

# **AUDIT COMMITTEE**

**20 MARCH 2015**

## **REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES – H. JENKINS**

### **SECTION B – MATTERS FOR INFORMATION WARDS AFFECTED – ALL**

#### **INTERNAL AUDIT SERVICE – PROGRESS REPORT TO 28<sup>th</sup> February 2015.**

##### **1. Purpose of the report**

- 1.1 To provide details of the work undertaken for the period from mid November 2014 to 28<sup>th</sup> February 2015 and an update on progress against the 2014/15 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 during the period stated above. 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 13 formal audit reports have been issued since mid-November 2014 in line with normal distribution guidelines.
- 3.2. The following is a summary list of the reports that have been issued:
  - 5 Special Investigations
  - 2 Primary Schools
  - 1 Comprehensive School
  - Contract Compliance Monitoring

- YG Ystalyfera Budget Monitoring
- Admin issued Pen-y-Cae Day Centre
- Travel & Subsistence
- Hillside Secure Centre

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 2014/15 audit plan.

4.2. There is currently 1 special investigation in progress.

#### **5. Staffing**

5.1 Currently there is one member of staff studying for a professional accountancy qualification.

5.2 The Audit Assistant vacancy has been filled and the successful applicant has been in post since 2<sup>nd</sup> March 2015.

5.3 One Auditor (0.5FTE) has taken voluntary redundancy and will leave on 31<sup>st</sup> March 2015.

#### **6. Update**

At last Audit Committee Members asked about the audit arrangements in the new regional collaborations. The legal agreements do not specify how internal audits should be undertaken. However, there is a lead organisation responsible for managing the service and the lead organisation's internal audit service should carry out the internal audit work.

## **Appendices**

Appendix 1 – Published Reports

Appendix 2 – Audit Plan Monitoring 2014/15

## **List of Background Papers**

Audit Files

## **Officer Contact**

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## COMPLIANCE STATEMENT

### INTERNAL AUDIT SERVICE – PROGRESS REPORT TO 28<sup>th</sup> February 2015.

(a) **Implementation of Decision**

The decision is proposed for immediate implementation.

(b) **Sustainability Appraisal**

**Community Plan Impacts:**

Economic Prosperity	No impact
Education and Lifelong Learning	No impact
Better Health and Well Being	No impact
Environment and Transport	No impact
Crime and Disorder	No impact

**Other Impacts:**

Welsh Language	No impact
Sustainable Development	No impact
Equalities	No impact
Social Inclusion	No impact

(c) **Consultation**

There has been no requirement under the Constitution for external consultation on this item.

## Appendix 1

<b>Report Ref</b>	<b>Report Subject</b>	<b>Report Conclusion</b>	<b>Category</b>
R44	Special Investigation	Detail is given in the private report attached as Appendix 3	N/A
R45	Special Investigation	Detail is given in the private report attached as Appendix 3	N/A
R46	Contract Compliance Monitoring Social Services Health & Housing	Good controls were found to be in place and recommendations made will help strength the existing controls.	2
R47	Special Investigation	Detail is given in the private report attached as Appendix 3	N/A
R48	Ysgol Gyfun Ystalyfera Budget Monitoring	Recommendations were made to improve the processes currently in place with a view to enhancing the accuracy of the information being reported.	2
R49	Special Investigation	Detail is given in the private report attached as Appendix 3	N/A
R50	Admin issues at Pen Y Cae & Morfa Afan Day Centres	A number of issues were found in relation to the standard of record keeping at both day centres as well as issues relating to the operation of the unofficial funds.	3
R51	Rhos Primary School	Good controls were found to be in place in relation to cash collection and corporate governance. Enhancements to existing controls in	2

## Appendix 1

Report Ref	Report Subject	Report Conclusion	Category
		relation procurement, inventories and unofficial fund were recommended.	
R52	Coed Hirwaun Primary School	Good controls were found to be in place in relation to procurement, inventories, corporate governance and school meals income. Enhancement to existing controls relating to travel & subsistence, unofficial fund and health and safety & safety were recommended.	2
R53	Dwr Y Felin Comprehensive School	Good controls were found to be in relation to most areas however recommendations were made to enhance the controls in place relating to the treatment of discrepancies in school meal income.	2
R54	Travel & Subsistence	Compliance with the policy in relation to actual claims made was good however driver declaration forms had not been completed for all the staff sampled.	2
R55	Hillside Secure Centre	A high standard of controls were found to be in operation for all areas tested and as a result no recommendations were made	1
R56	Special Investigation	Detail is given in the private report.	N/A

### 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

## Appendix 2

<u>Monitoring Date</u>	<u>28th February 2015</u>				
<u>Audit Plan Item</u>	<u>Risk</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
	<u>Factor</u>				
<b><u>Education, Leisure and Lifelong Learning</u></b>					
<b>School Based Audits</b>					
20 Primary Schools	M	2 schools audited and reports issued	3 schools audited and reports issued	A total of 10 primary schools have been audited and reports issued, 1 audit is in progress the remaining schools will be audited next quarter	12 schools have been audited. 2 draft reports are awaiting agreement and 6 audits are booked to commence before Easter.
3 Secondary Schools	H		2 audits planned and booked for next quarter	1 completed and report issued, 1 audit in progress	One report issued, the remaining audit has been completed and the draft report issued
<b>Other Education</b>					
Adult Education	M		Audit planned will commence next quarter	Audit in progress	Draft report issued
PLASC	M	Audit in planning stage	Due to information obtained during the planning process this audit will not now be undertaken	This allocation of days has been used to carry out work in relation to budget monitoring in a comprehensive school due to issues identified during an earlier audit.	
<b>Leisure, Culture and Lifelong Learning</b>					
None					
<b><u>Finance and Corporate</u></b>					

## Appendix 2

<b>Services</b>					
<b>Revenue Collection</b>					
Council Tax	M			Regular sample testing being undertaken	Audit in progress
NNDR	M				Audit in progress
Sundry Debtors	H			Report issued in respect of 13/14	Audit in progress
Cash Collection	H	Unannounced checks taking place	Unannounced checks taking place	Unannounced checks taking place	Unannounced checks taking place
<b>Benefits Administration</b>					
Housing Benefits	M			Regular sample testing being undertaken	Audit in progress
Attendance at Prosecution Panel	N/A	The regular meetings are attended by Audit	The regular meeting are attended by Audit	The regular meetings are being attended by the Audit Manager	The regular meetings are being attended by the Audit Manager
<b>Exchequer</b>					
Payroll	M				Audit in progress
Creditor Payments	H			Regular sample testing being undertaken	Audit in progress
Travel and Subsistence Allowances	M			Audit in progress	Audit complete and report issued
<b>Accountancy</b>					
Treasury Management	H				Awaiting sight of recent WAO report in this area before undertaking audit
Bank Reconciliation	M			Audit planned and due to commence in next quarter	Audit is in progress
<b>Legal Services</b>					
None					
<b>Chief Executive's</b>					



## Appendix 2

Electoral Registration	M				Data matching work has been carried out and results provided to the elections team
Internal/Public Information	L				Audit will now be undertaken next year
<b><u>Social Services, Health and Housing</u></b>					
<b>Housing General Fund:</b>					
Homelessness	M			Audit planned and due to commence in January delayed due to service pressures	Audit in progress
<b>Social Services</b>					
Fostering & Adoption	H		No longer being undertaken due to the service being reconfigured and falling under Western Bay Safeguarding Board	The days allocated for this work have been used to carry out further a further safeguarding audit i.e. Professional Abuse Strategy Meetings audit complete and report issued.	
Hillside Secure unit	M			Audit in progress	Report issued
Community Meals	M				Audit not undertaken due to full service review being undertaken by the relevant Heads of Service
Environmental Health	H			Will not be carried out. The service has recently been audited by Wales Audit Office and as part of an all Wales review. It was also recently audited by the Food Standards Agency	

## Appendix 2

Pre-Employment Checks - Adults	H	Audit commenced	Work completed awaiting agreement of draft report	Report issued	Further audit of recent new starters in progress due to findings of original audit undertaken
<b><u>Environment</u></b>					
Asset Register	M				Report issued on IT assets authority wide
Stores/Equipment	M				Assistance has been provided at the interim stock take and will be provided at annual stock take
Planning	M	Audit in planning stage	In progress	Audit almost complete delay due to sickness and IT issues with the planning system	Draft report issued
Grant Funding	H				Various grants certified
CRC Submission	H			Audit planned and due to commence next quarter	Audit in progress
<b><u>Cross Directorate</u></b>					
Special Investigations	N/A	1 Report issued. No new investigations currently in progress	4 currently in progress	2 reports issued and 5 investigations currently in progress	5 reports issued, 1 in progress
Advice and Guidance Requests	N/A	On-going	On-going	On-going	On-going
I.T. Audit	N/A	1 audit in progress	Audit complete awaiting agreement of draft report	Report issued in relation to IT asset management	Audit of data centre in progress
Contract Audit	N/A			Final account work ongoing	Final account work ongoing
Corporate Governance Arrangements	N/A	On-going	On-going	On-going	On-going
Bribery Act	N/A		In progress	Audit complete and report issued	

## Appendix 2

Officer Declarations	M	Audit completed and report issued			
Data Protection	H				Following discussion with Head of Legal Service this audit has been postponed until next year
Petty Cash	M		In progress	Audit complete and report issued	
Risk Management	M				Work commenced
Banking System Administrator	N/A	On-going	On-going	On-going	On-going
<b>Other Commitments</b>					
Attendance at Working Parties	N/A	On-going	On-going	On-going	On-going
Servicing/Attendance at Audit Committee	N/A	On-going	On-going	On-going	On-going
FOI Requests	N/A	None received to date	1 received and answered	1 received and answered	1 received and answered
Review of Accounting Instructions	N/A	On-going	Ongoing	On-going	On-going
Contingencies	N/A				
Vision Impaired West Glamorgan	N/A		In progress	Audit complete and report issued	
WPI Work inc. Performance Indicators	L	Audit in planning stage	1 report issued, no further work will be done in this area due to resource issues in the service areas	Agreed with Head of Corporate Strategy & Democratic Services that a review of systems in place regarding PI collection across the Authority will be undertaken. Work to commence next quarter	Audit in progress
SWTRA	N/A				

