



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

GOVERNANCE & AUDIT COMMITTEE

24th June 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 April 2021.

2. Executive Summary

One full time member of staff has been off as a result of long term sick from the middle of February 2021 and has recently began a phased return to duties. 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 as site visits to locations such as schools are still not currently being undertaken. It is

expected that with the continued rollout of the vaccination program and the easing of restrictions that site visits to undertake audits will be able to re-commence in the near future. A provisional date has been booked to visit Hillside Secure Centre to undertake the annual audit. Discussions are also taking place regarding a potential site visit to Margam Crematorium and visiting schools to re-start audits. In the meantime audit work specific to schools has been undertaken remotely. At present most other audits are still being mainly undertaken remotely with only essential visits to offices.

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 April 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 6 formal reports have been issued in line with normal reporting processes in the previous 2 months since the last Committee. 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

1 Private Item

Schools Data Protection Registration 2020/21

Covid Self Isolation Support Scheme
Creditors Transaction Testing 2020/21
Lockdown Discretionary Grant
School Based Staff DBS Check Interim Report (Covid Period)
School Unofficial Funds

Post Audit Reviews Undertaken

None undertaken since last Committee.

5. Staffing

A total of 24 days have been lost to sickness since the committee meeting in April 2021. One team member has recently returned from sick leave on a phased return to work basis. 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

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Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Risk Category
R39		Private Item	
R40	Schools Data Protection Registrations - School Headteachers	It was found that 2 schools were not registered. These 2 schools have been contacted regarding this and both have confirmed that they have since registered. A further school had paid the fee to the ICO, but the school was not showing on the ICO website. The school has contacted the ICO to query this.	2
R1	Covid Self Isolation Support Scheme – Director of Finance & Corporate Services	Good controls were found to be in place for the administration of the SISS Grants. Processing staff were found to be very supportive of grant applicants and were diligent in pursuing additional information. Grants examined during the course of the audit were found to have been processed accurately and on a timely basis.	Substantial Assurance
R2	Creditors Transaction Testing – Director of Finance & Corporate Services.	Good controls were found to be in place in relation to the Creditor Payments Function. The Exchequer Payments section have continued to provide the various functions of the service as required whilst working from home with no issues. Changes made to the internal controls as a result of Covid-19 and working from home have ensured that good controls have continued to be in place. Similarly, supplementary controls introduced to support the	Substantial Assurance

Appendix 1 – Published Reports

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		new working from home arrangements provide adequate additional control. An email has been sent to all Heads of Service regarding the recommendation made within the report.	
R3	Lockdown Discretionary Grant – Director of Finance & Corporate Services.	Testing undertaken on 45 grant applications made in relation to the Lockdown Discretionary confirmed that 35 successful grant applications and 10 declined applications had been administered in line with Welsh Government Guidance. A further 100 grant applications were checked against the Academy NNDR system to determine whether eligibility for the Lockdown Discretionary Grant was met. In all successful (95) cases eligibility was met, and all unsuccessful (5) cases all were correctly declined due to lack of eligibility.	Substantial Assurance
R4	School Based Staff DBS Check (Interim Report)– Director of Education Leisure & Lifelong Learning	Testing was undertaken on 257 members of staff newly employed during the period April 2020 – March 2021 and based within schools. A total of 23 members of staff were employed by Access Managed Services and the appropriate DBS checks had been undertaken. The remaining 234 members of staff were employed directly by schools. The appropriate DBS checks had been undertaken in relation to 135 of these. This audit was undertaken remotely and therefore further information is being requested from schools to be able to establish whether the appropriate DBS checks were undertaken on the remaining 99 members of staff. A	N/A

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		second report will be issued when all information requested from the schools has been returned.	
R5	School Unofficial Funds – Director of Education Leisure & Lifelong Learning	<p>There have been a number of high profile issues in relation to Unofficial Funds in schools throughout Wales and within NPTCBC. These issues have led to both disciplinary and legal action being taken against staff involved. It is evident that across the schools within NPTCBC there are thousands of transactions that are not processed or recorded through the Authority Financial System. It is clear that this is a high risk area.</p> <p>There are inconsistencies across all schools in relation to balances of funds, administration and usage. It is clear the Accounting instruction is not fit for purpose and in need of being re-written as it does not currently provide sufficient instruction/guidance.</p>	N/A

Risk Categories (previous)

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

Risk Categories (With effect from 2021/22)

Substantial Assurance - testing found good controls to be operating.

Reasonable Assurance - testing found some controls which need enhancing which will be achieved by implementing the agreed recommendations.

Limited Assurance - testing revealed a number of areas where enhancement to existing controls is required. The Head of Service to provide a written response to the Governance & Audit Committee on actions taken to address the issues raised during the audit.

No Assurance - testing revealed areas of significant concern, the Head of Service and or Accountable Manager will attend the next Governance & Audit Committee to provide members with an update on actions taken to address the issues raised during the audit.

Appendix 2 – Audit Plan Monitoring as at 14th June 2021

Audit Plan Item	Risk Rating	Quarter 1
Primary Schools	M	
Procurement Card Transactions – Primary Schools	M	Audit in Progress
Secondary Schools	H	
DBS – School based staff	H	Audit complete and report issued.
Schools Unofficial Funds	H	Audit complete and report issued.
Schools Data Protection Registration	M	Audit complete and report issued.
Challenge Advisors Roles and Outcomes	H	
Home to School Transport	H	
Education other than at school	M	
Pupil exclusions	M	
Education Library Resource Centre	M	
Grants	H	2 Covid-19 Grant Audits in progress (Free School Meal Payments and Business Start Up) 2 Covid-19 Grant Audits Complete and reports issued (Self Isolation

Appendix 2 – Audit Plan Monitoring as at 14th June 2021

		Support Scheme and Lockdown Discretionary Grant).
Princess Royal Theatre	M	
Leisure Services Contract	M	
Margam Park Development	H	
Integrated Impacts Assessments	M	
Compliance with Welsh Language Standards	M	Audit in progress.
Margam Crematorium	M	Audit in planning stage.
GDPR/Data Security	M	Audit in progress.
Stores – Stocktake Assistance	H	Ongoing.
Environment Grants	M	
Fuel Usage and Control	H	
Drainage	M	
Regeneration	M	
Business Support Loans and Grants	M	
Crymlyn Burrows Transfer Station	H	Audit in planning stage.
Final Accounts	H	Ongoing.

Appendix 2 – Audit Plan Monitoring as at 14th June 2021

Council Tax	L	Audit for 2020/21 complete and report waiting to be issued.
NNDR	L	
Sundry Debtors (New System)	H	
Housing Benefits	L	Audit in progress in relation to 2020/21
Payroll (new system)	H	
Creditor Payments	L	Audit complete and report issued for Creditors Transaction Testing 2020/21.
Creditors FIS Checks	H	Ongoing.
Treasury Management	M	
3 rd Sector Grants	M	
Capital Programme	H	
Assets Valuations	H	
Cyber Security	H	
Hillside Secure Unit	M	Audit in planning stage.
Social Services Grant Certification	M	
Children's & Adult Services	H	
Monitoring of External Providers	M	

Appendix 2 – Audit Plan Monitoring as at 14th June 2021

Youth Offending Team	H	
Covid Recovery	H	
Covid Hardship Fund Grants	H	
Corporate Debt Recovery	H	
Special Investigations	N/A	4 investigations in progress
Advice & Guidance	N/A	Ongoing.
Officer Declarations	M	Audit in progress.
Procurement	H	
Fraud	H	Ongoing. National Fraud Initiative work in progress.
Money Laundering	H	Audit in planning stage.
Grants	H	
Sickness	M	Audit in planning stage.
Use of Agency Workers	M	Audit in progress
Banking Administrator	N/A	Ongoing
Attendance at Working Parties	N/A	Ongoing
Servicing Audit Committee	N/A	Ongoing
Vision Impaired West Glam	L	
SWTRA	N/A	
FOI Requests	N/A	Ongoing

Appendix 2 – Audit Plan Monitoring as at 14th June 2021

Staff Association/Lottery	N/A	Annual Audit Complete and advice ongoing.
IT Equipment Home Working	M	Audit in progress
Procurement during initial working from home period	H	Audit in progress