



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

GOVERNANCE & AUDIT COMMITTEE

26th November 2021

Report of the Chief Finance Officer – Huw Jones

Matters for Information & Decision

Wards Affected:

All Wards

Internal Audit Update Report & Revised Audit Plan

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 September 2021 and to obtain members approval to revise the Internal Audit Plan.

2. Executive Summary

Appendix 1 of this report details the formal audit reports issued;
Appendix 2 gives details of progress against the plan and
Appendix 3 provides details of a revised audit plan for members' approval.

As previously advised a considerable number of working days have been lost to sickness in this financial year which coupled with the challenges being faced across the authority and the current vacancy has necessitated the

revision of the audit plan. This report provides detail of achievement against the current plan and seeks approval for a revised plan.

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 September 2021 Governance & Audit Committee meeting.

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

4. Staffing Issues

There is currently one Assistant Auditor post vacant due to the postholder leaving to take up a post in one of the accountancy teams. In light of historic problems in filling vacancies and retaining staff at this grade it is deemed an opportune moment to review the structure of the team. It is therefore intended to leave the post vacant until the review is complete and a decision taken on the how best to ensure the team is appropriately resourced.

5. Audit Work Undertaken

Since the last committee meeting a total of 7 formal reports have been issued in line with normal reporting processes.

Reports Issued

1 Private Item

Glamorgan Further Education Trust Fund Independent Examination

Use of Agency Workers

Margam Crematorium

Education Library Resource Centre

National Fraud Initiative – Creditor Invoice Payments

National Fraud Initiative – Blue Badge Parking Permits

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.

6. Revised Audit Plan

Members of this committee approved a full year Internal Audit Plan at the meeting in April 2021. Since then a number of factors which have been reported throughout the year have meant that achievement of the agreed plan is impossible. It is therefore necessary to revise the agreed plan.

It is proposed to **delete** the following areas from the plan:

Education & Lifelong Learning Directorate

School based audits

- Challenge Advisors Roles & Outcomes
- Home to School Transport
- Education other than at school
- Pupil Exclusions

The reason for these proposed deletions is the continuing pressures faced by headteachers due to the pandemic and the inability of auditors to visit schools due to health & safety risk assessments around the pandemic. It is proposed that these audits will form part of the 2022/23 audit plan.

Other education

- Princess Royal Theatre
- Margam Park Developments
- Leisure Services Contract

The reason for these proposed deletions is, the Princess Royal Theatre is only now beginning to open fully and Margam Park is not currently operating as normal. In respect of the Leisure Services Contract, members are still

deliberating on the way forward. These audits will, unless other higher risk areas are identified, form part of next year's audit plan.

Chief Executive's Directorate

- Compliance with Welsh Language Standards No 1 Regulations
- Cyber Security.

It is proposed that the Welsh Language Standards audit is deleted due to staff resources and the Cyber Security audit deleted to give the recently appointed Chief Digital Officer time to embed his proposed service delivery changes.

Environment Directorate

- Regeneration

It is proposed to delete this audit due to lack of available days.

Finance

- Sundry Debtors
- Payroll
- Asset Valuations
- Capital Programme

The Sundry Debtors and Payroll audits were both incorporated into the original audit plan as both have new operating systems in development. However the new systems are not fully operational and it is therefore proposed to undertake a full audit of both of these areas early in the new financial year when the systems have had time to bed in. Ongoing support has been provided by the team in relation the internal controls within both systems.

With regards to the proposed work in relation to asset valuations this audit was due to be undertaken due to issues raised by Audit Wales during the

accounts closing process for the 2019/20 accounts. Since then Audit Wales have undertaken work with the team and there were no issues reported in the closing process for 2021/21.

The capital programme work will be incorporated into the work being undertaken following the recent external Governance Review.

Social Services, Health & Housing Directorate

- Youth Justice Service

It is proposed to delete this audit from the plan as it has recently been reported to the Social Services, Health & Wellbeing Cabinet Board that the Youth Justice Board Cymru have moved the service out of the service concern protocol and congratulated the team on the work undertaken to improve the service. The official notification from the Youth Justice Board states “The progress that has been made in the delivery of justice services to children since then is significant and we would like to commend Neath Port Talbot on the way in which you have approached your improvement journey and focused on development of the service and the needs of the children, families and the communities you serve.” In light of this it is not deemed that there is a need for an internal audit of the service.

Cross Directorate

- Sickness

Due to the delay in the implementation of the new integrated payroll/HR system it is not deemed worthwhile to undertake this audit until the new reporting systems have been fully rolled out across the authority. This audit will be undertaken in the new financial year.

It is proposed to **add** these audits to the plan:

Education, Leisure & Lifelong Learning

- Statutory policies – primary & secondary schools
- Driver declarations – primary & secondary schools

Social Services, Health & Housing

- Trem Y Mor Complex Needs Service
- Monitoring of child or young person's part 6 care plans

Finance

- Full audit of the Corporate Bank Reconciliations, this is necessary due to ongoing attempted fraudulent cheque encashments
- External Governance Review – follow up work

Cross Directorate

- DBS compliance (non schools)
- Mobile phones – controls & usage

7. Recommendation.

It is recommended that members approve the revised Internal Audit Plan as set out in appendix 3.

8. Reason for proposed decision

To ensure compliance with the terms of reference of the Governance and Audit Committee and the Public Sector Internal Audit Standards.

9. Financial Impacts

No implication

10. Integrated Impact Assessment

A first stage Integrated Impact Assessment has been undertaken and the results indicate that there is no need for a more detailed stage 2 assessment to be undertaken.

11. Valleys Communities Impacts

No implications

12. Workforce Impacts

No implications

13. Legal Impacts

No implications

14. 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.

15. Consultation

There is no requirement for external consultation on this item

16. Appendices

Appendix 1 – Audit Reports Issued

Appendix 2 – Audit Plan Monitoring

Appendix 3 – Revised Internal Audit Plan

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Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
R18	Glamorgan Further Education Trust Fund – Independent Examination Chief Finance Officer	The examination did not reveal any matters which gave concerns that in any material respect the requirements to keep accounting records in accordance with 2011 Act and to prepare accounts which accord with the accounting records and comply with the accounting requirements of the act have not been met. Testing revealed good controls to be operating in all areas. One recommendation was made with regard to the need to formally appoint a new honorary treasurer following the retirement of the current honorary treasurer.	Substantial Assurance
R19	Use of Agency Workers All Heads of Service	Testing revealed that there is a contract in place for the procurement of agency workers and all Contract Procedure Rules were followed when the contract was awarded. The majority of agency workers were procured via this contract with the exception of some specialist social services staff who were procured via a specialist agency. It is predominantly the Environment Directorate who use agency workers in the Waste & Neighbourhood Teams and the use of agency workers has not greatly increased since the pandemic as staff were redeployed from other service areas whenever possible to cover staff shortages. Authorisation processes for the engagement of agency workers were found to be robust as were budgetary controls.	Reasonable Assurance

Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
R20	Private Item		Not applicable
R21	Margam Crematorium Head of Legal & Democratic Services	Core activities of the Crematorium were found to be of a very high standard with robust controls in place for; customer service, cremation procedures, Covid 19 mitigation, record management and scheduling. Recommendations were made and accepted in relation to steaming service; enhancement of the Crematorium’s on line presence and income coding.	Reasonable Assurance
R22	Education Library Resource Centre Head of Support Services & Transformation	The ELRS provides high quality, curriculum focused multi-media loans, bespoke reprographic and advisory services to support the resource needs of schools. Good controls were found to be operating in their core areas of business and recommendations were made in relation to enhancing their service to maximise income which has been declining in recent years.	Reasonable Assurance
R23	National Fraud Initiative – Creditor Payments Chief Finance Officer	Information was provided by NFI in relation to 92 possible duplicate payments for the same goods/services. No instances of fraud were suspected and all issues identified were as a result of human error. Of the 92 issues raised by NFI only 5 duplicate payments totalling £4,080.30 had not been identified via budget	Reasonable Assurance

Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
		monitoring routines, the service areas concerned have been notified and advised to reclaim the overpayments.	
R24	National Fraud Initiative – Blue Badge Parking Permit	Investigations identified that the Blue Badge Parking Permit System is not up to date regarding deceased badge holders, this is in part due to the pandemic. There is a risk that if blue badges are not returned when the badge holder dies the badges could be used fraudulently. Recommendations have been made to enhance current systems and the Auditor will undertake further work in this area once the service has undertaken the agreed recommendations.	Reasonable Assurance

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.

Appendix 1 – Published Reports

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 at 15th November 2021

Audit Plan Item	Risk Rating	Quarter 1	Quarter 2	Quarter 3
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	2 audits completed and reports issued.	

Appendix 2 – Audit Plan Monitoring at 15th November 2021

		Meal Payments and Business Start Up) 2 Covid-19 Grant Audits Complete and reports issued (Self Isolation Support Scheme and Lockdown Discretionary Grant).		
Princess Royal Theatre	M			
Leisure Services Contract	M			
Margam Park Development	H			
Integrated Impacts Assessments	M		Audit in planning stage.	Audit in progress
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	Audit complete and final report issued
GDPR/Data Security	M	Audit in progress.	Postponed due to staffing availability	
Stores – Stocktake Assistance	H	Ongoing.	Ongoing	Ongoing
Environment Grants	M			

Appendix 2 – Audit Plan Monitoring at 15th November 2021

Fuel Usage and Control	H			Audit in planning stage
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	Audit in progress
Final Accounts	H	Ongoing.	Ongoing	Ongoing
Council Tax	L	Audit for 2020/21 complete and report waiting to be issued.	Audit complete final report issued	
NNDR	L			
Sundry Debtors (New System)	H			Advice being provided in relation to new system development
Housing Benefits	L	Audit in progress in relation to 2020/21	Audit complete and final report issued	
Payroll (new system)	H			Advice being provided in relation to new system development
Creditor Payments	L	Audit complete and report issued for Creditors Transaction Testing 2020/21.		

Appendix 2 – Audit Plan Monitoring at 15th November 2021

Creditors FIS Checks	H	Ongoing.	Ongoing	Ongoing
Treasury Management	M			
3 rd Sector Grants	M			
Capital Programme	H			Audit in progress
Assets Valuations	H			Audit in progress
Cyber Security	H			
Hillside Secure Unit	M	Audit in planning stage.	Audit complete and draft report being prepared	Draft report being agreed
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	In progress
Monitoring of External Providers	M			
Youth Offending Team	H			
Covid Recovery	H		Work commenced	Work ongoing advice being provided via a working party
Corporate Debt Recovery	H			
Special Investigations	N/A	4 investigations in progress	1 report issued. 2 investigations currently ongoing.	1 currently in progress.

Appendix 2 – Audit Plan Monitoring at 15th November 2021

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.	2 NFI reports 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 and final report issued
Banking Administrator	N/A	Ongoing	Ongoing	Ongoing
Attendance at Working Parties	N/A	Ongoing	Ongoing	Ongoing
Servicing Audit Committee	N/A	Ongoing	Ongoing	Ongoing
Vision Impaired West Glam	L			Audit in progress
SWTRA	N/A			
FOI Requests	N/A	Ongoing	Ongoing	Ongoing
Staff Association/Lottery	N/A	Annual Audit Complete and advice ongoing.	Interim audit in progress	

Appendix 2 – Audit Plan Monitoring at 15th November 2021

Procurement during initial working from home period	H	Audit in progress	Audit complete and report issued.	
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Appendix 3 – Revised Internal Audit Plan

Green = new audits

Red = delete audits

Service Area	Days Allocated	Risk Factor
<u>Education Leisure & Lifelong Learning</u>		
School based audits		
Primary Schools	120	M
Audit of Statutory Policies		M
Audit of Driver Declarations		
Secondary Schools	35	H
Audit of Statutory Policies		M
Audit of Driver Declarations		M
<p>The days for these additional audits will come from the days previously allocated to school based audits.</p>		
Other education		
Challenge Advisers Role & outcomes	20	H
Home to School Transport	20	H
Education other than at school	15	M
Pupil exclusions	10	M
Education Library Resource Service	10	M
Grants	20	H
Leisure		
Princess Royal Theatre	10	M
Leisure Services Contract	10	M
Margam Park Development	10	H
Service Area		
<u>Chief Executive's Directorate</u>		
Integrated Impact Assessments	15	M
Compliance with the Welsh Language Standards (No1) Regulations	10	M

Appendix 3 – Revised Internal Audit Plan

Legal Services

Margam Crematorium	15	M
GDPR/Data Security	10	M

Finance

Revenue Collection

Council Tax	3	L
NNDR	3	L
Sundry Debtors (new IT system in place)	15	H

Benefit Administration

Housing Benefits	3	L
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Exchequer

Payroll (new IT system in place)	20	H
Creditor Payments	3	L
Creditors (FIS) checks	20	H

Accountancy

Treasury Management	15	M
3 rd Sector Grants	10	M
Capital Programme	15	H
Asset Valuations	10	H
Bank Reconciliation	10	H
Governance Review follow up work	15	H

IT

Cyber Security	15	H
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Environment

Stores – stocktake assistance	2	H
Grants	15	M
Fuel Usage & Controls	15	H
Drainage/Flood risk management	15	M
Pest Control	15	M
Regeneration	10	M
Business Support Loans & Grants	15	M
Crymlyn Burrows Transfer Station	25	H
Final Accounts	5	H

Appendix 3 – Revised Internal Audit Plan

Social Services, Health & Housing

Social Services

Hillside Secure Children's Home	15	M
Grant certification	10	M

Safeguarding:

Children's & Adult Services		
Trem Y Mor Complex Needs Service	25	M
Monitoring of External Providers	20	M
Youth Offending Team	20	H
Monitoring of a child or young person's Part 6 Care Plan	25	M

Cross Directorate

Covid Recovery	15	H
Covid hardship fund grants	25	H
Corporate Debt Recovery	15	H
(Breathing Space Legislation)		
Special Investigations	150	N/A
Advice & Guidance requests	90	N/A
Officer Declarations	15	M
Procurement	30	H
Fraud (to include joint working With DWP & NFI)	210	H
Money Laundering (compliance with policy)	10	H
Grants	10	H
Sickness	25	M
Use of Agency Workers	10	M
DBS Compliance (non-schools staff)	15	H
Mobile Phones – usage & controls	10	M

Other Commitments

Banking Administrator	4	N/A
Attendance at working Parties	20	N/A
Servicing Audit Committee	20	N/A
Vision Impaired West Glam	10	L
SWTRA	15	N/A

Appendix 3 – Revised Internal Audit Plan

FOI Requests	5	N/A
Staff association/lottery	10	N/A

H = High, M = Medium, L=Low