



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

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

### **GOVERNANCE & AUDIT COMMITTEE**

**15<sup>th</sup> September 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 Governance & Audit Committee meeting in June 2021.

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

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 provide challenges. However site visits have recently recommenced with 3 audits being largely completed on

site and it is anticipated that school audits will recommence in the autumn term.

### **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 June 2021 Audit & Governance Committee meeting.

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

### **4. Issues affecting achievement of the plan**

As advised in earlier progress reports there has been a substantial number of days lost to sickness. Since the start of this audit plan period a total of 47 days have been lost.

Four members of the team have recently commenced study for the professional Certified Internal Auditor qualification with the Institute of Internal Auditors. Whilst this is a positive step for the service the time lost to study leave will have a detrimental effect on the achievement of the plan.

It is therefore intended to bring a revised plan for members' approval to the November committee meeting. At this time we will be in a better position to gauge the impact of the proposed new hybrid working arrangements, the continued effect on the pandemic on some services and how that will impact on the plan members agreed in April of this year.

## **5. Audit Work Undertaken**

Since the last committee meeting a total of 12 formal reports have been issued in line with normal reporting processes and 3 housing related grants have been certified.

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.

### Reports Issued

1 Private Item

Housing Benefits 20/21

Council Tax 20/21

School based staff DBS checks (final report)

Procurement Card use in primary schools

Covid Grant – Start Up Grant

Covid Grant – Free School Meals Payment

Control of small plant items

Officer declarations

National Fraud Initiative

Procurement – compliance with Contract Procedure Rules & Procurement of PPE during the initial lockdown periods

Money Laundering

## **6. Financial Impacts**

No implication

## **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

### **Officer Contact:**

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## Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
R6	Housing Benefits 20/21 <i>Head of Finance</i>	Good controls were found in relation to overpayments, write offs, staff training and processes in place to detect duplicate and/or fraudulent claims. Recommendations were made in relation to the retention of documents to support claims made in particular tenancy agreements and banks statements and the need for a record of all accuracy checks undertaken by senior staff to be documented and retained.	Reasonable Assurance
R7	Council Tax 20/21 <i>Head of Finance</i>	The impact of the pandemic and the change in working practices had only a marginal effect on the council tax collection rate which fell slightly from 98.1% in 2019/20 to 97.5% in 2020/21. In both years NPT was ranked first in Wales for the % of council tax collected. Good controls were found to be operating in most areas and will be further strengthened by the implementation of the agreed recommendations which related to write off of irrecoverable debts and updating of staff guidance.	Reasonable Assurance
R8	School based staff DBS Checks <i>Head of Participation</i>	This is report was issued following the interim report issued in May 2021 and reported to members in June 2021. At the time of the interim report being issued it had not been possible to verify if the appropriate DBS clearance had been obtained in the case of 99 school based employees. Further audit work confirmed that in all cases the appropriate DBS certification was in place for all 99 staff.	Substantial Assurance

## Appendix 1 – Published Reports

<b>Report Ref</b>	<b>Report Subject &amp; Responsible Head of Service</b>	<b>Report Conclusion</b>	<b>Assurance Rating</b>
R9	Procurement Card Use – Primary Schools <i>Head of Participation</i>	Generally good controls were operating in the schools tested and recommendations were made in relation to reclaiming VAT on expenditure, compliance with coding and authorisation timetables and the appropriateness of some items purchased from the schools' delegated budgets.	Reasonable Assurance
R10	Covid Grant – Start Up Grant <i>Head of Finance</i>	A total of 92 applications were received, 32 were successful and payments totalling £80,000 were made. 15 successful and 20 declined applications were audited and in each case the grant had been paid or declined in line with Welsh Government guidance.	Substantial Assurance
R11	Covid Grant – Free School Meals  <i>Head of Finance &amp; Head of Participation</i>	In excess of 4,000 grant applications were received and a total of £3,569,970.30 paid out. 430 grants were tested and other than some issues during the initial payment period, which are not deemed to be material, all were found to have been paid in accordance with the Welsh Government Grant conditions.	Reasonable Assurance
R12	Private Item		
R13	Control of small plant items <i>Head of Streetcare</i>	This audit was requested by the Head of Streetcare as he had concerns around the existing processes in place. A number of issues were identified however these were known to senior staff within the service who had reviewed the processes in place and	Reasonable Assurance

## Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
		<p>were in the process of addressing the issues. They were liaising with IT to enhance the current IT system. The auditor will remain involved in the ongoing discussions to ensure that the proposed changes will provide the enhancements required to ensure that equipment is properly controlled and tracked. Reasonable assurance is given due to the acknowledgement of senior staff of the current system deficiencies and work being carried out to rectify the issues identified.</p>	
R14	<p>Officer Declarations <i>Chief Executive</i></p>	<p>Recommendations contained in the report issued in November 2020 had been implemented and the Employee Code of Conduct updated to reflect the recommendations. All staff had made the required declarations and the recommendations made in this report will further enhance the good controls in place.</p>	Reasonable Assurance
R15	<p>National Fraud Initiative <i>Head of Finance</i></p>	<p>This report detailed the work carried out in relation to 2 reports contained within the output received via the Cabinet Office in respect of the data uploaded to them in October '20. These reports contained information relating to deceased DWP claimants who at the time of the data upload had a "live" housing benefit or council tax reduction scheme claim. Testing revealed that in all cases prior to the NFI output being received the Authority was aware that the claimant had died and the claim cancelled from the date of death in a timely manner. This</p>	Substantial Assurance



Appendix 1 – Published Reports

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		demonstrated that the systems in place to cancel claims at the earliest opportunity when a claimant dies are working as intended.	
R16	Procurement – Compliance with Contract Procedure Rules & Procurement of PPE during initial lockdown periods <i>Head of Legal Services</i>	Contract Procedure Rules were followed during the period tested, no new significant contracts were entered into during this period and contract extensions tested were in line with the original contract terms. In relation the procurement of PPE this Authority, following agreement by the relevant Corporate Directors, procured their PPE via contracts negotiated by the City & County of Swansea. It was clear from email trails sighted that there was significant input from senior staff up to and including the previous Chief Executive into the procurement of PPE.	Reasonable Assurance
R17	Money Laundering <i>Director of Finance &amp; Corporate Services</i>	There have been no referrals to the Money Laundering Responsible Officer (MLRO) in the past 2 years. A review of all cash transactions in that period did not highlight any instances where a referral to the MLRO would have been expected. The policy in place is deemed to be proportionate to the low level of risk of money laundering faced by the Authority. Recommendations were made in relation to updating the policy to reflect imminent staffing changes due to retirement and subsequent restructure within the Finance Directorate and in making the policy more prominent on the Authority Intranet.	Reasonable Assurance

## Appendix 1 – Published Reports

### **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 31<sup>st</sup> August 2021

<b>Audit Plan Item</b>	<b>Risk Rating</b>	<b>Quarter 1</b>	<b>Quarter 2</b>
Primary Schools	M		
Procurement Card Transactions – Primary Schools	M	Audit in Progress	Audit complete and report issued
Secondary Schools	H		
DBS – School based staff	H	Audit complete and report issued.	Final 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		Audit in planning stage.
Pupil exclusions	M		Audit in planning stage.
Education Library Resource Centre	M		Audit in progress
Covid Hardship Fund 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 Support Scheme and Lockdown	2 audits completed and reports issued.

Appendix 2 – Audit Plan Monitoring as at 31<sup>st</sup> August 2021

		Discretionary Grant).	
Princess Royal Theatre	M		
Leisure Services Contract	M		
Margam Park Development	H		
Integrated Impacts Assessments	M		Audit in planning stage.
Compliance with Welsh Language Standards	M	Audit in progress.	Postponed due to staffing availability
Margam Crematorium	M	Audit in planning stage.	Audit complete & draft report being prepared
GDPR/Data Security	M	Audit in progress.	Postponed due to staffing availability
Stores – Stocktake Assistance	H	Ongoing.	Ongoing
Environment Grants	M		
Fuel Usage and Control	H		
Drainage	M		
Regeneration	M		
Business Support Loans and Grants	M		1 grant audited (Covid grant)
Crymlyn Burrows Transfer Station	H	Audit in planning stage.	Audit in progress
Final Accounts	H	Ongoing.	Ongoing
Council Tax	L	Audit for 2020/21 complete and	Audit complete final report issued

Appendix 2 – Audit Plan Monitoring as at 31<sup>st</sup> August 2021

		report waiting to be issued.	
NNDR	L		
Sundry Debtors (New System)	H		
Housing Benefits	L	Audit in progress in relation to 2020/21	Audit complete and final report issued
Payroll (new system)	H		
Creditor Payments	L	Audit complete and report issued for Creditors Transaction Testing 2020/21.	
Creditors FIS Checks	H	Ongoing.	Ongoing
Treasury Management	M		
3 <sup>rd</sup> Sector Grants	M		
Capital Programme	H		
Assets Valuations	H		
Cyber Security	H		
Hillside Secure Unit	M	Audit in planning stage.	Audit complete and draft report being prepared
Social Services Grant Certification	M		3 grants certified
Children's & Adult Services	H		Audit of Monitoring of Child/Young Person Part 6 Care Plan in progress
Monitoring of External Providers	M		

Appendix 2 – Audit Plan Monitoring as at 31<sup>st</sup> August 2021

Youth Offending Team	H		
Covid Recovery	H		Work commenced
Corporate Debt Recovery	H		
Special Investigations	N/A	4 investigations in progress	1 report issued. 2 investigations currently ongoing.
Advice & Guidance	N/A	Ongoing.	Ongoing
Officer Declarations	M	Audit in progress.	Audit complete & report issued
Procurement	H		
Fraud	H	Ongoing. National Fraud Initiative work in progress.	Work ongoing, 1 report issued.
Money Laundering	H	Audit in planning stage.	Audit complete, final report issued
Grants	H		
Sickness	M	Audit in planning stage.	
Use of Agency Workers	M	Audit in progress	Audit complete & draft report issued
Banking Administrator	N/A	Ongoing	Ongoing
Attendance at Working Parties	N/A	Ongoing	Ongoing
Servicing Audit Committee	N/A	Ongoing	Ongoing
Vision Impaired West Glam	L		
SWTRA	N/A		
FOI Requests	N/A	Ongoing	Ongoing
Staff Association/Lottery	N/A	Annual Audit Complete and advice	Interim audit in progress

Appendix 2 – Audit Plan Monitoring as at 31<sup>st</sup> August 2021

		ongoing.	
Procurement during initial working from home period	H	Audit in progress	Audit complete and report issued.