

**NEATH PORT TALBOT COUNTY BOROUGH**  
**COUNCIL**

**Finance & Corporate Services Directorate**

**Internal Audit Service**

INTERNAL AUDIT PLAN  
FOR THE PERIOD  
1 April 2018 – 31 March 2019

Issue Date –

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## **STRATEGIC AUDIT PLAN IN RESPECT OF THE PERIOD 1 APRIL 2018 TO 31 March 2019**

### **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 2018 to 31 March 2019.
- 1.2 The plan has been prepared using the following assumptions and methodology.
- 1.3 The staffing complement for 2018/19 has reduced to 7.02 FTE.
- 1.4 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.
- 1.5 The risk factors noted against each audit heading are based on a formula that calculates the scores using 12 different variables.
- 1.6 The plan details the areas that are due to be audited during 2018/19. 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 with reduced resources;
- Implement agreed recommendations resulting from the external review undertaken during 2017/18;
- 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;
- 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 in its entirety is submitted to the Audit Committee.

Finally, this Internal Audit Plan is submitted to the Audit Committee for approval at its meeting scheduled for the 5<sup>th</sup> April 2018.

David Rees  
Head of Financial Services

Anne-Marie O'Donnell  
Audit Manager

## **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 (Wales) Regulations 2014 state ... (1) A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. (2) Any officer or member of that body must, 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 audit; and (b) supply the body with such information and explanation as that body considers necessary for that purpose. (3) a larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit. (4) The findings of the review referred to in paragraph (3) must be considered, as part of the consideration of the system of internal control refers to in regulation 5 (3), by the committee or body referred to in that paragraph.
- 1.5 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.

- 1.6 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:

- Access Authority premises at reasonable times
- Access all assets, records, documents, correspondence and control systems
- Receive any information and explanation considered necessary concerning any matter under consideration
- Require any employee of the Authority to account for cash, stores or any other Authority asset under his or her control
- Access records belonging to third parties, such as contractors, when required
- 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 2018/19 CALCULATION OF AVAILABLE DAYS**

- 2.1 The total number of days included in the Plan is based on a total of 7.02 (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 1,411. 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 1,201 days available for planned work.

### **SECTION 3 – INTERNAL DRAFT AUDIT PLAN FOR 2018/19**

<b>Service Area</b>	<b>Days Allocated</b>	<b>Risk Factor</b>
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#### **Education Leisure & Lifelong Learning**

##### **School based audits**

Primary Schools	120	M
Secondary Schools	35	H

##### **Other education**

Parent Pay	15	M
Youth Service	20	H
Education Grants	10	M

**Total number of days = 200**

<b>Service Area</b>	<b>Days Allocated</b>	<b>Risk Factor</b>
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#### **Chief Executive's**

Disciplinary Processes	15	M
Members Declarations of Interest	5	M

**Total number of days = 20**

<b>Service Area</b>	<b>Days Allocated</b>	<b>Risk Factor</b>
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#### **Environment**

Stores – stocktake assistance	5	H
Stores processes	15	H
On call procedures	15	M
Tregelles Court Workshop	10	M
Cash/Income Collection	10	H
Car Parking	20	M
Cemeteries	15	M

**Total number days = 90**

Service Area	Days Allocated	Risk Factor
<b><u>Finance &amp; Corporate Services</u></b>		
<b>Revenue Collection</b>		
Council Tax	5	L
NNDR	5	L
Sundry Debtors	5	L
Cash collection	10	H
BACS	5	H
<b>Benefit Administration</b>		
Housing Benefits	5	L
<b>Exchequer</b>		
Payroll	20	M
Creditor Payments	5	L
Creditors (FIS) checks	20	H
Off payroll payments (IR 35)	10	H
<b>Accountancy</b>		
Treasury Management	15	M
Bank Reconciliation	10	M
VAT	10	M
<b>Legal Services</b>		
Margam Crematorium	15	L
<b>Other</b>		
Contingency	10	N/A

**Total number of days = 150**

Service Area	Days Allocated	Risk Factor
<b><u>Social Services, Health &amp; Housing</u></b>		
<b>Social Services</b>		
Hillside Secure Unit	15	M
Grant certification	15	M
Abbey View	15	M
Complaints	15	M
<b>Safeguarding:</b>		
Children's & Adult Services	50	H

**Total number days = 110**

<b>Service Area</b>	<b>Days Allocated</b>	<b>Risk Factor</b>
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### **Cross directorate**

Special Investigations	210	N/A
Advice & Guidance requests	90	N/A
Corporate Governance	15	N/A
IT Audit	20	N/A
Contract Audit	20	N/A
Officer Declarations	15	M
Petty Cash	15	H
Risk Registers	20	M
DBS Checks	15	H
Purchasing cards	20	H
Travel & Subsistence	20	M

**Total number of days = 460**

### **Other Commitments**

Banking Administrator	10	N/A
Attendance at working Parties	20	N/A
Servicing Audit Committee	20	N/A
Vision Impaired West Glam	10	L
SWTRA	10	N/A
FOI Requests	5	N/A
Staff association/lottery	10	N/A
National Fraud Initiative	40	N/A
Contingency	46	N/A

**Total number of days = 171**

**Total number of days for 2018/19 = 1201**

H = High

M = Medium

L = Low