



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

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

### **GOVERNANCE & AUDIT COMMITTEE**

**12<sup>th</sup> October 2023**

#### **Report of the Chief Accountant Technical & Governance (Head of Internal Audit) – Diane Mulligan**

#### **Matters 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 2023.

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

Since the last committee meeting a total of 16 reports have been issued and 6 Post Audit Reviews have been undertaken.

Appendix 1 of this report details the formal audit reports issued, appendix 2 gives details of progress against the plan for 23-24 and appendix 3 provides a response from the Head Finance in relation to Report No. 24 - Procurement Cards Non Compliance.

### **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 16th June 2023.

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

### **4. Staffing Issues**

At the last Governance & Audit Committee there were no staffing issues to report, however since then there have been a substantial number of days lost to sickness. Three members of the team are currently on sick leave and one member of the team has resigned and left the authority.

During this quarter 92 days have been lost to sickness, this together with the auditor vacancy will have a detrimental effect on the achievement of the plan and it is intended to bring a revised audit plan to members for approval to the next committee meeting in January 2024. At this time we will be in a better position to gauge the impact of the sickness and vacancy on the plan.

### **5. Audit Work Undertaken**

Since the last committee meeting a total of 15 formal reports have been issued, as at 30<sup>th</sup> September 2023, in line with normal reporting processes.

#### Final Reports Issued

6 Primary Schools

Neath Register Office

Creditors

National Fraud Initiative (NFI) – Council Tax Reduction Scheme to Pensions

National Fraud Initiative (NFI) – Duplicate Creditor Invoice Payments

Officer Declarations

Procurement Card Non Compliance  
Glamorgan Further Education Trust Fund Independent Examination  
General Primary School  
1 private item

In addition to the audits undertaken which resulted in the issue of a formal report the following work has also been undertaken:

- The Audit Manager has attended the fortnightly meetings of the Social Services Quality Practice Strategic Group.
- The Audit Manager has attended the Social Care Case Management Platform Project Board meetings.
- The Audit Manager and Senior Auditor are undertaking investigations in line with the Authority's Disciplinary Policy and Processes.
- The Senior Auditor has attended the Itrent System (Payroll & HR) Project Board meetings.
- The Audit Manager had attended the Leisure Insourcing Project Board meetings.
- 2 special investigations are in progress
- Staff have continued to provide advice to staff from across the Authority.
- 6 Post Audit Review has been undertaken, details are provided below.

## **6. Post Audit Reviews Undertaken & Recommendations Tracking**

There have been no issues identified with recommendations not being implemented.

<b>Audit Report Title</b>	<b>Number of recommendations made</b>	<b>Issues identified during Post audit Review</b>
Trem y Mor (Day & Respite Centre)	3	All recommendations have been implemented
St Josephs RC School and Sixth For Centre	2	All recommendations have been implemented
Ysgol Bae Baglan	1	All recommendations have been implemented
Tonnau Primary School	3	All recommendations have been implemented
Dwr Y Felin Comprehensive School	4	All recommendations have been implemented
Rhodes House Behavioural Support Services	2	All recommendations have been implemented

## **7. Financial Impacts**

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. Valley 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. Recommendations**

That members note the content of the report and appendices.

## **15. Appendices**

Appendix 1 – Audit Reports Issued.

Appendix 2 – Audit Plan Monitoring.

Appendix 3 – Response from Chief Finance Officer relating to Report No 24

### **Officer Contact:**

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Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
R12	Head of Legal & Democratic Services - Neath Register Office	<p>Overall good controls were found to be in place in relation to the areas examined. Some enhancements have been recommended to strengthen the controls already in place.</p> <p>Positive findings were found in the areas of customer service, accessibility of the service, budgetary control, the setting of fees, income collection, financial reconciliation, refunds, approved premises, staff training and data security.</p> <p>Recommendations were made regarding the payment of overtime and additional hours, controlled stationery, travel claims and driver declaration forms.</p>	Reasonable
R13	Private Item		
R14	Head of Education - YGG Trebannws	<p>Good controls were found to be in place in relation to all areas tested. A recommendation was made in relation to Unofficial Funds, which once implemented will enhance the good controls already in place.</p> <p>The school was found to be complying in full with current DBS guidance in relation to the staff sample audited, in addition all governors at the school had the required DBS disclosure in place.</p>	Substantial
R15	Head of Education - Cymer Afan Primary School	<p>Good controls were found to be in place in relation to all areas tested. A recommendation was made in relation to Unofficial Funds, which once implemented will enhance the good controls already in place.</p>	Substantial

## Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
		The school was found to be complying in full with current DBS guidance in relation to the staff sample audited, in addition all governors at the school had the required DBS disclosure in place.	
R16	Head of Education - Baglan Primary School	Robust controls were found to be in place in relation to all areas tested. An area of particularly good administration was observed in relation to the Health & Safety record keeping at the school. The school was found to be complying in full with current DBS guidance in relation to the staff sample audited, in addition all governors at the school had the required DBS disclosure in place.	Substantial
R17	Chief Finance Officer - Creditors	Improved controls are required in relation to the monitoring of credit notes. Recommendations have been made to enhance controls in this area.	Reasonable
R18	Head of Education - Ysgol Carreg Hir	Robust controls were found to be in place in relation to all areas tested. The school was found to be complying in full with current DBS guidance in relation to the staff sample audited, in addition all governors at the school had the required DBS disclosure in place.	Substantial
R19	Head of Education - Melin Primary School	Good controls were found to be in place in relation to all areas tested other than Procurement Cards and the Unofficial Fund. Recommendations have been made which when implemented will address the issues identified.	Reasonable

## Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
		The school was found to be complying in full with current DBS guidance in relation to the staff sample audited, in addition all governors at the school had the required DBS disclosure in place.	
R20	Head of Education - YGG Cwmllynfell	<p>Good controls were found to be in place in relation to all areas tested, other than Procurement Cards and Corporate Governance. Recommendations have been made which when implemented will address the issues identified.</p> <p>The school was found to be complying in full with current DBS guidance in relation to the staff sample audited, in addition all governors at the school had the required DBS disclosure in place.</p>	Reasonable
R21	Chief Finance Officer - NFI Council Tax Reduction Scheme to Pensions	<p>102 matches were reported. In 101 instances investigated there were no issues identified. In 1 instance a pension had not been declared by the claimant within their universal credit application. This instance has been referred by the Fraud Officer to the DWP via the NFI system for further investigation. Until a response is received from the DWP it is not possible to make any alteration to the CTRS claim.</p> <p>Robust processes are operating within the Housing Benefit team in relation to the administration of CTRS.</p>	Not Applicable
R22	Chief Finance Officer - NFI	Information was provided by NFI in relation to 51 possible duplicate creditor invoice payments. No instances of fraud were suspected.	Not Applicable



## Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
	Duplicate Creditor Invoice Payments	<p>The work undertaken identified that 8 duplicate/incorrect creditor invoice payments totalling £25,584 have been made that had not otherwise been detected. The relevant officers have been informed and it is now their responsibility to obtain a refund.</p> <p>18 duplicate/incorrect creditor invoice payments totalling £551,110 were also identified. These have already been identified as part of routine internal financial/budget reconciliations or by the Vendor confirming they have received an incorrect payment/no payment where expected. Full refunds have already been received in relation to these.</p>	
R23	Chief Executive - Officers Declarations	Overall, the findings from this audit were positive. Minor issues were identified and recommendations have been made relating to a revision of the Employee Code of Conduct.	Reasonable
R24	Chief Finance Officer - Procurement Cards Non Compliance	<p>Despite the issue of non-compliance being highlighted in previous Internal Audit Reports with numerous recommendations made the number of instances of non-compliance is still unacceptable. Non-compliance causes additional work for numerous teams within the Authority.</p> <p>The recommendations made in previous Internal Audit Reports to Senior Management/ Headteachers have not produced the required result. It is not possible to know whether this is as a result of the</p>	Limited

## Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
		<p>issue not being communicated properly to relevant staff or whether staff have failed to act on any communications.</p> <p>As a result going forward an email will be sent by Internal Audit to the cardholders, authorisers and applicable Heads of Service of all cards that repeatedly appear on non-compliance reports. The email will inform them the number of times they have appeared on the reports and warn them that further non - compliance will result in the Procurement Card being suspended in the first instance.</p>	
R25	Chief Finance Officer - Glamorgan Further Education Trust Fund Independent Examination	The examination brought to light no issues which gave reasonable cause to believe that in any material respect the requirements to keep accounting records in accordance with the Charities Act 2011 and to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Act were not met. Or to which, in the Auditor's opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.	Substantial
R26	Head of Education General Primary School Report	This report confirms that the number of recommendations made in school audit reports has reduced compared to reports issued in previous years. This indicates that increased controls have been put in place by schools thus reducing the potential risks in all areas audited.	Reasonable

## Appendix 1 – Published Reports

### **Assurance Categories:**

**Substantial Assurance** - Substantial assurance is provided in relation to the effectiveness of the internal controls operating at the time of the audit.

**Reasonable Assurance** - Reasonable assurance is provided in relation to the effectiveness of the internal controls operating within the service which will be further enhanced by the implementation of the agreed recommendations.

**Limited Assurance** - Limited assurance is provided in relation to the effectiveness of the internal controls operating within the service audited. The Head of Service is required to provide a written response to the Governance & Audit Committee on actions taken to address the issues raised during the audit.

**No Assurance** - Following the audit no assurance can be provided in relation to the internal controls operating within the service audited and the Head of Service will be required to attend this committee to advise members of what actions they have taken to address the failings identified during the audit.

Appendix 2 – Audit Plan Monitoring at 30<sup>th</sup> September 2023

<b>Audit Plan Item</b>	<b>Risk Rating</b>	<b>Quarter 1 position as at 31<sup>st</sup>May 2023</b>	<b>Quarter 2 position as at 30<sup>th</sup> September 2023</b>
Ethics – Members(carried forward from 22/23)	M		Audit paused due to resource issues
Decarbonisation	H		
Payroll	H		
Council Tax	L		
Housing Benefits	L		
National Non-Domestic Rates	M		
Debtors	L		
Creditors (monthly checks)	M	Ongoing	Ongoing
Creditors	M		Audit complete and report issued
Risk Management	M		
Direct Payments (added from contingency budget)	H		Audit complete and draft report issued
Capital Programme	H		The Audit Manager has attended meetings of the Capital Programme Steering Group
Licencing	M	Audit in planning stage	In progress
Accident Reporting	H		Audit in planning stage

Appendix 2 – Audit Plan Monitoring at 30<sup>th</sup> September 2023

Performance Management Framework	M		
Cyber Security	H		
Glamorgan Education Trust Grant & any other grants received	M		Independent Examination completed & opinion produced
Primary Schools	M	4 schools audited	6 schools audited
Comprehensive Schools	H	1 school audited	
Safe Recruitment in Comprehensive Schools	M		
Music Service (carried forward from 22/23)	M		
Health & Safety/Accident Reporting in schools	H		
Schools admissions	H		
Leisure Services Insourcing	H	Steering group meeting attended.	Steering group meetings attended
Waste Transfer Station	H		Audit in planning stage
Waste Costs	H		
Stores	H		
South Wales Trunk Road Agency – Payment Processes	M		Audit in progress

Appendix 2 – Audit Plan Monitoring at 30<sup>th</sup> September 2023

City Deal Projects	H		
Sandfields Business Centre	H		
Empty Properties	M		
In-house domiciliary care provision	H		
Supported Living Arrangements	H		
Follow up on use of respite care (carried forward from 22/23)	M		Audit paused due to resource issues
3 <sup>rd</sup> Party Top-ups (clients in residential or nursing care)	M		
Harm Outside the Family (carried forward from 22/23)	M		
Disabled Facilities Grants	M	Audit in planning stage	Audit in progress
Homelessness to include youth homelessness	H		
Community Independence Team	M	Audit in progress	Audit complete and draft report issued
Procurement Cards	H		Audit complete and report issued
Officers Declarations	M		Audit Complete and report issued

Appendix 2 – Audit Plan Monitoring at 30<sup>th</sup> September 2023

National Fraud Initiative (NFI)	H	Reports being reviewed	2 reports issued
Special Investigations & Whistleblowing	H	3 in progress	1 completed and 2 in progress
Staff Association/Lottery	Not applicable	Advice has been given and bonus draws attended.	Advice has been given and bonus draws attended.
Vision Impaired West Glamorgan	Not applicable		
FOI requests	Not applicable	All received have been answered	All received have been answered
Attendance at working parties & task & finish groups	Not Applicable	Various attended	Various attended
Advice & Guidance requests	Not applicable	Ongoing	Ongoing

## Appendix 3 – Response from Chief Finance Officer relating to Report No 24

To: Governance & Audit Committee

Subject: Internal Audit Report No 24 – Procurement cards non compliance

All recommendations made within the report are accepted.

Whilst the e-procurement team within corporate service have the strategic responsibility for the provision of procurement cards to authorised users, coding of the monthly transaction lies with the departmental card holder.

Internal Audit copied the report to all Directors, Heads of Service card holders and authorisers in order to make them aware of the issue raised and their responsibilities with regard procurement card purchases. All cardholder's authorisers and Heads of service who had appeared on the non-compliance reports 5 or more times in the period tested were also contacted informing them of the number times they appeared on the non-compliance reports and warning that further non-compliance will result in suspension of their procurement card.

Internal audit will continue to receive and monitor non-compliance reports and the e-Procurement Business Improvement Team will be informed when a card appears repeatedly on non-compliance reports. A decision will then be made whether to suspend the card or to email a warning to the cardholder and authoriser that the card will be suspended if there are any further instances of non-compliance.

Huw Jones  
Chief Finance Officer