housing benefit entitlement.
Transitional SBIG (21st Century Schools)	2014-15	£6,595,000	
Flying Start	2014-15	£3,576,654	
Families First	2014-15	£2,223,844	Claim amended: <ul style="list-style-type: none"> expenditure claimed was overstated by £57,000; and third party grant of £11,890 had not been spent and was removed from the claim.
Substance Misuse Action Fund	2014-15	£3,616,470	
National Domestic Rates Return	2014-15	£40,091,745	
Sustainable Waste Management	2014-15	£2,789,554	
Teachers' Pension Return	2014-15	£10,930,906	

Name of scheme	Period of scheme	Value of claim 2014-15	Issues identified in 2014-15
Communities First – New Programme (3 claims)	2014-15	£1,854,739	Claim qualified and amended: <ul style="list-style-type: none"> • third party expenditure was not adequately supported; and • claims included costs which related to 2015-16 expenditure transactions.
Social Care Workforce Development Programme	2014-15	£404,637	
Motorway and Trunk Road Maintenance and Improvement (40 claims)	2014-15	£50,132,017	
Local Transport Grant	2014-15	£1,550,000	Claim amended: <ul style="list-style-type: none"> • claim did not agree to the accounting records.
Free Concessionary Fares	2014-15	£2,981,203	Claim amended: <ul style="list-style-type: none"> • annual claim did not agree to submitted quarterly claims and the grant received was misstated on the claim form.
European Convergence Grant – Regeneration	2007-2015	£1,364,699	Claim qualified: <ul style="list-style-type: none"> • gross expenditure and internal charges were miscalculated.
European Convergence Grant – Harbour Way	2007-2015	£3,450,836	Claim qualified: <ul style="list-style-type: none"> • evidence of approval of a contract variation was not provided.

Appendix 3

Performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
Review of welfare reform advice and information services being delivered by the third sector	In progress	Report scheduled for May 2016

Appendix 4

National value-for-money studies

The Council may also be interested in the national value-for-money examinations which I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are funded by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

The table below covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work or based on the findings of reactive examinations.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Topic	Anticipated publication timeframe
Welsh Government acquisition and ownership of Cardiff Airport	Late January 2016
The development of Natural Resources Wales	Early February 2016
Operating theatres	February 2016
Impact of private practice on NHS provision	February 2016
Wales Life Sciences Investment Fund	March 2016
Welsh Government responses to audit recommendations (memorandum for the Public Accounts Committee)	Spring 2016
Coastal flood and erosion risk management	Spring 2016
Rail services	Spring 2016
Governance of the National Library of Wales	Spring 2016
Welsh Government oversight of further education institutions' finances and delivery	Autumn 2016
Public procurement (including development of the National Procurement Service)	Winter 2016

Topic	Anticipated publication timeframe
Early intervention and behaviour change	Spring/summer 2017 ²
Welsh Government interventions in local government	TBC ³

I have been considering over recent months the inclusion in my programme of a number of new studies on:

- The NHS Wales Informatics Service
- Capital investment in schools (21st Century schools programme) and school places
- Further education finances
- Waste management
- The Supporting People programme
- Access to public services for people whose first language may not be English or Welsh and those who may be disadvantaged without access to specialist interpretation services

With the exception of the further education study, referred to in the table above, firm plans for these new studies are yet to be confirmed, although initial scoping work is underway.

² My programme of good practice work includes a project that will aim to explore the range of behaviour change work across Welsh public services and opportunities to improve practice, deliver better outcomes for citizens, and achieve better value for money. The project will include a range of engagement events and the development of a community of practice to share learning and experience. I anticipate that the information and evidence gathered through this work will support the production of a report on this topic, although this is unlikely to be a traditional audit report and it would not be prepared until the first half of 2017.

³ Plans for this work have been under review in light of the Welsh Government commissioned review of the Anglesey intervention by the Public Policy Institute for Wales, and also to consider the implications for the work of plans for local government reform.

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AUDIT COMMITTEE

REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVE REES

18th MARCH 2016

Matters for Information

Wards Affected - All

TREASURY MANAGEMENT MONITORING 2015/16

1. Purpose of Report

- 1.1 This report sets out treasury management action and information recently reported to Policy and Resources Cabinet Board (18th February 2016) which also needs to be reviewed by the Audit Committee.

2. Rates of Interest

- 2.1 Bank base rates remain at of 0.5% (since 5th March 2009) and detailed below are the changes in the bank base rate since April 2008.

Effective Date	Bank Rate
10 April 2008	5.00%
08 October 2008	4.50%
06 November 2008	3.50%
04 December 2008	2.00%
08 January 2009	1.50%
05 February 2009	1.00%
05 March 2009 to date	0.50%

- 2.2 The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 1st February 2016:

	Equal Instalments of Principal		Annuity		Maturity	
	Previous 01Dec15	Current 01Feb16	Previous 01Dec15	Current 01Feb16	Previous 01Dec15	Current 01Feb16
	%	%	%	%	%	%
5-5.5 years	1.86	1.60	1.87	1.60	2.33	2.05
10-10.5 years	2.33	2.05	2.35	2.06	2.92	2.68
20-20.5 years	2.92	2.68	2.98	2.73	3.52	3.31
35-35.5 years	3.43	3.21	3.52	3.31	3.49	3.31
49.5-50 years	3.59	3.40	3.56	3.38	3.41	3.22

3. Treasury Management Budget

- 3.1 The following table sets out the treasury management budget for 2015/16 and consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income.

Members will note that the revised budget now includes a contribution to the voluntary redundancy reserve of £2.9m. This has arisen as a result of the approval by Council, on the 3rd February 2016, of a revised Minimum Revenue Provision (MRP) policy.

2014/15 Outturn Position £'000		2015/16 Original Budget £'000	2015/16 Revised Budget £'000
16,964	Principal and Interest charges	17,230	14,584
246	Contribution to Treasury Management Equalisation Reserve.		
17,210	Subtotal Expenditure	17,230	14,584
	Investment Income		
(806)	- Total	(614)	(614)
227	- less allocated to other funds*	210	210
(579)	Subtotal Income	(404)	(404)
	Contribution to voluntary redundancy reserve		2,900
16,631	Net General Fund	16,826	17,080

NB: Other funds include Trust Funds, Social Services Funds, Schools Reserves, Bonds etc.

4. Borrowing

4.1 The following long term borrowing has been arranged with the Public Works Loans Board (PWLB):

Date Arranged	Lender	Amount	Type	Term	Rate
11 th Jan 2016	PWLB	£10.0m	EIP	10yrs	1.99%*

* after deducting the 0.20% certainty rate

5. Investment Income

5.1 In line with the Council's Investment Strategy, the 2015/16 Original Budget for investment income is £614,000; treasury management investment income generated on investments made to date is £503,000.

Members should note that the majority of investments are classified as 'specified' i.e. up to 12 months and are currently deposited with Local Authorities, UK banks including Barclays, Lloyds Group, Bank Santander, Clydesdale and Nationwide Building Society.

5.2 The Council policy will allow investments up to a maximum of £25m for periods of more than 1 year and up to 5 years, and this will be considered when decisions on investing surplus funds are made.

5.3 No additional long term investments have been carried out since the last report. The Council currently has £10m invested for periods in excess of 12 months:

Counterparty	Value £'000	Period	Maturity	Rate %
Eastbourne Borough Council	4,000	4.5 Years	June 18	2.20%
Peterborough City Council	6,000	5 Years	Dec 18	2.10%
TOTAL	10,000			

Treasury Management Advisors

6. Members should note that Capita Asset Services have been re-appointed as the Authority's Treasury Management advisors for a further three years. The contract expires on 30th June 2018

Financial Impact

7. The report is for information only. All relevant financial information is provided in the body of the report.

8. Equality Impact Assessment

An equality impact assessment was not required for this report.

Workforce Impacts

9. There are no workforce impacts arising from this report.

Legal Impacts

10. There are no legal impacts arising from this report.

Risk Management

11. There are no risk management issues arising from this report.

Consultation

12. There is no requirement under the Constitution for external consultation on this item.

Appendices

13. None

List of Background Papers

Treasury Management Files
Capita Asset Services Contract
PWLB Notice Number 041/16

Officer Contact

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Mr Huw Jones – Chief Accountant – Capital and Corporate
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Mr Chris Rees – Senior Accountant
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AUDIT COMMITTEE

18 March 2016

REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVID REES

SECTION B – MATTERS FOR INFORMATION

WARDS AFFECTED - ALL

Internal Audit Service – Progress Report to End of February 2016

1. Purpose of the report

To provide details of the work undertaken for the period from Mid-November 2015 to 29 February 2016 and an update on progress against the 2015/16 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 18 formal audit reports have been issued since Mid-November 2015 in line with normal distribution guidelines.
- 3.2. The following is a summary list of the reports that have been issued:
 - 2 Special Investigations
 - 9 Primary Schools
 - 1 Comprehensive School

- Social Media (Corporate)
- Fleet Services
- Social Media (Schools)
- Hillside Secure Centre
- Write offs
- DBS Sample Checks

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 work carried out to date against the 2015/16 audit plan.

4.2. There is currently 1 special investigation in progress.

5. Staffing

5.1 There are currently no staffing issues.

6. Risk Ratings/Categories

At the meeting in December 2015 Members asked that the risk ratings/categories be reviewed.

A review has been undertaken and the following categories are proposed for 2016/17:

Category 1 – Testing found good controls to be in place.

Category 2 – Testing found some controls that need enhancing which will be achieved by the implementation of the recommendations.

Category 3 – Testing revealed a number of areas where improvements in controls are required. A verbal update will be provided at the committee following the audit.

Category 4 – Testing revealed areas of concern, the Head of Service will provide a written response to the audit report for consideration by Members of Audit Committee.

Category 5 – Testing revealed areas of significant concern. The Head of Service and/or Service Manager will attend Audit Committee.

7. Risk Management Policy

The Council's new Risk Management Policy was approved by Cabinet on 15th July 2015 and the Council's Corporate Risk Register was approved by Cabinet on the 2nd March 2016.

The policy which was presented to the December Audit Committee has the following defined roles for Audit Committee:

- To review and assess the Council's corporate risk management arrangements.
- To report and make recommendations to the Cabinet on the adequacy and effectiveness of the arrangements.
- To ensure the Internal Audit Plan reflects the corporate risks identified.

The first of these roles will be delivered through the work of the Internal Audit Section. Internal Audit will in 2016/17 carry out a full review of the processes and procedures in place for the delivery of the Risk Management Policy. The Internal Audit Plan contains an allocation of 15 days under the heading 'Risk Registers'.

Based on the findings of that Internal Audit Review the Audit Committee will then report to Cabinet and make any recommendations considered necessary, thus satisfying the second role detailed above. Following this initial baseline review an audit programme will be developed with the Audit Committee for Internal Audit to regularly monitor and review the delivery of the policy and to report back to each scheduled Audit Committee.

In terms of the Audit Plan, the current plan is put together based on overall service risks. However, going forward, this risk analysis will include consideration of the specific items included on the Corporate Risk Register.

At the June Audit Committee a training session will be put together which will assist Audit Committee members to carry out their role in respect of the above.

Appendices

Appendix 1 – Published Reports

Appendix 2 – Audit Plan Monitoring 2015/16

List of Background Papers

Audit Files

Wards Affected

Not Applicable

Officer Contact

Dave Rees – Head of Financial Services

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E-mail: d.rees1@npt.gov.uk

Anne-Marie O'Donnell – Audit Manager

Tel No: 01639 763628

E-mail: am.odonnell@npt.gov.uk

Report Ref	Report Subject	Report Conclusion	Risk Category
R41	Social Media (Schools)	A verbal report will be provided at the meeting.	3
R42	Fleet Services	Good controls were found to be in place with recommendations made in relation to driver induction and some minor admin issues.	2
R43	Godre'rgraig Primary School	Generally good controls were found to be in place, recommendations were made in respect of completion of DBS portability forms, payroll checks and purchasing card limit.	2
R44	Social Media (Corporate)	Good controls were found to be in place and recommendations were made in respect of inactive accounts, enhancing the existing policy and sharing best practice	2
R45	SI Wrap Around Provision – Alderman Davies CIW Primary	A verbal update will be provided at the meeting.	N/A
R46	Groes Primary School	Good controls are in place and recommendations made in relation to DBS portability forms, payment to invoices and updating Vision (HR System) will further enhance the good controls.	2
R47	Ysgol Hendrefelin	Good controls were found to be in place and recommendations made in relation to driver declaration forms and minibus administration will further hence the controls in place.	2

Report Ref	Report Subject	Report Conclusion	Risk Category
R48	YGG Y Wern	Good controls were found to be in place and recommendations made in respect of DBS portability forms and official orders will enhance the controls in place.	2
R49	Hillside Secure Centre	Good controls were found to be in place in all areas tested and no recommendations were made.	1
R50	YGG Cwmnedd	Good controls were found to be in place and recommendations made in respect of retention and storage of recruitment documentation and completion of driver declaration forms will enhance the already good controls in place.	2
R51	Write Offs	The systems in place in relation to the write off of uncollectable debt were found to be good with only minor recommendations made.	2
R52	DBS Checks (Corporate)	A verbal update will be given at the meeting.	3
R53	SI YGG Gwaun Cae Gurwen	A verbal update will be given at the meeting	N/A
R54	YGG Tyle'r Ynn	Good controls were found to be in place and the recommendations made in respect of official orders and payment of invoices will further enhance the controls in place.	2
R55	YGG Rhosafan	Good controls were found to be in place and recommendations made in respect of driver declaration forms and pupil internet usage forms will enhance these controls.	2

Report Ref	Report Subject	Report Conclusion	Risk Category
R56	Ynysfach Primary	Good controls were found to be in place and recommendations in respect of DBS portability forms and school dinner money debt will enhance these controls.	2
R57	Eastern Primary	Good controls were found to be in place and recommendations in respect of school ICT agreement forms for pupils and staff and the unofficial fund will enhance these controls.	2
R58	Crymlyn Primary School	Good controls were found to be in place and recommendations made in respect of reclaiming VAT and safety checks of PE equipment will enhance these controls.	2
R59	Brynhyfryd Primary School	Good controls were found to be in place and the recommendations made in relation to safe recruitment, income reconciliation and dinner money arrears will enhance these controls.	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

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Monitoring Date	29 Febraury 2016				
Audit Plan Item	Risk Factor	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Education, Leisure and Lifelong Learning					
School Based Audits					
20 Primary Schools	M	1 audit completed and report issued	3 audits completed awaiting agreement of draft reports	10 audits completed to date, 7 reports issued as final and 3 draft reports issued awaiting agreement.	18 audits completed and reports issued, 2 draft reports awaiting agreement
3 Secondary Schools	H			1 audit complete awaiting agreement of draft report	2 audits completed and draft reports issued awaiting agreement
Procurement cards	H	Audit in progress	Audit complete		
Other Education					
Unofficial funds of the feeder schools to the new Bae Baglan Comp.	M				Audit in progress
Real Opportunities Funding	M		No longer being undertaken due to low value of grant which covered wages only and grant ended Sept 14 and Welsh Centre for Learning Disability carried out an impact assessment of the scheme, no issues arose.	School budget and ledger issues audit replaced Real Opportunities and Think Family First audits	
Think Families First	M		No longer being undertaken as audited by Wales Audit Office	See above	
Leisure, Culture and Lifelong					
None					

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Finance and Corporate Services					
Revenue Collection					
Council Tax	M			Sample testing undertaken	Audit in progress
NNDR	M				Audit in progress
Sundry Debtors	H			Audit complete and report issued	
Cash Collection	H		Unannounced checks undertaken	Unannounced checks undertaken	Unannounced checks undertaken
Benefits Administration					
Housing Benefits	M			Sample testing undertaken	Audit in progress
Attendance at Prosecution Panel	N/A	1 panel meeting attended by Audit Manager	1 panel meeting attended by Audit Manager	1 panel meeting attended by Audit Manager	No longer applicable fraud service has now migrated to DWP
Exchequer					
Payroll	M			Sample testing undertaken	Audit in progress
Creditor Payments	H			Sample testing undertaken	Audit in progress
Travel and Subsistence Allowances	M			Audit complete and report issued	
Creditor Cut Off Testing 2014/15	M	Audit in progress	Audit complete		
Accountancy					
Treasury Management	H				Audit undertaken by WAO
Bank Reconciliation	M				Audit in progress
Other					
Review of Write Offs	N/A		Audit in progress	Audit complete awaiting agreement of draft report	Audit complete and final report issued
Legal Services					
None					

Chief Executive's					
Electoral Registration	M				Data cleansing work undertaken
Internal/Public Information	L				Will not be undertaken
Social Services, Health and Housing					
Housing General Fund:					
Social Lettings Agency	M			Due to service going through the management of change process agreed with Head of Service to postpone audit until 16/17.	
Disabled Facility Grants	M		Audit in progress	Audit complete report issued	
Social Services					
DOLS	M				Audit in progress
POVA	M		Audit in planning stage	Audit commenced	Audit in progress
Escalating Concerns Protocol	M				
Hillside Secure Unit	M			Audit planned	Audit complete and final report issued
Trem Y Mor	M		Audit complete draft report issued	Audit complete and report issued	
Public Protection					
Trading Standards	M	Audit in progress	Audit complete and report issued		

Environment					
Stores/Equipment attendance at stock takes	H		Assistance provided at interim stocktake		Assistance to be provided at year end stocktake
Streetcare	H				Audit in progress
Bus service operators grant	M		Audit completed		
Fleet	M		Audit in progress	Draft report issued awaiting agreement	Audit complete and final report issued
Grants	M		3 education grants audited	2 education grants being audited	1 education grant audited
Cross Directorate					
Special Investigations	N/A	3 currently in progress	2 currently in progress, 5 reports issued	4 reports issued	2 investigations completed and reports issued, 1 in progress
Advice and Guidance Requests	N/A	Ongoing	Ongoing	Ongoing	Ongoing
I.T. Audit	N/A	1 audit in progress	1 audit in planning stage	Social media audit in progress	Audit complete and report issued
Contract Audit	N/A	Final account work ongoing	Final account work ongoing	Final account work ongoing	Final account work ongoing
Corporate Governance Arrangements	N/A	Ongoing	Ongoing	Ongoing	Ongoing
Officer Declarations	M	Audit in progress	Audit complete		Audit planned
Procurement Cards	M				Audit in progress
Honoraria Payments	M			Audit in progress	Audit in progress
Settlement Agreements	N/A	Ongoing	Audit in progress	Audit complete and report issued	
NFI	N/A	Work ongoing	Work ongoing	Work ongoing	Work ongoing
DBS Checks	H			Audit commenced	First tranche complete and report issued, second tranche in progress

Other Commitments					
Attendance at Working Parties	N/A	Ongoing	Ongoing	Ongoing	Ongoing
Servicing/Attendance at Audit Committee	N/A	Ongoing	Ongoing	Ongoing	Ongoing
FOI Requests	N/A	Any received have been actioned	Any received have been actioned	All received have been actioned	All received have been actioned
Review of Accounting Instructions	N/A			Ongoing	Ongoing
Contingencies	N/A			Margam Crematorium and Trem Y Mor Day Service	
Vision Impaired West Glamorgan	N/A		Audit in progress	Audit complete and report issued	
SWTRA	N/A				

AUDIT COMMITTEE

18 March 2016

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

SECTION A – MATTERS FOR DECISION

WARDS AFFECTED - ALL

ITEM 1 – INTERNAL AUDIT PLAN FOR THE PERIOD 1 APRIL 2016 – 31 MARCH 2017

1. Purpose of Report

- 1.1 The purpose of this report is to agree the Internal Audit Plan for 2016/17.

2. Internal Audit Plan 2016/17

- 2.1 The Internal Audit Plan has been prepared following consultation with Directors and Heads of Service. The items included in the plan are a combination of audits that are carried out annually, audits that are the subject of service level agreements and some that have been requested by service managers, Heads of Service and Directors. There are also some audits that have arisen from findings of previous audit work.
- 2.2 In addition to the specific audits there are allowances put in place for such items as special investigations that arise during the year, contingencies and for advice and guidance. The plan has to be flexible in order to allow for unexpected items during the years that require audit input.

3. Recommendation

It is recommended that Members approve the Internal Audit Plan as set out in Appendix 1.

4. Reason for Proposed Decision

To ensure compliance with the terms of reference of the Audit Committee.

List of Background Papers

Audit files

Appendix

Appendix 1 – Internal Audit Plan for the period 1 April 2016 – 31 March 2017

Officer contact

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NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

Finance & Corporate Services Directorate

Internal Audit Service

INTERNAL AUDIT PLAN
FOR THE PERIOD
1 April 2016 – 31 March 2017

Issue Date March 2016

CONTENTS

Heading

Foreword to Plan

Section 1

Legislative requirements

Section 2

Calculation of available days

Section 3

Detailed Audit Plan in respect of 2016/17

**STRATEGIC AUDIT PLAN IN RESPECT OF THE PERIOD
1 APRIL 2016 TO 31 March 2017**

1. INTRODUCTION

- 1.1 I outline in this plan details of the Internal Audit Service involvement in Council services/functions for the period 1 April 2016 to 31 March 2017.
- 1.2 The plan has been prepared using the following assumptions and methodology.
- 1.3 The staffing complement for 2016/17 remains unchanged at 7.31(FTE). However, the number of available days has reduced from last year due to the following; 1 auditor will be on maternity leave for 10 months of the year, 1 auditor will be taking shared maternity leave and another auditor will be taking 2 weeks paternity leave.
- 1.4 Despite the fact that the service will be affected by 3 members of staff not being in work for additional periods over and above normal annual leave entitlement the reduction in the number of audit days has been kept to a minimum by the reduction in days allocated to study leave, staff training and other overhead type allowances.
- 1.5 An allowance has been made for special investigation type work i.e. fraud, theft, general malpractice issues in relation to employees and clients of Council services, along with requests for advice and guidance from service managers.
- 1.6 The risk factors noted against each audit heading are based on a formula that calculates the scores using 12 different variables. The scores against each variable are provided by Internal Audit staff based on their experience on each of the audit areas.
- 1.7 Other items of note included in the plan are:
 - Ongoing review of non-financial Corporate Governance issues, along with issues such as risk management and data protection.
- 1.8 The plan details the areas that are due to be audited during 2016/17. However, the audit plan is almost invariably subject to change as issues arise during the year. This flexibility is vital to ensure that new or increased risks are assessed and reported upon in order that assurance can be provided to Members. Any changes to the plan will be reported to Audit Committee throughout the year.

2. INTERNAL AUDIT SERVICE PERFORMANCE MONITORING

Updates in line with corporate guidelines will continue to be given to the Council's Audit Committee and where required to the relevant Scrutiny Committee. Information will also be outlined in our performance indicator results. The section's work will also follow the requirements of the Public Sector Internal Audit Standards.

3. AUDIT COMMITTEE

Since this Committee was established as a 'stand-alone' entity in May 2002, numerous reports on a variety of topics have been submitted and this has assisted Members' awareness of their role i.e. effective compliance with the laid down Terms of Reference of the Committee. The Committee undertakes its duties in line with the guidance given in the Public Sector Internal Audit Standards 2013 which supersede The Code of Practice for Internal Audit in Local Government in the UK. Members were advised of this change at the March 2014 Audit Committee meeting.

4. THE YEAR AHEAD

As for every year to date, a number of challenges lie ahead:

- Provide an adequate level of audit coverage given the reduced resources available to the section;
- Provide assurance to Members on the adequacy and effectiveness of internal controls on systems that have been affected by the budget reductions faced by the Authority;
- The requirement to further improve the assessment of risk in audit work;
- Continuing with the progress made to date in improving and enhancing the role of the Audit Committee;
- Continuing to work closely with service managers to improve the effectiveness of audit work, particularly with regard to the increasing emphasis on corporate governance issues;
- Continuing to work closely with Wales Audit Office to maximise the effectiveness of audit work for the Authority.

In terms of ongoing requirements, there is a need to constantly monitor and review the progress being made in connection with the various assignments contained within the Audit Plan (aided by a computerised Audit Management System which has been developed in –house for our purposes). The 3 monthly progress reports will continue to be presented to Audit Committee. In addition, our External Auditor’s report on the performance of Internal Audit in terms of compliance with the Public Sector Internal Audit Standards in line with their statutory responsibility and this report in its entirety is submitted to the Audit Committee.

The service will also be externally assessed during 2016/17 in line with the requirement of the Public Sector Internal Audit Standard that each internal audit service is externally assessed every 5 years for compliance with the standards.

Finally, this Internal Audit Plan is submitted to the Audit Committee for approval at its next meeting scheduled for the 18 March 2016.

H J Jenkins
Director of Finance &
Corporate Services

D Rees
Head of Financial Services

SECTION 1

LEGISLATIVE REQUIREMENTS RELATING TO THE PROVISION OF THE INTERNAL AUDIT FUNCTION

- 1.1 This section deals with the legislative question and the manner in which compliance is effected by the Authority.
- 1.2 Section 151 of the Local Government Act 1972 requires that “every local authority shall make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs.”
- 1.3 The responsible financial officer in this Authority is the Director of Finance & Corporate Services, and one of the more important ways in which he exercises his statutory responsibility for financial administration is through the work of the Internal Audit Service.
- 1.4 The Accounts and Audit Regulations state “ A Local Government body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices, and any officer or member of that body shall; if the body requires:-
 - a) Make available such documents of the body which relate to its accounting and other records as appear to that body to be necessary for the purpose of the audit; and
 - b) Supply the body with such information and explanation as that body considers necessary for that purpose.” This duty has been devolved to the Director of Finance & Corporate Services in his role as the ‘responsible financial officer’.
 - c) It is a requirement of the Public sector Internal Audit Standards that each Internal Audit service has an Audit Charter. The standards state “The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of ethics and Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.” This committee approved the service’s charter at the committee meeting in December 2014.
- 1.5 These Accounts and Audit Regulations are supplemented by this Authority’s Financial Regulation No 3.4.5 and Financial Procedures Nos. 4.9.8 and 4.9.9 which state:

Financial Regulation 3.4.5 – Audit Requirements

This states that the Accounts and Audit Regulations require every local authority to maintain an adequate and effective internal audit.

Financial Procedure Nos. 4.9.8 & 4.9.9

4.9.8 Responsibilities of the Director of Finance & Corporate Services

To ensure that internal auditors have the authority to:

- a) Access Authority premises at reasonable times
 - b) Access all assets, records, documents, correspondence and control systems
 - c) Receive any information and explanation considered necessary concerning any matter under consideration
 - d) Require any employee of the Authority to account for cash, stores or any other Authority asset under his or her control
 - e) Access records belonging to third parties, such as contractors, when required
 - f) Directly access the head of paid service, the executive and Audit Committee
- To ensure that effective procedures are in place to investigate promptly any fraud, irregularity or mal practice.

4.9.9 Responsibilities of Corporate Directors (Chief Officers)

- To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
- To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- To consider and respond promptly to recommendations in audit reports
- To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- To notify the Director of Finance & Corporate Services immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Authority's property or resources. Pending investigation and reporting, the Corporate Director should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

SECTION 2

INTERNAL AUDIT PLAN 2016/17 CALCULATION OF AVAILABLE DAYS

- 2.1 The total number of days included in the Plan is based on a total of 7.31 (FTE) staff.
- 2.2 A number of allowances have to be made to the total number of days available to allow for annual leave, public holidays, sickness, training etc. An estimate also has to be made for staff vacancies arising from the possibility of staff turnover occurring over the year.
- 2.3 These allowances result in a total number of 'available' days to the section of 1,324. From this is deducted a number of days to allow for the general supervision and management of the Section and other 'non-chargeable' items such as attendance at seminars, team meeting etc. The total number allocated to these overhead type areas is 210 days.
- 2.4 This leaves a total of 1,114 days available for planned work. This is a reduction of 36 days from last year.

SECTION 3 – INTERNAL AUDIT PLAN FOR 2016/17

Service Area	Days Allocated	Risk Factor
<u>Education Leisure & Lifelong Learning</u>		
School based audits		
Primary Schools	120	M
Secondary Schools	35	H
Other education		
IT replacement costs	10	M
Creditor year end cut off testing*	10	M
Education Grants	10	M
Croeserw Community Enterprise Centre	5	M

*WAO request

Total number of days = 190

H=high

M= medium

L= low

Service area	Days Allocated	Risk Factor
<u>Finance & Corporate Services</u>		
Revenue Collection		
Council Tax	5	L
NNDR	5	L
Sundry Debtors	5	L
Cash collection	10	H
Benefit Administration		
Housing Benefits	5	L
Exchequer		
Payroll	5	L
Creditor Payments	5	L
Creditor cut off testing	15	M
Creditors (FIS) checks	10	M
Accountancy		
Treasury Management	15	M
Bank Reconciliation	7	M
Legal Services		
Registrars	20	M
Other		
Contingency	34	N/A

Total number of days=141

Service area	Days allocated	Risk Factor
<u>Chief Executive's</u>		
Electoral Registration	5	M
Democratic processes	15	M

Total number of days=20

H=high M = medium L=low

Service area	Days allocated	Risk Factor
---------------------	-----------------------	--------------------

Environment

Stores/equipment	4	H
Facilities	20	H
Bus service operators grant	3	M
Workways	20	M
Asset Management	16	M

Total number days=63

Social Services, Health & Housing

Social Services

Hillside Secure Unit	15	M
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Safeguarding:

PASMS*	10	M
DBS checks taxi drivers & escorts	10	H
DBS checks adult care staff	20	H
Medication training CCAs**	10	H
Safe recruitment (CYPS***)	15	H
Escalating Concerns protocol	10	M
Direct payments	20	M

Housing

Social Lettings Agency	15	M
Houses to homes loans & Home improvement loans	20	M

Total number days=145

*Professional Abuse Strategy Meetings

**Community Care Assistants

***Children and Young People Services

H=high M=medium L=low

Service area	Days allocated	Risk Factor
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Cross directorate

Special Investigations	200	N/A
Advice & Guidance requests	65	N/A
Corporate Governance	20	N/A
IT Audit	20	N/A
Contract Audit	20	N/A
Officer Declarations	15	M
Petty Cash	15	H
Use of credit notes	20	M
Settlement Agreements	10	H
Risk Registers	15	M
Mobile phones/land line charges	15	M
DBS Checks	20	H
Travel & subsistence	20	H

Total number of days= 455

Other Commitments

Banking Administrator	10	N/A
Attendance at working		
Parties	20	N/A
Servicing Audit Committee	20	N/A
Vision Impaired West Glam	5	L
SWTRA	10	N/A
FOI Requests	5	N/A
Staff association/lottery	10	N/A
Contingency	20	N/A

Total number of days = 100

Total number of days for 2016/17 = 1114

H=high, M=medium, L=low

By virtue of paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972.

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