



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

GOVERNANCE & AUDIT COMMITTEE

18th February 2022

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 November 2021.

2. Executive Summary

Since the last committee meeting in November 2021 the team has been impacted by a considerable number of days lost to sickness. This sickness absence when coupled with absences across the Authority has impacted on the work which had been planned to be undertaken.

Appendix 1 of this report details the formal audit reports issued.

Appendix 2 of this report gives details of progress against the 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 Governance & Audit Committee meeting held on 26th November 2021.

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

4. Staffing Issues

Since the last committee meeting there have been a total of 26.5 days lost to sickness and 2 members of the team are currently on sick leave. In addition to sickness within the team we have also been impacted by staff absences across the Authority which has impacted on the length of time taken to complete audits.

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. It is anticipated that no decision will be taken until the new financial year.

5. Audit Work Undertaken

Since the last committee meeting a total of 8 formal reports have been issued in line with normal reporting processes. Three draft reports have been issued and are awaiting agreement with the relevant managers.

Final Reports Issued

National Fraud Initiative – Council Tax Reduction Scheme Claimants in receipt of occupational pensions

DBS Sample Checks – Non Schools Staff

Authority Bank Reconciliations

Hillside Secure Children’s Home

Vision Impaired West Glamorgan

National Fraud Initiative – Council Tax Reduction Scheme recipients who hold a taxi licence

Primary Schools – Statutory Policies

Primary Schools – Compliance with Travel & Subsistence Policy

Draft Reports Issued

Integrated Impact Assessments

Mobile Telephones Compliance Usage & Compliance with Policy & Home Telephone Allowances

Review & Monitoring of Part 6 Care & Support Plans

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 Sundry Debtors IT System.

6. Lay Member Recruitment Update

As members are aware the Local Government & Elections (Wales) Act 2021 stipulates that from May 2022 one third of all Governance & Audit Committees must comprise lay members. For this Council that means 4 lay members are required.

Our current lay member, Mrs Joanna Jenkins, agreed to remain on the committee for a further term of 5 years from May 2022 and this was approved by Council in September 2021. At the same meeting members

approved the recruitment of an additional 3 lay members. Following a successful recruitment drive all 3 positions have now been filled and the newly recruited lay members will join the committee in May 2022.

7. Financial Implications

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

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Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
R25	NFI – Council Tax Reduction Scheme(CTRS) Claimants to occupational pensions <i>Chief Finance Officer</i>	The NFI reports examined as part of this audit provided details of 747 CTRS claimants who were in receipt of an occupational pension. 744 of the claimants had declared their occupational pension when applying for CTRS. One claimant had failed to declare their pension and their CTRS entitlement was reduced as result of the NFI information and they are currently repaying the £787.67 overpayment. Two claimants’ details have been forwarded to the DWP for further investigation as they are in receipt of benefits paid by DWP which could be impacted if they have not declared their occupational pension to DWP.	Reasonable assurance
R26	DBS Sample Checks Non Schools Staff <i>All Heads of Service</i>	In all cases sampled recruiting managers had complied with the Safe Recruitment Policy in relation to DBS disclosures. All the required documentation was readily available for inspection.	Substantial assurance
R27	Bank Reconciliations <i>Chief Finance Officer</i>	The bank reconciliations reviewed as part of this audit were found to be up to date, fully complete and had been reviewed by a senior officer. Following recent fraudulent cheque encashments against the Authority the reconciliations on the main bank accounts had been moved from monthly to weekly.	Substantial assurance
R28	Hillside Secure Children’s Home	Generally good controls were found to be operating in respect of the budget monitoring of the home and the administrative processes in place. Recommendations were made relating to appropriateness of items purchased from the home’s budget,	Reasonable assurance

Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
	<i>Head of Children & Young People Services</i>	reclaiming VAT on petty cash purchases, and the retention of backing documentation in relation to income banked. Implementation of the agreed recommendations will further enhance the internal controls currently operating.	
R29	Vision Impaired West Glamorgan <i>Chief Finance Officer</i>	Vision Impaired West Glamorgan is a charity whose purpose is to provide assistance to registered blind and partially sighted people within the areas of the City and County of Swansea and Neath Port Talbot County Borough Council, by making grants of money or providing items, services or facilities. Swansea City Council provide accountancy services to the charity and NPTCBC provide audit services. The financial statements of VIWG have been independently reviewed and examined and were found to be accurate when compared to supporting documentation. The procedures undertaken do not provide all the evidence that would be required in an audit.	Not applicable
R30	NFI – Council Tax Reduction Scheme(CTRS) & Housing Benefit (HB) Claimants who hold a taxi licence <i>Chief Finance Officer</i>	The NFI reports examined provided 87 cases where potentially the claimants had not declared earning from employment as a taxi driver. In 85 cases the earnings had been declared in the other 2 cases benefit was recalculated resulting in CTRS overpayments totalling £141.88 and HB overpayments totally £497.82. Repayment plans are in place and ongoing benefit has been recalculated to take into account the earnings.	Reasonable assurance

Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
R31	This report number has not been used due to a clerical error.		
R32	Compliance with Statutory Policies – Primary Schools <i>Head of Participation</i>	15 schools unlikely to be audited in the next financial year were contacted and asked to provide evidence that they had all of the required Statutory Policies in place and that they had been agreed by the governing body. 12 schools provided all of the required information, 1 school provided some of the information and 2 schools provided no information. The Headteachers of the schools who have not provided the required information have been contacted by the Audit Manager and asked to provide the information and the reasons for the audit request not being complied with. A verbal update will be provided to members at the committee meeting.	Reasonable assurance
R33	Compliance with Travel & Subsistence Policy <i>Head of Participation</i>	15 schools (not the same sample as report 32) unlikely to be audited in the next financial year were contacted and asked to confirm that they had a governing body approved travel & subsistence policy in place. A sample of school staff was provided to the school and they were asked to provide copies of the required driver declaration forms. No payments were tested as no claims had been made by any of the staff sampled. All schools	Reasonable assurance

Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
		sampled had the required policy in place and recommendations were made relating to the completion of the driver declaration forms.	

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 at 5th February 2022

Audit Plan Item	Risk Rating	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Primary Schools	M				6 school audits planned and start dates agreed
Procurement Card Transactions – Primary Schools	M	Audit in Progress	Audit complete and report issued		
Statutory Policies – Primary Schools	M				Audit complete and report issued
Driver Declarations – Primary Schools	M				Audit complete and report issued
Secondary Schools	H				1 school audit was due to be undertaken but has been postponed due to Covid pressures within the school.

Appendix 2 – Audit Plan Monitoring at 5th February 2022

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.			
Statutory Policies – Secondary Schools	M				Audit in progress, auditor on sick leave
Driver Declarations – Secondary Schools	M				Audit in progress, auditor on sick leave
Education Library Resource Centre	M		Audit in progress	Audit complete and report issued.	
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	2 audits completed and reports issued.		Fraud Officer providing assistance to the team administering Covid related grants.

Appendix 2 – Audit Plan Monitoring at 5th February 2022

		Isolation Support Scheme and Lockdown Discretionary Grant).			
Integrated Impacts Assessments	M		Audit in planning stage.	Audit in progress	Audit complete and draft report issued
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		Start date agreed.
Stores – Stocktake Assistance	H	Ongoing.	Ongoing	Ongoing	Ongoing
Environment Grants	M				Unlikely to be undertaken due to staffing issues
Fuel Usage and Control	H			Audit in planning stage	Audit in progress, auditor on sick leave
Drainage	M				Audit start date agreed

Appendix 2 – Audit Plan Monitoring at 5th February 2022

Pest Control	M				Audit in progress
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	Auditor on sick leave
Final Accounts	H	Ongoing.	Ongoing	Ongoing	Ongoing
Council Tax	L	Audit for 2020/21 complete and report waiting to be issued.	Audit complete final report issued		
NNDR	L				Control Risk Self-Assessment will be undertaken.
Bank Reconciliation	H				Audit complete and report issued
Housing Benefits	L	Audit in progress in relation to 2020/21	Audit complete and final report issued		
Governance Review – Follow Up work	H				Work ongoing
Creditor Payments	L	Audit complete and report issued for			Work being undertaken on

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		Creditors Transaction Testing 2020/21.			NFI matches received.
Creditors FIS Checks	H	Ongoing.	Ongoing	Ongoing	Ongoing
Treasury Management	M				Start date agreed
3 rd Sector Grants	M				Start date agreed
Hillside Secure Unit	M	Audit in planning stage.	Audit complete and draft report being prepared	Draft report being agreed	Audit complete and report issued
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	Audit complete and draft report issued
Monitoring of External Providers	M				Delayed due to staffing issues
Trem Y Mor Complex Needs Service	M				Start date agreed, auditor on sick leave
Covid Recovery	H		Work commenced	Work ongoing advice being	Work ongoing

Appendix 2 – Audit Plan Monitoring at 5th February 2022

				provided via a working party	
Corporate Debt Recovery – Breathing Space Legislation	H				Audit in progress
DBS Compliance – Non Schools	H				Audit complete and report issued
Mobile Phones – usage & controls	M				Audit complete and draft report issued
Special Investigations	N/A	4 investigations in progress	1 report issued. 2 investigations currently ongoing.	1 currently in progress.	1 currently in progress
Advice & Guidance	N/A	Ongoing.	Ongoing	Ongoing	Ongoing
Officer Declarations	M	Audit in progress.	Audit complete & report issued		
Procurement	H				Start date agreed
Fraud	H	Ongoing. National Fraud Initiative work in progress.	Work ongoing, 1 report issued.	2 NFI reports issued	2 NFI reports issued.
Money Laundering	H	Audit in planning stage.	Audit complete, final report issued		

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Use of Agency Workers	M	Audit in progress		Audit complete and final report issued	
Banking Administrator	N/A	Ongoing	Ongoing	Ongoing	Ongoing
Attendance at Working Parties	N/A	Ongoing	Ongoing	Ongoing	Ongoing
Servicing Governance & Audit Committee	N/A	Ongoing	Ongoing	Ongoing	Ongoing
Vision Impaired West Glam	L			Audit in progress	Examination complete and report issued
SWTRA	N/A				No work requested this year
FOI Requests	N/A	Ongoing	Ongoing	Ongoing	Ongoing
Staff Association/Lottery	N/A	Annual Audit Complete and advice ongoing.	Interim audit in progress		Advice & support ongoing
Procurement during initial working from home period	H	Audit in progress	Audit complete and report issued.		

