



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

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

### **AUDIT COMMITTEE**

**14<sup>th</sup> September 2020**

#### **Report of the Head of Finance – Huw Jones**

#### **Matter for Information**

#### **Wards Affected:**

All Wards

#### **Internal Audit Update Report**

##### **1. Purpose of the Report**

The purpose of this report is to provide details of the internal audit work undertaken since the last Audit Committee in December 2019.

##### **2. Executive Summary**

When lockdown was imposed the focus of the Authority shifted to their response to the pandemic and business as usual was to a large extent paused. As a result of the change in priorities planned audit work was suspended. This report will detail the work that was undertaken by internal audit during the lockdown period.

### **3. Background**

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, an update is given below outlining internal audit work undertaken since the December 2019 committee meeting.

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

### **4. Audit Work Undertaken**

Appendix 1 is the Progress Report which would have been presented to Members at the Audit Committee Meeting which was scheduled for 18<sup>th</sup> March 2020 and provides details of all work undertaken to 28<sup>th</sup> February 2020.

#### Work undertaken during the lockdown period

- The bulk of the audit work undertaken took the form of advice and guidance to staff as they adapted their working processes whilst working from home. Proposed changes were discussed and changes to internal controls agreed in a number of areas including creditor payments; payroll; ordering of goods and services; authorisation processes and stock control.
- The Audit Manager provided support to the NPT Safe & Well Programme from its inception and attended all programme board meetings. Members of internal audit provided additional assistance to the programme by way of advice around ordering of goods, stock control processes, record keeping and the data base being used. Staff also undertook a number of stock takes at the food hub to test the effectiveness of the processes in place.

- A review of the ordering and stock control of PPE was undertaken. No issues were identified.
- 13 formal audit reports were issued during the lockdown period details of which are included at appendix 2 of this report.
- The majority of the team were redeployed the Test, Trace & Protect Service, from May, which was managed by the Audit Manager until her return to internal audit in late August. All staff returned to their audit roles on 1<sup>st</sup> September.

## **5. Financial Impacts**

No implications

## **6. Integrated Impact Assessment**

There is no requirement to undertake an Integrated Impact Assessment as this report is for monitoring/information purposes.

## **7. Valleys Communities Impacts**

No implications

## **8. Workforce Impacts**

No implications

## **9. Legal Impacts**

No implications

## **10. Risk Management Impacts**

The work of Internal Audit is key in relation to ensuring compliance with internal controls. This work forms part of the Council's overall risk management arrangements.

## **11. Consultation**

There is no requirement for external consultation on this item

## **12. Appendices**

Appendix 1 – Progress Report to 28<sup>th</sup> February

Appendix 2 – Audit Reports Issued

## **13. List of Background Papers:**

None

### **Officer Contact:**

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**NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**18<sup>th</sup> March 2020 (Cancelled)**

**Report of the Head of Finance – Huw Jones**

**Matter for Information**

**Wards Affected:**

All Wards

**Internal Audit Progress Report to 28<sup>th</sup> February 2020**

**14. Purpose of the Report**

The purpose of this report is to provide details of the work undertaken for the current financial year compared to that included in the Internal Audit Plan and to highlight issues relevant to the performance of the section.

**15. Executive Summary**

Details of achievement against the 2019/20 Audit Plan are outlined in appendix 1. Appendix 2 gives a summary of all reports issued in this reporting period.

**16. Background**

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.

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

## **17. Audit Assignments Completed**

A total of 16 formal audit reports have been issued since 18<sup>th</sup> November 2019 in line with normal distribution guidelines. Attached as appendix 1 is a schedule of the reports together with a brief summary of the finding and the risk rating applied following the audit.

The following is a list of the reports issued;

- 5 Private Reports
- 3 Primary Schools
- Treasury Management
- Court Deputy Service
- Education Improvement Grant
- Pupil Deprivation Grant
- Charlotte’s Pantry – Margam Park
- Gift Shop – Margam Park
- Vision Impaired West Glamorgan
- Schools Data Protection Registration

## 18. Post Audit Reviews Undertaken

The following Post Audit Reviews (PARS) have been undertaken

<b>Audit</b>	<b>Date of PAR</b>	<b>Issues</b>
Assistive Technology	28/11/2019 (2ndPAR)	Stock control remains a concern. Assistance will be provided at annual stocktake.
YGG Tyle'r Ynn	08/01/2020	No Issues
Youth Service	14/02/2020	No Issues
Cilffriw Primary School	25/02/2020	No Issues
Fleet Workshops	28/02/2020	No Issues

## 19. Progress against Plan

Appendix 2 gives detail of the work carried out to date against the 2019/20 Plan.

There are currently 3 special investigation in progress.

## 20. Staffing.

The vacant Fraud Officer Post is in the process of being filled. The section has suffered an increase in sickness absence which will have an impact on achieving the planned audits.

## 21. Financial Impacts

No implications

## 22. Integrated Impact Assessment

There is no requirement to undertake an Integrated Impact Assessment as this report is for monitoring/information purposes.

**23. Valleys Communities Impacts**

No implications

**24. Workforce Impacts**

No implications

**25. Legal Impacts**

No implications

**26. Risk Management Impacts**

No implications

**27. Consultation**

There is no requirement for external consultation on this item

**28. List of Background Papers:**

None

**Officer Contact:**

Huw Jones, Head of Finance

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Appendix 1 – Internal Audit Progress report from March 2020 Cancelled Meeting

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Risk Category
R21	Blaengwarch Primary School Head of Participation	Good controls were found to be in place and the school is complying in full with current DBS guidance.	1
R22	St. Joseph's Catholic Infant School Head of Participation	Generally good controls were found to be in place and the school is complying with current DBS guidance. Recommendations were made in relation to the school unofficial fund and compliance with IR35 legislation.	2
R23	Waunceirch Primary School Head of Participation	Generally good controls were found to be in place and the school is complying with current DBS guidance in respect of staff. Recommendations were made in relation to Governors' DBS and the school unofficial fund.	2
R24	St. Joseph's Catholic Junior School Head of Participation	Generally good controls were found to be in place and the school is complying with current DBS guidance. Recommendations were made in relation to school meal debt, coding of procurement card purchases and the school unofficial fund.	2
R25	Private Item		
R26	Central Primary School Head of Participation	Good controls were found to be in place and the school is complying in full with current DBS guidance.	1

Appendix 1 – Internal Audit Progress report from March 2020 Cancelled Meeting

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Risk Category
R27	Cwmafan Primary School Head of Participation	Good controls were found to be in place and the school is complying in full with current DBS guidance.	1
R28	Equipment Tracking Head of Engineering & Transport	Generally good controls were found to be in place and recommendations were made which will further enhance the existing controls.	2
R29	YGG Pontardawe Head of Participation	Generally good controls were found to be in place and the school is complying with current DBS guidance. Recommendations were made in relation to raising orders and the school unofficial fund.	2
R30	Concessionary Fares – First Cymru Head of Engineering & Transport	Good controls were found to be in place and no issues were identified.	1
R31	Complaints & Compliments All Chief Officers	Good controls were found to be in place for Complaints Officers' identifying, resolving and reporting of complaints. Recommendations were made in relation to training for complaints officers, risk assessments, enhancements to the	2

Appendix 1 – Internal Audit Progress report from March 2020 Cancelled Meeting

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Risk Category
		Corporate Complaints and Compliments Policy and deploying the IT system used within Social Services to all complaints officers.	

**Risk Categories**

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

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

Appendix 1 – Internal Audit Progress report from March 2020 Cancelled Meeting

<b><u>Audit Plan Item 2019-20</u></b>	<b><u>Risk Factor</u></b>	<b><u>Quarter 1</u></b>	<b><u>Quarter 2</u></b>	<b><u>Quarter 3</u></b>	<b><u>Quarter 4</u></b>
<b><u>Education, Leisure and Lifelong Learning</u></b>					
<b><u>School Based Audits</u></b>					
20 Primary Schools	M	1 school audited	3 schools audited	7 schools audited	4 schools audited
3 Secondary Schools	H		1 school audited	1 Audit being undertaken.	1 report issued. Final school postponed due to unavailability of key staff within school
<b><u>Other Education</u></b>					
Unofficial Funds (Primary)	H			Audit in progress	Report being finalised
Unofficial Funds (Secondary)	H			Audit in progress	Report being finalised
Education Grants	M	1 grant being audited	Grant audit finalised	2 Grants audited and draft reports issued.	2 reports issued. 2 certifications in progress.
<b><u>Leisure, Culture and Lifelong Learning</u></b>					
Margam Country Park & Orangery	M			Audit in progress	2 reports issued

Appendix 1 – Internal Audit Progress report from March 2020 Cancelled Meeting

<b><u>Audit Plan Item 2019-20</u></b>	<b><u>Risk Factor</u></b>	<b><u>Quarter 1</u></b>	<b><u>Quarter 2</u></b>	<b><u>Quarter 3</u></b>	<b><u>Quarter 4</u></b>
<b><u>Finance and Corporate Services</u></b>					
<b>Revenue Collection</b>					
Council Tax	L				CRSA* issued
Council Tax Recovery	M				Audit complete draft report prepared
NNDR	L				CRSA Issued
Sundry Debtors	L				CRSA Issued
Cash Collection	H	Unannounced visits undertaken	Unannounced visits undertaken	Unannounced visits undertaken	
<b>Benefits Administration</b>					
Housing Benefits	L				CRSA Issued
<b>Exchequer</b>					
Payroll	L				CRSA Issued
Creditor Payments	L				CRSA Issued
Creditor (FIS Checks)	H	Regular monthly checks undertaken	Regular monthly checks undertaken	Regular monthly checks undertaken	Regular monthly checks undertaken
Off Payroll Payments (IR 35)	H		Advice given	Advice given to a number of service areas	Advice given to a number of service areas

Appendix 1 – Internal Audit Progress report from March 2020 Cancelled Meeting

<b><u>Audit Plan Item 2019-20</u></b>	<b><u>Risk Factor</u></b>	<b><u>Quarter 1</u></b>	<b><u>Quarter 2</u></b>	<b><u>Quarter 3</u></b>	<b><u>Quarter 4</u></b>
<b>Accountancy</b>					
Treasury Management	M		Audit in planning stage	Audit in progress	Audit complete and report issued
VAT	M				Audit in progress
<b>Other</b>					
Financial Assessments	M	Audit in progress	Audit complete		
Court Deputy	M	Audit in progress		Draft Report issued	Audit complete report issued
Contingency	N/A	Mobile phone audit in progress		Third Sector Grant audit in planning stage.	Audit in progress.
<b>Legal Services</b>					
None					
<b><u>Chief Executive's</u></b>					
Members' Driver Declarations	M	Audit in progress	Audit ceased following legal advice	Replaced with Chief Executive Directorate Travel & Subsistence Claims to be undertaken in Q4	Audit in progress
<b><u>Social Services, Health and Housing</u></b>					

Appendix 1 – Internal Audit Progress report from March 2020 Cancelled Meeting

<u>Audit Plan Item 2019-20</u>	<u>Risk Factor</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
<b>Housing General Fund:</b>					
None					
<b>Social Services</b>					
Hillside Secure Unit	M			Audit in planning stage	Audit in progress
Grant Certification	M	1 grant being audited	2 grants audited		1 grant certified.
<b>Safeguarding - Children &amp; Adult Services</b>	H				
Child Sexual Exploitation	H				Audit in progress
Professional Abuse Strategy Meetings	H				Audit in progress
Contingency	N/A			Warm Homes Fund to be Audited in Q4.	Audit in progress
<b><u>Environment</u></b>					
Stores/Equipment attendance at stock takes	H				Attendance at annual stocktake arranged
Stores processes	H			Audit in progress	Audit in progress

Appendix 1 – Internal Audit Progress report from March 2020 Cancelled Meeting

<b><u>Audit Plan Item 2019-20</u></b>	<b><u>Risk Factor</u></b>	<b><u>Quarter 1</u></b>	<b><u>Quarter 2</u></b>	<b><u>Quarter 3</u></b>	<b><u>Quarter 4</u></b>
Equipment Tracking /Write Offs	M	Audit in progress	Draft report issued	Final report issued	
Winter Gritting Processes	M				Audit in planning stage
Town Centre Regeneration Programme	M				
Contingency	N/A				
<b><u>Cross Directorate</u></b>					
Special Investigations	N/A	3 in progress	5 in progress	4 in progress	3 in progress
Advice & Guidance Requests	N/A	Ongoing	Ongoing	Ongoing	Ongoing
Corporate Governance Arrangements	N/A				
Data Security	H				
Contract Audit	M		1 final account processed	2 final accounts processed	1 final account processed
Officer Declarations	M	Audit complete			
Risk Registers	M				Advice given
DBS Checks	H		1 Audit Completed	Audit in progress	Audit complete and report issued
Complaints Processes	M	Audit in progress	Audit in progress	Final report issued	
Procurement	H			Audit in planning stage	Audit postponed to next year



Appendix 1 – Internal Audit Progress report from March 2020 Cancelled Meeting

<b><u>Audit Plan Item 2019-20</u></b>	<b><u>Risk Factor</u></b>	<b><u>Quarter 1</u></b>	<b><u>Quarter 2</u></b>	<b><u>Quarter 3</u></b>	<b><u>Quarter 4</u></b>
Money Laundering	M				Audit postponed to next year
Fraud	H	Work ongoing	Blue Badge Audit in progress	Blue Badge Audit still ongoing	Audit complete
GDPR	M			Audit in planning stage	Audit postponed to next year
<b><u>Other Commitments</u></b>					
Banking Administrator	N/A	Work ongoing	Work ongoing	Work ongoing	Work ongoing
Attendance at working parties	N/A	Work ongoing	Work ongoing	Work ongoing	Work ongoing
Servicing Audit Committee	N/A	Work ongoing	Work ongoing	Work ongoing	Work ongoing
Vision Impaired West Glamorgan	L				Audit complete and report issued
SWTRA	N/A		Audit in progress		Audit complete and report issued
FOI Requests	N/A	All requests have been replied to.	All requests have been replied to	All requests have been replied to	All requests have been replied to
Staff association/lottery	N/A	Year end accounts audited and Auditor's Statement provided.		Advice given when requested	Advice given when requested
National Fraud Initiative	N/A	Matches being reviewed	Matches being reviewed	Matches being reviewed	Matches being reviewed

Appendix 1 – Internal Audit Progress report from March 2020 Cancelled Meeting

<b><u>Audit Plan Item 2019-20</u></b>	<b><u>Risk Factor</u></b>	<b><u>Quarter 1</u></b>	<b><u>Quarter 2</u></b>	<b><u>Quarter 3</u></b>	<b><u>Quarter 4</u></b>
* Control Risk Self Assessment					

## Appendix 2 – Audit Reports Issued

<b>Report Ref</b>	<b>Report Subject &amp; Responsible Head of Service</b>	<b>Report Conclusion</b>	<b>Risk Category</b>
R1	YGG Cwmllynfell Head of Transformation	Good controls were found to be operating in all areas audited.	1
R2	Hillside Secure Children's Home Head of Children's Services	Good controls were operating in relation to budgetary control, ordering and payment of goods and services, medication records and staffing levels. Recommendations were made which will strengthen existing controls in relation to the treatment of VAT, use of purchasing cards and the service delivery plan.	2
R3	CRSAs – Fundamental Financial Systems Head of Financial Systems	All of the Control Risk Self Assessments undertaken returned satisfactory results.	1
R4	General Primary School Report 2019/20 Head of Transformation	This purpose of the report is to inform all Headteachers of the findings of and recommendations made following all of the audits undertaken in year.	N/A
R5	NFI matches – Private Residential Care Homes to	All matches identified by NFI had previously been actioned by staff within the Financial Assessment Team in a timely manner. No issues were identified.	1

## Appendix 2 – Audit Reports Issued

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Risk Category
	DWP deceased records Head of Finance		
R6		Private Item	
R7	Glamorgan Education Trust Fund Director of Finance & Corporate Services	Good controls were found to be operating in all areas of the grant administration.	1
R8	NFI matches – Personal Budgets (direct payments) to DWP deceased records Head of Finance	All matches identified by NFI had previously been actioned by staff within the Financial Assessment Team in a timely manner. No issues were identified.	1
R9	Employment Status Assessments for Tax Purposes (IR35) – Schools	There was a lack of clear evidence on the Financial Information System in relation to the schools sampled to confirm that an IR35 assessment had been undertaken on all suppliers paid. Recommendations were made which will enhance the controls in place and mitigate the risk of a	2

## Appendix 2 – Audit Reports Issued

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Risk Category
	Head of Finance	supplier being without an IR35 assessment having been undertaken.	
R10	Employment Status Assessments for Tax Purposes (IR35) – SWTRA Head of Finance	There was a lack of clear evidence on the Financial Information System to confirm that an IR35 assessment had been undertaken on all suppliers sampled during the audit. Recommendations were made which will enhance the controls in place and mitigate the risk of a supplier being without an IR35 assessment having been undertaken.	2
R11	NFI – Payroll to Payroll Head of Finance	No issues were identified with any of the matches reported by NFI.	1
R12	NFI – Duplicate Creditor Payments Head of Finance	No issues were identified with any of the matches reported by NFI.	1
R13		Private Item	

### Risk Categories

Category 1 – testing found good controls to be in place

## Appendix 2 – Audit Reports Issued

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

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