



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

11th January 2021

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 September 2020.

2. Executive Summary

As Members are aware the vast majority of the team were redeployed to support Test, Trace & Protect (TTP) during the early part of this financial year and returned to their audit roles on 1st September. The plan which Members approved in September was based on a full staffing complement until 31st December 2020. However due to the rapid rise in positive Covid 19 cases with the County Borough half of the team were redeployed back to support TTP during October and November and one member of the team remains within TTP 2 days

per week. Despite the reduced capacity a total of 11 audit reports were issued and 2 grants certified. Appendix 1 of this report provides details of the reports issued and appendix 2 shows progress against the audit plan for quarter 3.

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

The team continued to provide advice to a number of sections throughout the Authority, this advice primarily related to the need to adapt working practices and redesign controls to accommodate the new working environment we find ourselves in. Support was also provided in relation to the internal controls operating in the proposed new combined HR/Payroll system and the proposed new Sundry Debtor. Six special investigations are also in progress.

Details of the audit reports issued, grants certified and the Post Audit Reviews carried out are detailed below.

Reports Issued

Pupil Deprivation Grant
Education Improvement Grant
DBS Sample Checks
NFI Duplicate Creditor Records
Travel & Subsistence
Urgency Actions
Purchasing Cards
Margam Orangery
Vision Impaired West Glamorgan
2 Private Items

Grants Certified (no requirement for an audit report)

Enable Grant in the sum of £187,000.
Housing Support Grant in the sum of £4,977,933.18

Post Audit Reviews Undertaken

Margam Park Gift Shop – no issues
Charlotte's Pantry (Margam Park) – no issues
Financial Assessments – due to the pandemic not all recommendations have been implemented a further Post Audit Review will be undertaken before the end of the financial year.

5. Audit Plan Quarter 4

Due to the redeployment of staff back to TTP the main focus in quarter 4 will be completing the audit plan agreed at the September meeting together with undertaking work in schools i.e. an audit of DBS, school meals income, payment of invoices and use of procurement cards. Work will also be undertaken in relation to the use of agency workers during the pandemic and procurement.

Advice will continue to be given when requested and assistance provided to the teams charged with implementing the new HR/Payroll and Sundry Debtor systems.

6. Staffing

The vacant Fraud Officer post has been filled and the successful applicant joined the team on 4th January 2021. Following a period of training a review of the initial NFI matches will be undertaken in the final quarter.

7. Financial Impacts

No implications

8. Integrated Impact Assessment

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

9. Valleys Communities Impacts

No implications

10. Workforce Impacts

No implications

11. Legal Impacts

No implications

12. 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.

13. Consultation

There is no requirement for external consultation on this item

14. Appendices

Appendix 1 – Audit Reports Issued
Appendix 2 – Audit Plan Monitoring

15. List of Background Papers:

None

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Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Risk Category
R14	Pupil Development Grant Head of Participation	The grant had been received and distributed in accordance with the grant conditions and good controls were found to be operating.	1
R15	Education Improvement Grant Head of Participation	The grant had been received and distributed in accordance with the grant conditions and good controls were found to be operating.	1
R16	DBS Sample Check	It was pleasing to note that despite staff working from home as a result of the pandemic and the added challenges that brings, the DBS requirements of the Safe Recruitment Policy were adhered to in all of the 40 cases sampled.	1
R17	NFI Duplicate Creditor Records Head of Finance	No fraud was identified however a number of duplicate records were found in the system. Recommendations have been made which when implemented will help mitigate the risk of duplicate records being created.	2
R18	Private Item		
R19	Officer Declarations Chief Executive	Testing identified a number of instances where declarations were made late however this is understandable given that the financial year end coincided with the start of home working and the Authority's focus changing to prioritise its response to the pandemic. Recommendations which when implemented will enhance the guidance issued to staff and aid staff to complete fully the required declarations.	2
R20	Urgency Actions Chief Executive	During the period when Council meetings were suspended the urgency action protocol was utilised which ensured that there was scrutiny in place and decisions taken were lawful. All Urgency Actions tested conformed with the Urgency Action Protocol.	1

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		Further action was also taken to ensure lawful decision making in the event that the Urgency Action Protocol could not be utilised.	
R21	Private Item		
R22	Purchasing Cards All Corporate Directors	Over all good controls were found to be in place, during the initial lockdown and working from home period, within all directorates. Issues identified included the lack of appropriate VAT receipts, miscoding in relation to VAT and non-compliance with timescales in relation to authorisation of purchases. Recommendations have been made to address the issues identified.	2
R23	Margam Orangery Head of Transformation	Good controls were found to be operating in the areas tested. The audit had to be curtailed due to the pandemic and the repurposing of the venue as a vaccination centre.	1
R24	Vision Impaired West Glamorgan	The financial statements of VIWG have been independently reviewed and examined and were found to be accurate when compared to supporting documentation.	1

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

Appendix 1 – Published Reports

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 2 – Audit Plan Monitoring as at 15th December 2020
 (Quarter 3 plan agreed at September meeting)

Audit Plan Item	Risk Rating	Quarter 3	Quarter 4
Creditor Payments	H	Audit in progress	
Procurement Card Use	H	Audit complete and report issued	
Treasury Management Transactions	M	Audit in progress	
Council Tax	M	Audit in progress	
Housing Benefit	M	Will commence in quarter 4	
Payroll	M	Audit in progress	
Non Domestic Rates	M	Will commence in quarter 4	
Sundry Debtors	M	Audit in progress	
DBS – New Starters	H	Audit complete and report issued	
Free School Meals Covid 19 Grant	H	Audit in progress	
Urgency Actions	M	Audit complete and report issued	
IT Equipment Home Working	M	Audit in progress	
NFI Data Submission	M	All data sets uploaded	
Declarations of Interest	M	Audit complete and report issued	
Travel & Subsistence	M	Audit complete and report issued	
Covid 19 Business Grants	H	Audit in progress	
Special Investigations	H	3 completed and 6 in progress	
Advice & Guidance	N/A	Advice provided as and when required	

Appendix 2 – Audit Plan Monitoring as at 15th December 2020
 (Quarter 3 plan agreed at September meeting)

New HR/Payroll Systems	H	Advice being provided on an ongoing basis around the internal system controls	
19/20 Post Audit Reviews and completion of audits	N/A	Where possible these have been completed	
Bank Administration	N/A	Ongoing	
Servicing Audit Committee	N/A	Ongoing	
Vision Impaired West Glam	N/A	Audit complete and report issued	
FOI requests	N/A	All requests have been answered	
Staff association lottery	N/A	Ongoing	