



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

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

### **GOVERNANCE & AUDIT COMMITTEE**

**23<sup>rd</sup> April 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 January 2021.

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

The team has been at full complement since February 2021 when the last team member returned from his redeployment to the Test, Trace & Protect (TTP) team. Appendix 1 of this report details the formal audit reports issued and appendix 2 gives details of progress against the plan.

Working from home has continued to be challenging not least because the majority of the team have young children and were therefore juggling

parental responsibilities with work. However this situation has improved with the return to school of all pupils. An additional pressure has been that not all records required to complete audits have been readily available due to working from home being in place across the Authority. This had led to delays and alternative methods of evidence being required which has inevitably led to audits taking longer to complete than anticipated.

### **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 January 2021 Audit Committee meeting.

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

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

A total of 14 formal reports have been issued in line with normal reporting processes. In addition to the audits undertaken staff have continued to provide advice and guidance when requested, attended working parties and provided input in relation to the controls operating within the new HR/Payroll IT system and the new Sundry Debtors IT system. Details of the audit reports issued and the Post Audit Reviews carried out are detailed below.

#### Reports Issued

VAT

Live Km Service Grant

Primary School Meal Income  
Covid 19 Grant - 1<sup>st</sup> Grant for Business Wales  
Covid 19 Grant - Childcare Provider Grant  
Treasury Management Transactions  
Covid 19 Grant - Non Domestic Rates Firebreak Grant  
Covid 18 Grant - £500 payment to Care Workers  
Sundry Debtors  
Payroll  
4 Private Items

#### Post Audit Reviews Undertaken

Financial Assessments –this was the 2<sup>nd</sup> review undertaken as due to lockdown not all of the recommendations had been addressed at the first review. All recommendations have now been completed.

### **5. Staffing**

A total of 58 days have been lost to sickness since the committee meeting in January 2021. One team member remains on sick leave and is not expected back in work until mid-May. This sickness has impacted on achievement of the plan.

### **6. Financial Impacts**

No implications

### **7. Integrated Impact Assessment**

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

### **8. Valleys Communities Impacts**

No implications

## **9. Workforce Impacts**

No implications

## **10. Legal Impacts**

No implications

## **11. 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.

## **12. Consultation**

There is no requirement for external consultation on this item

## **13. Appendices**

Appendix 1 – Audit Reports Issued

Appendix 2 – Audit Plan Monitoring

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

None

### **Officer Contact:**

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## Appendix 1 – Published Reports

<b>Report Ref</b>	<b>Report Subject &amp; Responsible Head of Service</b>	<b>Report Conclusion</b>	<b>Risk Category</b>
R25	VAT Head of Finance	Generally good controls were found to be in place which will be further strengthened by the implementation of the agreed recommendations.	2
R26	Live Km Service Grant 19/20 Head of Engineering & Transport	The grant terms had been complied with and the amount claimed was correct.	1
R27		Private Item	
R28	Primary School Meal Income Head of Participation	All school meal income was properly accounted for. There was a minor discrepancy of 0.43% between the number of meals recorded in the schools and the number held on the central IT system, this was likely due to the provision of packed lunches during the initial lockdown period.	1
R29		Private Item	
R30		Private Item	
R31	Covid 19 Grant – Business in Wales	Very good controls were in place. A total of 300 grants were sampled (10% of the total number paid) to ensure that the	1

## Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Risk Category
	Director of Finance & Corporate Services	recipients had been eligible for the grant and the grants were paid in line with Welsh Government (WG) guidance. In all cases sampled the recipients were eligible to receive the grant and the payment made was in line with WG guidance. Additional testing revealed that upon further information being received by the team administering the grants 17 grants were reclaimed of these 12 had been repaid in full, 4 were repaying by instalments and 1 had been referred to legal services for recovery action.	
R32	Covid 19 Grant – Childcare Provider Grant Director of Finance & Corporate Services	Good controls were in place however it was deemed by the Auditor that the grant terms had been incorrectly interpreted which led to 2 of the 3 grant recipients receiving a lower amount than they were entitled to. A recommendation was made on how best address this issue.	2
R33		Private Item	
R34	Treasury Management Transactions Head of Finance	Very good controls are in place and the only change to working practices whilst working from home period is the introduction of an electronic authorisation process.	1

## Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Risk Category
R35	Covid 19 Grant- Non Domestic Rates Firebreak Grant Director of Finance & Corporate Services	Very good controls were in place. 150 grant payments (10% of the total number paid) were sampled to ensure the recipients were entitled to receive the grant and the payments were made in line with Welsh Government (WG) guidance. All cases sampled were found to be entitled to the payments they received and WG guidance had been followed.	1
R36	Covid 19 Grant – £500 payment to Care Workers Director of Finance & Corporate Services	Good processes were in place to ensure all eligible individuals were identified and had the opportunity to apply for payment, while ensuring NPTCBC did not make any duplicate payments to individuals. Good record keeping processes were also in place to enable appropriate information of payments made to be passed to Data Cymru, to identify any duplicate payments made across Wales. Evidence was sighted which shows that recovery action is being undertaken when a duplicate payment has been identified.	1
R37	Sundry Debtors Head of Finance	Good controls were found to be in place and there had been no change to working practices as a result of working from home. The recommendations made will be addressed by the introduction of the new IT system which is due to come online in the early part of the new financial year	2

## Appendix 1 – Published Reports

<b>Report Ref</b>	<b>Report Subject &amp; Responsible Head of Service</b>	<b>Report Conclusion</b>	<b>Risk Category</b>
R38	Payroll Head of Finance	Very good controls were found to be operating and only minor changes had been made to accommodate working from home.	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

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 9<sup>th</sup> April 2021

<b>Audit Plan Item</b>	<b>Risk Rating</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
Creditor Payments	H	Audit in progress	Audit in progress
Procurement Card Use	H	Audit complete and report issued	
Treasury Management Transactions	M	Audit in progress	Audit complete and report issued
Council Tax	M	Audit in progress	Audit in progress
Housing Benefit	M	Will commence in quarter 4	Audit in progress
Payroll	M	Audit in progress	Audit complete and report issued
Non Domestic Rates	M		Will not be undertaken due to suspension of non-domestic rates liability due to the pandemic and the work undertaken in relation to the Covid 19 grants
Sundry Debtors	M	Audit in progress	Audit complete and report issued
DBS – New Starters	H	Audit complete and report issued	
Free School Meals Covid 19 Grant	H	Audit in progress	Audit in progress
Urgency Actions	M	Audit complete and report issued	
IT Equipment Home Working	M	Audit in progress	Audit in progress

Appendix 2 – Audit Plan Monitoring as at 9<sup>th</sup> April 2021

NFI Data Submission	M	All data sets uploaded	Matches in one report have been investigated and no fraud found, work ongoing on remaining reports
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	2 grants audited and 2 grants being worked on
Special Investigations	H	3 completed and 6 in progress	1 in progress
Advice & Guidance	N/A	Advice provided as and when required	
New HR/Payroll Systems	H	Advice being provided on an ongoing basis around the internal system controls	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	1 completed
Bank Administration	N/A	Ongoing	Ongoing
Servicing Audit Committee	N/A	Ongoing	Ongoing
Vision Impaired West Glam	N/A	Audit complete and report issued	
FOI requests	N/A	All requests have been answered	All request have been answered

Appendix 2 – Audit Plan Monitoring as at 9<sup>th</sup> April 2021

Staff association lottery	N/A	Ongoing	Ongoing
DBS compliance in schools	H		Audit in progress
Use of procurement cards in schools	H		Audit in progress
Procurement during initial working from home period	H		Audit in progress
Use of agency workers	M		Rolled forward to new financial year