



CYNGOR BWRDEISTREF SIROL
RHONDDA CYNON TAF
COUNTY BOROUGH COUNCIL

GWŶS I GYFARFOD O'R CYNGOR

C.Hanagan
Cyfarwyddwr Materion Cyfathrebu a Phennaeth Dros Dro'r Gwasanaethau
Llywodraethol
Cyngor Bwrdeistref Sirol Rhondda Cynon Taf
Y Pafiliynau
Parc Hen Lofa'r Cambrian
Cwm Clydach, CF40 2XX

Dolen gyswllt: Hannah Williams - Uned Busnes y Cyngor - Gwasanaethau
Llywodraethol (01443 424062)

DYMA WŶS I CHI i gyfarfod o **Pwyllgor ARCHWILIO** yn cael ei gynnal yn **Siambwr y Cyngor, Y Pafiliynau, Parc Hen Lofa'r Cambrian, Cwm Clydach, Tonypanyd CF40 2XX** ar **Dydd LLUN, 25AIN MAWRTH, 2019** am **5.00 PM**.

Caiff Aelodau nad ydyn nhw'n aelodau o'r pwyllgor ac aelodau o'r cyhoedd gyfrannu yn y cyfarfod ar faterion y cyfarfod er bydd y cais yn ôl doethineb y Cadeirydd. Gofynnwn i chi roi gwybod i Wasanaethau Democraidaidd erbyn Dydd Iau, 21 Mawrth 2019 trwy ddefnyddio'r manylion cyswllt uchod, gan gynnwys rhoi gwybod a fyddwch chi'n siarad Cymraeg neu Saesneg.

AGENDA

Tudalennau

1. DATGAN BUDDIANT

Derbyn datganiadau o fuddiannau personol gan Aelodau, yn unol â gofynion y Cod Ymddygiad.

Nodwch:

1. Mae gofyn i Aelodau ddatgan rhif a phwnc yr agendwm mae eu buddiant yn ymwneud ag ef a mynegi natur y buddiant personol hwnnw; a
2. Lle bo Aelodau'n ymneilltuo o'r cyfarfod o ganlyniad i ddatgelu buddiant sy'n rhagfarnu, **rhaid** iddyn nhw roi gwybod i'r Cadeirydd pan fyddan nhw'n gadael.

2. COFNODION

Derbyn cofnodion o gyfarfod blaenorol y Pwyllgor Archwilio a gafodd ei gynnal ar 4 Chwefror 2019.

3.	ADRODDIAD BLYNYDDOL CHWYTHU'R CHWIBAN 2018/19	9 - 18
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5.	ARCHWILIAD MEWNOL - ASEINIADAU ARCHWILIO TERFYNOL	35 - 110
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10.	MATERION BRYS	
	Trafod unrhyw faterion sydd, yn ôl doethineb y Cadeirydd, yn faterion brys yng ngoleuni amgylchiadau arbennig.	

Cyfarwyddwr Materion Cyfathrebu a Phennaeth Dros Dro'r Gwasanaethau Llywodraethol
Cylchreliad:-

Y Cynghorwyr Bwrdeistref Sirol:

Y Cynghorydd G Caple, Y Cynghorydd A Cox, Y Cynghorydd J Cullwick,
Y Cynghorydd M Fidler-Jones, Y Cynghorydd M Adams, Y Cynghorydd H Boggis,
Y Cynghorydd R Smith, Y Cynghorydd R Yeo, Y Cynghorydd M Powell,
Y Cynghorydd G Davies, Y Cynghorydd M Norris, Y Cynghorydd E Webster,
Y Cynghorydd J Elliott, Y Cynghorydd Owen-Jones ac Y Cynghorydd S Rees

Aelod Lleyg – Mr R. Hull



RHONDDA CYNON TAF COUNCIL AUDIT COMMITTEE

Minutes of the Audit Committee meeting held on Monday, 4 February 2019 at 5.00 pm at the Council Chamber, The Pavilions, Cambrian Park, Clydach Vale, Tonypany, CF40 2XX.

Attendance:-

Mr R. Hull (Chair)

County Borough Councillors - Audit Committee Members in attendance:-

Councillor G Caple	Councillor A Cox
Councillor J Cullwick	Councillor M Fidler Jones
Councillor M Adams	Councillor H Boggis
Councillor R Smith	Councillor R Yeo
Councillor G Davies	Councillor M Norris
Councillor E Webster	Councillor J Elliott
Councillor D Owen-Jones	Councillor S Rees

Officers in attendance:-

Mr C Jones, Director, Legal & Democratic Services
Mr P Griffiths, Service Director, Performance & Improvement
Mr M Crumbie, Head of Internal Audit & Procurement Development Programmes
Ms G Davies, Director of Education and Inclusion Services
Mr R Evans, Director of Human Resources
Mr D Powell, Service Director, Corporate Design & Maintenance
Mr M Jones, Wales Audit Office

44 Apology for Absence

An apology for absence was received from County Borough Councillor M. Powell.

45 Declaration of Interest

In accordance with the Council's Code of Conduct, County Borough Councillor M. Fidler Jones declared the following personal interest in Agenda Item 3 – Hawthorn High School & Y Pant Comprehensive School Update – “Hawthorn High School is within my Ward”.

46 Minutes

It was **RESOLVED** to approve the minutes of the 17th December, 2018 as an accurate reflection of the meeting.

47 Matters Arising

Minute No. 40 – Risk Management Strategy Update -

At the previous meeting, Members resolved to endorse the updated Strategy and agreed for the revised document to be made available on the Council's website. The Head of Internal Audit & Procurement Development Programmes advised that the Risk Management Strategy had since been added to the Council's website under its Governance section.

Minute No. 43 – Finalised Audit Assignments -

At the previous meeting, Members raised concerns in respect of the administration of the Purchase Card at Mountain Ash Comprehensive School. The Head of Internal Audit & Procurement Development Programmes advised Members that since the meeting, Internal Audit had undertaken a follow-up review and verbally confirmed that the necessary improvements had been made. The Officer confirmed that further to the report being finalised, it will be presented to Audit Committee.

During the same meeting, Members also requested for a follow-up review of Ysgol Llanhari to be conducted in six months to determine whether sufficient progress was being made to implement recommendations. The Head of Internal Audit & Procurement Development Programmes confirmed that a review would be conducted in six months, with the findings brought back to the Audit Committee.

The Head of Internal Audit & Procurement Development Programmes advised that an update in respect of Hawthorn High School progress would be provided in the next item of the meeting agenda.

48 Hawthorn High School & Y Pant Comprehensive School Update

At the request of the Audit Committee at the meeting held on 17th December, 2018, the Director of Education & Inclusion Services and Director of Human Resources provided Members with a verbal update in respect of the concerning Audit Assignments received of Hawthorn High School and Y Pant Comprehensive School.

In respect of Hawthorn High School, the Director of Education & Inclusion Services advised the Committee that she had recently met with the Head Teacher and Chair of Governors to discuss the serious concerns outlined by Members at the previous meeting of the Audit Committee. The Director confirmed that the School had taken up the offer of additional support in order to implement the recommendations. Members were advised that a further audit would be undertaken during the week commencing 18th February, 2019 and that a letter from the Director would be sent to the School to clearly outline the actions which will be taken should there be no evidence of significant improvement.

Referring to Y Pant Comprehensive School, the Director of Education & Inclusion Services advised Members that following correspondence from the Chair of Audit Committee and a meeting with the Director, the Head Teacher had shown commitment to working with Internal Audit to address the recommendations. It was added that the Head Teacher had since requested that Internal Audit conduct a health check on the new procedures which was viewed as a positive way forward.

Members queried the measures which could be taken by the Director should substantial improvements not be made by the schools. The Director explained that if sufficient progress was not evidenced further to Internal Audit's most recent reviews, the initial step would be to submit a warning notice which would outline the concerns and at the same time offering support and guidance to ensure appropriate progress is made. Should progress fail to be made at this stage, the Director explained that the authority does have statutory powers of intervention which could be exercised if required.

Following a number of questions from Members, it was **RESOLVED**:

- To acknowledge the update from the Director of Education & Inclusion Services and Director of Human Resources; and
- That the follow up reviews in respect of Hawthorn High School and Y Pant Comprehensive School be reported back to a future meeting of the Audit Committee.

49 Public Services Network (PSN) Audit

The Data Protection & Improvement Officer provided the Audit Committee with an overview of the PSN accreditation process along with the outcome of the most recent inspection. It was explained that the PSN is a national framework set out by Central Government and is managed by the Cabinet Office PSN & Cyber Compliance Team, with a purpose to unify the network infrastructure across the public sector in a secure environment.

The Officer explained that each year the Council must undergo the PSN Accreditation process which involves a rigorous technical audit of its ICT infrastructure. Members were pleased to note that on the 22nd October, 2018, the Council received confirmation that it had successfully passed the assessment.

The Officer took the opportunity to assure Members that whilst the PSN process is an annual inspection, the security of the Council's ICT infrastructure is continuously reviewed and updated.

Following comments from the Audit Committee, it was **RESOLVED** to acknowledge the PSN accreditation process and the Council's success in achieving its annual PSN accreditation in October, 2018.

50 An Overview of Risk Management Arrangements in place in respect of 'Projects'

With the aid of a PowerPoint presentation, the Service Director, Corporate Design and Maintenance provided the Audit Committee with an overview of the Risk Management arrangements in place in relation to 'projects'.

The Audit Committee were provided with an overview of three categories of projects:

1. Major Capital Projects;
2. Minor Capital Projects; and
3. Maintenance Projects

Members were advised of potential risks for both employers and contractors,

along with the varied approach to risk depending upon the value, duration and complexity of projects.

Assurance was given to Members that all projects are set up using good governance procedures and whilst risks are managed at an operational level, key risks are reported to Project Sponsors, Project Boards, Project Steering Groups, Finance Meetings and the Senior Leadership Team as appropriate. The Service Director advised that although there is not a set amount of time spent on managing risk for each project, monthly progress meetings and site visits are held to supervise each project and manage associated risks.

Following the Service Director's presentation, discussions ensued in respect of how risks are managed, if lessons learnt exercises are undertaken and the use of local businesses.

The Chair thanked the Service Director for the informative presentation and for providing comprehensive feedback to questions raised, and it was **RESOLVED** to acknowledge the positive arrangements in place when managing risks in respect of projects.

51 Staff Survey Outcomes

The Director of Human Resources provided the Audit Committee with the outcomes of the recent staff survey that aimed to assess, amongst other things, general awareness of the Council's whistleblowing and anti-fraud arrangements.

The Director advised that the survey was conducted between November and December, 2018 whereby Human Resources staff visited various locations across the Council, and an email link was distributed to all staff with access to the Council's email facilities.

Members welcomed the feedback provided by staff, but raised concerns in respect of the low rate of staff participation and questioned whether anonymity when completing the survey could have been a determining factor should staff not have decided to complete the survey. The Director advised that anonymity was protected, staff were not required to insert any information that could be used to identify them specifically.

Members queried the outcomes of some of the questions within the survey; specifically Members requested that further work takes place to assess whether specific themes were more prevalent in particular areas of the Council than others, for example, awareness of policies that could help staff if they come across a potential whistle-blowing of anti-fraud matter.

Following discussions, it was **RESOLVED**:

- a) To receive and acknowledge the positive steps taken to assess staff awareness of the whistleblowing and anti-fraud arrangements in place; and
- b) That Officers review the detailed feedback received from the survey and use this to inform future communications and surveys with employees that could improve the arrangements further.

52 Internal Audit Performance

The Head of Internal Audit & Procurement Development Programmes presented the Internal Audit Performance for 2018/19 providing performance information in respect of the Internal Audit Service between 1st April, 2018 and 24th January, 2019.

It was reported that the Internal Audit Plan currently includes 79 individual audit assignments and, as at 24th January, 2019, 58% of the Plan had been completed to report stage.

The Officer explained that Appendix 2 of the report provides a summary of the status of all recommendations made by the Internal Audit Service, grouped under the relevant service of the Council. The Committee was informed that the recommendations reported as outstanding had been implemented.

Following consideration of the report, it was **RESOLVED** to approve the information provided.

53 Finalised Audit Assignments

The Head of Internal Audit & Procurement Development Programmes introduced the report of the Group Director, Corporate & Frontline Services in respect of the following audit assignment completed between 5th December, 2018 and 24th January, 2019:

- General Ledger

It was **RESOLVED** to receive and acknowledge the information contained within the report.

This meeting closed at 6.30 pm

**R Hull
Chairman.**

Tudalen wag



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

AUDIT COMMITTEE 25th March 2019	AGENDA ITEM NO. 3
REPORT OF THE CHIEF EXECUTIVE	WHISTLEBLOWING ANNUAL REPORT 2018/19

Author: Peter Cushion (Head of Employee Relations)

(01443) 444503

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to present a copy of the Council's Annual Whistleblowing Report 2018/19 in accordance with the Prescribed Persons (Reports on Disclosures of Information) Regulation 2017 (the '2017 Regulation').

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review the Annual Report (Appendix 1) to determine if it complies with the requirements placed upon the Council by the 2017 Regulation. If compliance is determined, approve the report.
- 2.2 If deemed necessary, consider whether any changes or improvements to the current whistleblowing arrangements are required.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 To provide Audit Committee with a copy of the Council's Annual Whistleblowing report in accordance with its Terms of Reference, and to demonstrate compliance with the Prescribed Persons (Reports on Disclosures of Information) Regulation 2017.

4. THE COUNCIL'S WHISTLEBLOWING POLICY

- 4.1 A copy of the Council's Whistleblowing Policy & Procedure was reported to the Council's Audit Committee at its meeting held on the [31st October 2016](#).
- 4.2 The purpose of the Policy is to provide a means by which complaints of malpractice or wrongdoing can be raised by those who feel that other

avenues for raising such issues are inappropriate. The Policy confirms that so far as possible, those raising concerns under the Policy will be treated confidentially.

5. ANNUAL WHISTLEBLOWING REPORT 2018/19

5.1 The Terms of Reference for Audit Committee state:

Statement of Purpose

The purpose of the Audit Committee is to monitor the adequacy of the risk management framework and the associated control environment; provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment; and to oversee the financial reporting process.

As a key element of new arrangements for corporate governance, designed to ensure openness, integrity and accountability, the Committee will assist the Authority in discharging its responsibility for ensuring financial probity, without taking any action which might prejudice it. The Committee will [specifically in relation to overseeing a culture of zero tolerance towards serious wrongdoings]:-

L Receive ad hoc reports on any significant matters involving fraud, theft or other appropriate matters in breach of the Authority's Financial Procedure Rules and Contract Procedure rules, as part of the development of an anti-fraud culture.

N Promote and review any measures designed to raise the profile of probity within the Authority.

5.2 In line with the above Terms of Reference, the Council's Whistleblowing Annual Report 2018/19 is included at Appendix 1.

5.3 Subject to Audit Committee's consideration and feedback, an approved Whistleblowing Annual Report 2018/19 will be made available on the Council's website.

6. EQUALITY AND DIVERSITY IMPLICATIONS

6.1 There are no equality and diversity implications as a result of the recommendations set out in the report

7. CONSULTATION

7.1 There are no consultation implications as a result of the recommendations set out in the report.

8. FINANCIAL IMPLICATION(S)

- 8.1 There are no financial implications as a result of the recommendations set out in the report.

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 9.1 The Prescribed Persons (Reports on Disclosures of Information) Regulation 2017 (the '2017 Regulation') came into effect on the 1st April 2017 and requires specified employers (known as relevant prescribed persons) to report annually on the whistleblowing arrangements in place.
- 9.2 The 2017 Regulation also requires prescribed persons to include in annual reports information on the number of disclosures made and states that the annual report be published on the employer's website or by other means appropriate for bringing the report to the attention of the public.
- 9.3 A copy of the 2017 Regulation is provided at the following link:

http://www.legislation.gov.uk/ukxi/2017/507/pdfs/ukxi_20170507_en.pdf

10. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 10.1 The work in relation to probity aims to support the delivery of the priorities contained within the Council's Corporate Plan – *The Way Ahead*, in particular 'Living Within Our Means' through ensuring that appropriate internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

- 10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the arrangements in place to manage risks associated with potential misappropriation.

11. CONCLUSION

- 11.1 The Annual Report provided at Appendix 1 has been written in accordance with the responsibilities placed upon the Council by the 2017 Regulation.
- 11.2 The Annual Report provides an overview of the arrangements in place and also summarises the reported instances received, whilst protecting the confidentiality of the whistleblowers.
- 11.3 Overall, the Annual Report concludes that the '*the Council's whistleblowing arrangements are appropriate, however further work will take place during 2019/20 in order to address the actions outlined within this report*'.

LOCAL GOVERNMENT ACT, 1972
AS AMENDED BY
THE ACCESS TO INFORMATION ACT, 1985
RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
AUDIT COMMITTEE
25th March 2019
WHISTLEBLOWING ANNUAL REPORT 2018/19

REPORT OF CHIEF EXECUTIVE

Author: Peter Cushion (Head of Employee Relations)

Item 3

Background Papers

None.

Officer to contact: Richard Evans



**RHONDDA CYNON TAF COUNTY BOROUGH
COUNCIL**

**WHISTLEBLOWING ANNUAL REPORT
2018/19**

1. Introduction

- 1.1 Members of staff are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council and they may also fear harassment or victimisation. In these circumstances, it may appear to be easier to ignore the concern rather than report it.
- 1.2 For the purpose of the Whistleblowing Policy & Procedure (reported to Audit Committee at the meeting held on [31st October 2016](#)), 'workers' refer to all those that deliver services on behalf of the Council and also those organisations that provide services to the Council i.e. Employees, Contractors and Suppliers.
- 1.3 The Council is committed to achieving the highest possible standards of service. In line with that commitment, workers with serious concerns about any aspect of the Council's work are encouraged to come forward and voice those concerns. The Council encourages workers to participate without fear of reprisals.
- 1.4 The Whistleblowing Policy & Procedure aims to encourage and enable workers to raise serious concerns within the Council rather than overlooking a problem.
- 1.5 The Director of Human Resources has overall responsibility for the maintenance and operation of the Policy and has ensured that a record of all cases reported along with the outcomes has been compiled during 2018/19.

2. Raising an Issue

- 2.1 Initially workers should raise their concern with their immediate Line Manager / Head of Service / key contact within the Council, who will be able to determine whether they can deal with the concern or if it requires escalation. This can depend on the seriousness and sensitivity of the issues involved and who is thought to be involved in the matter.
- 2.2 In some instances the direct contacts may be the individuals where concerns relate, in which case, concerns can be raised in writing via the [Get Involved](#) section of the Council's Website. Individuals should include as much information as possible such as relevant dates, incidents and witnesses. If individuals wish to leave contact details then this is encouraged as quite often the ability to fully investigate necessitates contact to be made by an investigating officer should they have supplementary questions.
- 2.3 The Whistleblowing Policy & Procedure provides guidance in respect of anonymity and keeping the identity of a Whistleblower confidential.

3. What's been done to assess awareness?

- 3.1 A staff survey was undertaken between November – December 2018. This survey was distributed by email, and Human Resources staff also visited various locations across the Council. Results of the survey were reported to Audit Committee at its meeting on the [4th February 2019](#).
- 3.2 Members scrutinised the outcomes of the survey, and whilst they accepted the recommendations outlined within the report they were keen for Officers to analyse the feedback further with the aim of assessing whether particular themes or concerns from staff were prevalent within specific service areas of the Council. With these comments in mind, and taking all of the results of the survey into account, the following actions will be addressed by Human Resources during 2019/20:

ACTION 1

Remind staff of the importance of feeling empowered to report any suspicions that they may have.

ACTION 2

Re-assure staff that they will not be the subject of any repercussions if they come forward and blow the whistle on a colleague.

ACTION 3

Devise a simplified communication for staff that summarises the Council's whistleblowing and anti-fraud arrangements. Also, recommunicate to staff where full copies of the Policies can be found.

ACTION 4

Review the detailed feedback received from the survey, and use this to target resources at areas identified that could improve the arrangements further.

4. Whistleblowing activity during 2018/19

Disclosure Summary	Method Disclosure	Action Taken
It was alleged that a driver of a Council Road Sweeping vehicle was using his mobile phone whilst driving.	Online submission	Human Resources investigated this allegation, and appropriate disciplinary action was taken.
It was alleged that a driver of a Council Refuse vehicle was speeding and using foul language.	Online submission.	This matter was referred to the relevant Service Director, however the vehicle could not be identified and no further action was taken.
It was alleged that a member of staff used racist language on social media.	Online submission	Human Resources investigated this allegation, and a management discussion took place.
It was alleged that a Social Worker employed by the Council used inappropriate language on social media.	Online submission	Human Resources investigated this allegation, and it was clarified that the individual was not a Council employee.
Allegations of potential fraudulent activity and financial concerns in a Council school.	Online submission	Investigation undertaken by the Council's Internal Audit section. No further action was taken.
It was alleged that a Team Manager in Adult Services was making her team ill.	Online Submission	Referred to Head of Service and review undertaken.
It was alleged that a Highways Maintenance van was driving carelessly.	Online submission	This matter was referred to the relevant Service Director, however the vehicle could not be identified and no further action was taken.
It was alleged that Care Workers in a	Via Occupational Health	Investigation undertaken which resulted in a

Disclosure Summary	Method Disclosure	Action Taken
Residential establishment did not follow appropriate moving and handling procedures.	appointment / clinic	management discussion for the staff involved.
It was alleged that HR staff posted inappropriate behaviour on social media	Online submission	Management discussion undertaken.

NB: A management discussion is an agreed (with the relevant trade unions) alternative to formal disciplinary action, and a record of the discussion is placed on an individual's personal file. The individual will be accompanied by their trade union representative (if they choose) at this meeting.

5. Concluding comments

- 5.1 Whilst all staff are required to follow relevant Policies and Procedures put in place by the Council, unfortunately there are a very small number of instances where some individuals decide to contravene these arrangements.
- 5.2 In such instances, it is absolutely necessary that the Council has the appropriate arrangements in place for individuals to report potential serious wrongdoings.
- 5.3 It is difficult to fully ascertain how effective the Council's whistleblowing arrangements are in respect of awareness across all workers, and indeed whether all workers feel comfortable to report potential concerns. However, the results from the staff survey have given us some intelligence and we'll aim to deliver the four actions outlined within this report during 2019/20. The fact that whistleblowers have come forward during 2018/19 does indicate a general awareness and a culture whereby staff do feel comfortable to do so.
- 5.4 All occasions of whistleblowing have been fully investigated and where appropriate, the necessary action has been taken.
- 5.5 Based upon the information contained within this report, I conclude that overall the Council's whistleblowing arrangements are appropriate, however further work will take place during 2019/20 in order to address the actions outlined within this report.

Richard Evans – Director, Human Resources

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

COMMITTEE:

AUDIT COMMITTEE

25th March 2019

Item No. 4
Anti-Fraud, Bribery & Corruption progress report for 2018/19 and proposed work programme for 2019/20

REPORT OF:-

DIRECTOR OF FINANCE & DIGITAL SERVICES

Author: Ian Traylor – Head of Pensions, Payroll & Payments

(01443) 680591

1. PURPOSE OF THE REPORT

The purpose of this report is to outline the progress made to date against the Anti-Fraud, Bribery & Corruption work programme for 2018/19 and proposed work programme for 2019/20.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review the outcomes of the anti-fraud work progress during 2018/19;
- 2.2 Consider the proposed work to be undertaken in 2019/20 and provide direction and guidance where necessary within the Terms of Reference of the Committee.

3. BACKGROUND

- 3.1 In November 2017, members considered and approved the Anti-Fraud, Bribery and Corruption Strategy.
- 3.2 As detailed within the Strategy, update reports will be prepared and provided to Audit Committee at relevant intervals in order to assist the Committee to fulfil its terms of reference.

3.3 Included at appendix A is a progress report on the 2018/19 Work Programme for members' consideration.

4. EQUALITY AND DIVERSITY IMPLICATIONS

4.1 There are no equality and engagement implications associated with this report

5. FINANCIAL IMPLICATIONS

5.1 There are no financial implications associated with this report.

6. LEGAL IMPLICATIONS

6.1 The Accounts and Audit (Wales) Regulations 2014 require the maintenance of an adequate and effective system of internal audit of the Council's accounting records and control systems. This is essential to the prevention and detection of fraud and corruption and is a key element of the Chief Finance Officer's statutory duties as contained in section 151 of the Local Government Act 1972.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

AUDIT COMMITTEE

25th March 2019

Report of the Director of Finance & Digital Services

Author: Ian Traylor – Head of Pensions, Payroll & Payments

Item 4

Anti-Fraud, Bribery & Corruption progress report for
2018/19 and proposed work programme for 2019/20

Contact Officer: Ian Traylor
Head of Pensions, Payroll & Payments
Bronwydd House
Porth
CF39 9DL
Tel. No. (01443) 680591



Rhondda Cynon Taf County Borough Council

**Anti-Fraud, Bribery & Corruption
progress report for 2018/19**

and

Proposed work plan for 2019/20

DATE: March 2019

Anti-Fraud, Bribery & Corruption Report 2018/19

Introduction

This report provides Audit Committee with an update of activities carried out in relation to the prevention, detection and investigation of potential fraud during 2018/19. A plan of targeted activity for 2018/19 and the associated progress is included at **Appendix 1**.

1. Headline Activities

1.1 Strategy / Planning

1.1.1 Committee approval of the updated Anti-Fraud, Bribery & Corruption Policy, reinforcing the Council's zero tolerance approach to fraud and corruption.

1.1.2 Joint working with the Council's Internal Audit Team in the review and completion of the Council's Anti-Fraud, Bribery & Corruption Risk Assessment, which helps to target and prioritise areas of activity.

1.1.3 Developed an Anti-Fraud, Bribery & Corruption Plan for 2019/20 (**Appendix 1**), based on shared experience, and associated risk factors.

1.1.4 Developed an internal communication strategy, to help drive the proactive preventative and awareness raising measures across the organisation with the aim to maintain and promote an anti-fraud culture across all Council services.

1.1.5 Developed a central 'hub' for the collation of fraud referrals from all potential sources, e.g. members of the public (telephony/on-line reporting) and other Council departments (e.g. Housing Benefit Section). An accessible Council Internet and Intranet presence.

1.1.6 Supporting corporate policy documents including the Corporate Risk Management Strategy, Code of Conduct, Disciplinary Policy, Whistleblowing Policy and Financial Procedure Rules.

1.2 Prevention / Awareness

1.2.1 Active membership of the National Fraud Intelligence Bureau, sharing fraud experience, alerts and best practice across relevant Council Officers.

1.2.2 Issued targeted Corporate Fraud alerts to all educational establishments based on known attempts identified through the wider fraud network (included as **Appendix 2 - 4**).

1.2.3 Referral of a number of 'Telephone Scams' to the Council's Trading Standards Service and Media Office for appropriate action.

- 1.2.4 Urgently alerted service users of potential 'Mandate' fraud risks following a referral from South Wales Police in relation to an attempt against another Welsh Council.
- 1.2.5 Provision of bespoke and specific risk assessments and fraud preventative measures to individual Council sections/departments.
- 1.2.6 Active participant to the Cabinet Office's National Fraud Initiative which cross-matches data between different departments of the Council as well as external bodies, such as the NHS.
- 1.3 Review / Investigation
 - 1.3.1 Coordinate the National Fraud Initiative (Cabinet Office) data sharing exercises across Council systems and support follow-up investigations.
 - 1.3.2 Provide a single and specific point of contact for data provision and sharing to internal and external requestors (e.g. South Wales Police, HMRC, other Council departments such as Private Sector Housing).
 - 1.3.3 Collaborative work with the DWP's FES team on linked national benefit and Council Tax Reduction scheme investigations.
 - 1.3.4 Participation in 'data-matching' exercises such as Council Tax 'Single Person Discount' reviews.
 - 1.3.5 Investigation of fraud and/or irregularity within the Revenues arena (e.g. Council Tax discounts/exemptions).
 - 1.3.6 Investigation of fraud and/or irregularity within the Council Tax Reduction scheme.
 - 1.3.7 Assessment and review, as necessary, of any corporate fraud referrals.
 - 1.3.8 A staff survey was undertaken between November – December 2018. This survey was distributed by email, and Human Resources / Fraud personnel visited various locations across the Council. Results of the survey were reported to Audit Committee at its meeting on the [4th February 2019](#).
 - 1.3.9 Members scrutinised the outcomes of the survey, and whilst they accepted the recommendations outlined within the report they were keen for Officers to analyse the feedback further with the aim of assessing whether particular themes or concerns from staff were prevalent within specific service areas of the Council. With these comments in mind, and taking all of the results of the survey into account, the following actions will be addressed during 2019/20:

ACTION 1

Remind staff of the importance of feeling empowered to report any suspicions that they may have.

ACTION 2

Re-assure staff that they will not be the subject of any repercussions if they come forwards and blow the whistle on a Colleague.

ACTION 3

Devise a simplified communication for staff that summarises the Council's whistleblowing and anti-fraud arrangements. Also, remind staff where full copies of the Policies can be found.

ACTION 4

Review the detailed feedback received from the survey, and use this to target resources at areas identified that could improve the arrangements further.

2. Referrals and Outcomes 2018/19

- 2.1 Referrals to the Corporate Fraud Team are received from employees, members of the public, external agencies (e.g. HMRC, DWP), through the online fraud facility, whistleblowing facility or telephone/letter directly to the team. They are initially assessed to determine whether any investigatory action is appropriate.

Table 1 - Fraud Referrals 2018/19

	Referral Stream		
<i>2018-19</i>	On-line	Other	Total
Total (to 15th March 2019)	314	269	583

- 2.2 The vast majority (548) of the 583 referrals received relate to financial fraud against the Revenues and Benefit system, and any which related to DWP paid benefits / income support system are referred to the DWP (FES) team for investigation. The highest referral reason remains suspicions around inappropriately obtaining a benefit through non-declaration of parties living together.
- 2.3 Following the transfer of responsibility for investigating Housing Benefit fraud into DWP Fraud and Error Service (FES), DWP has developed a suite of management information that will allow the Council to monitor the progress of referrals made and the outcomes achieved.

Outcomes 2018/19

Table 2: DWP (FES) Quarters available at reporting date:

Quarter 1 and 2 April - September 2018	Local Service Investigation	Local Service Compliance	Total cases*
-------------------------------------------	--------------------------------	-----------------------------	--------------

Referrals	17	71	90
Outcomes	23	94	90
Positive Outcomes	13	14	27
Admin Penalty	3		3
Prosecutions	5		6

***Note:** The Management Information set out in the above table is a snap-shot of a quarter and will never balance exactly with the dates the referral was sent. The total cases data also includes data for other areas within FES, for example organised fraud so does not necessarily add up to the totals of investigations and compliance activities.

Key:

- Referrals The total number of HB fraud referrals received by DWP in the quarter as a result of HB processing.
- Outcomes Number of cases with an outcome recorded in the quarter.
- Positive Outcomes Number of cases with an outcome recorded in the quarter. Includes all outcome categories listed in 'Outcomes' except for 'No Result'
- Ad Pens Number of cases with an outcome of 'Admin Penalty' recorded in the quarter.
- Prosecutions Number of cases with an outcome of 'Prosecution' recorded in the quarter.

Local Service Investigation – The ‘criminal’ investigatory arm of the DWP’s FES

Local Service Compliance – The ‘non-criminal’ investigatory arm of the DWP’s FES

Table 3: DWP (SFIS) Fraud Overpayments notified during 2018/19 at reporting date:

Timeline	Fraudulent Overpayments	
	Housing Benefit (£)	Council Tax Reduction (£)
1	55,042	19,947
2	32,857	8,373
3	38,698	9,490
4	39,398	7,772
	165,995	45,582

Note: 0.2% of projected 2018/19 HB spend, 0.2% of projected CTR spend

Table 4: Corporate Fraud Team’s investigatory outcomes to date are:

Corporate Fraud	Allegation	Outcome	Loss (£)
Council Tax Reduction	Working whilst Claiming	Fraud/irregularity proven	833
	Non-resident at property	Fraud/irregularity proven	919
	Undisclosed capital	Other Agencies notified. Financial fraud/irregularity was proven	208
Housing Benefit and Council Tax Reduction	Undeclared residents in the household	Fraud/irregularity proven	6,361
Revenues (Council Tax Single Person Discount)	Undeclared additional residents in household	Fraud/irregularity proven	2,769

Housing Benefit	Claiming in two different local authority areas	A benefit claim was made in two different areas (RCT and Carmarthenshire) for the same period. Fraud/irregularity proven	919
Parking Permits	False obtaining of a permit by disclosing their business premises to be where they resided	The permit holder was visited unannounced by Fraud officers and his permit was confiscated and he was instructed to move his vehicle to avoid a penalty charge.	The Permit can be reallocated appropriately.

***Note:** there are a number of on-going investigations which will be reported to Audit Committee following their conclusion.

3. Concluding Comments

- 3.1 Audit Committee approval of the updated Anti-Fraud, Bribery and Corruption Strategy in November 2017 and on-going monitoring, has reinforced the Council's commitment and zero tolerance approach towards fraudulent activity.
- 3.2 Progress of the Anti-Fraud, Bribery & Corruption work programme for 2019/20 will ensure the Council continues to operate within an effective anti-fraud culture across the organisation, with resilient preventative measures capable of identifying and addressing new threats.

Anti-Fraud, Bribery & Corruption Plan 2019/20

In addition to the on-going activities, key liaison and collaborative work already undertaken, the Corporate Fraud Team will look to:

Activity	Explanation	How we intend to do it	Progress
Increased awareness of the role of the Corporate Fraud Team	To continue to raise awareness of the team and the role they undertake and support they provide.	Link with Human Resources around the Induction of new employees. Jointly work through the Actions identified following the previous Audit Committee.	A staff survey was undertaken during November / December 2018 which reported relatively low numbers of staff being aware of the Corporate Fraud Team and the role it carried out.
Review and completion of the Council's Fraud Risk assessment.	To provide assistance to the Audit team in the continued risk assessment of all Council areas. Targeting the limited resource against areas of greatest risk (financial and /or reputational) / opportunity.	High level assessment of internal control using shared experience, civil/criminal procedural knowledge and fraud expertise.	On-going
Training (Fraud Awareness)	A more in-depth and focussed training package for specific sections or departments designed around the role of the department and the internal and external risks they face.	Target delivery due to potential risks established from the risk assessment, shared intelligence or by Service request.	On-going
Intervention	As informed by the risk assessment, work with the following Service Areas (supporting Internal Audit), around reviewing the existing internal control environment. <ul style="list-style-type: none"> • Licensing • Private Sector Housing (Grant awards) 	In conjunction with the Internal Audit team, a qualified fraud investigating officer will visit, interview staff, scrutinise and examine documents and procedures to strengthen areas of potential risk and promote a culture of prevention and detection.	On-going

Activity	Explanation	How we intend to do it	Progress
Investigation (reactive)	Investigate other internal fraud/irregularity, these could include; <ul style="list-style-type: none"> • Employee frauds • Social Care (Personal Budgeting/Direct Payments) • Grant awards • Pensions 	Use the qualified fraud investigators currently employed to investigate and report as appropriate. Support from Internal Audit and Human Resources as required.	A number of enquiries are currently in progress
'Fighting Fraud & Corruption' locally	To ensure that all items contained on the 'Checklist' (ref: Appendix 3 of the 'Anti-Fraud, Bribery & Corruption Strategy') are considered, measured and implemented.	In conjunction with the Internal Audit team.	Complete
NFI Data Sharing Exercise	Data analysis across the following service areas: <ul style="list-style-type: none"> • Payroll • Creditors • Debtors • Pensions • Housing Benefit • Council Tax 	Provision of data and comparative analysis with other public sector records, with follow-up investigation (repeated every 2 years) <ul style="list-style-type: none"> • Fraud, error, overpayments and excess reductions are identified. • To take appropriate action against offenders. 	National bi-annual exercise now underway. 7,398 matches received across 83 datasets. <ul style="list-style-type: none"> • 1,721 processed to date • 67 cases being investigated.
Joint collaborative investigation with DWP	Participate in the joint working arrangements with DWP (investigators and DWP legal resources) on linked national benefit and Council Tax Reduction scheme investigations	Sharing information and expertise, to ensure that collectively welfare benefit and CTRS are resourced in the most efficient and effective manner.	Official rollout for joint working will commence on 29 th April 2019 for RCT.
Investigate suspected Council Tax frauds	Utilise internal and external data matching products to identify potential discrepancies in Single Person Discounts and other Council Tax discounts, disregards and exemptions.	Recover single person discounts 'incorrectly' claimed. Recover other disregards and discounts 'incorrectly' claimed.	Ongoing. Datatank 'Single Person Discount' to Credit Reference Agency data matching exercise underway

RCT Corporate Fraud Team

FRAUD ALERT



The Council has recently received reports that a school within a neighbouring authority has received an e-mail purporting to indicate that they are to be the beneficiary of a 'donation' and in order to receive this, the school must provide financial information relating to their bank details. The e-mail was reported in the following form;

"Good morning

We hope to find you are well and to let you know that one of our donors has nominated your school for a donation.

The good news is we have completed our checks and you are already set up on our system. However so we can send your donations quickly and securely via BACs, we need your bank details.

To allow us to do this and abide by UK anti money laundering rules and to minimise any risk, we require a scanned copy of a void cheque, paying in slip or bank statement dated within 6 months, showing the name of the school.

Please reply to this email within the next 7 days and we can get it all set up for you.

Your beneficiary account is: XXXXXXXXXXXXXXXX Please keep this number safe, as you'll need to write it on any CAF Vouchers you receive, before you send them in or quote on any correspondence with us.

If you need a little help please call us on XXXXXXXXXXXXXXXX

Kind regards

XXXXXXXXXXXXXX

Validation Officer

UK Validation, Customer Services

Charities Aid Foundation"

The overriding message is to be **VIGILANT** and thoroughly check that any email address that you are dealing with is genuine and to consider whether the process the fraudster is using (i.e. providing a donation) would be undertaken that way by a genuine organisation.

Furthermore, please read the following advice from the Council's Corporate Fraud Team:

Advice to help prevent this type of fraud

- Urgently advise all staff whom may receive such e-mails to not respond to the e-mail outlining financial account information.
- Secure and restrict access to financial records at the school to limit the chances of the school's financial information being unwittingly provided.
- Never arbitrarily respond to an e-mail of this nature without verifying the legitimacy of it, e.g. by telephoning the source.
- Even by telephoning, the level of sophistication by the perpetrators, may lull you into believing that this is genuine. Therefore, if something sounds too good, more often than not, it is.
- A genuine organisation making a donation will make their intentions far clearer and known and not just issue an e-mail expecting you to reciprocate with financial account details.
- Report any suspicious or suspected fraudulent activity to the Council's Corporate Fraud Team, who will investigate on your behalf and share intelligence across the Public Sector National Fraud Network.

If you have any questions in relation to this alert, please contact the Council's Corporate Fraud Team:

Bronwydd

Porth

CF39 9DL

Telephone: (01443) 680508

Email: Fraud@rctcbc.gov.uk

RCT Corporate Fraud Team

FRAUD ALERT



The Council has been alerted to reports that schools are being targeted for an alleged scam.

A company known as 'The Big Classroom' or 'Machtech Media Ltd' is advertising itself as a secure social media network for schools also called 'Digital Competence Prevent'. They appear to be offering a free trial using a special promotion but have then been invoicing schools £300 plus VAT if they have signed up to the trial. No termination notice period is outlined and the subscription to the service renews automatically.

The small print sets all this out and it appears these terms are legally binding. Several schools in the Newport area have recently been targeted.

What to do next

If you have not signed up to this but are searching the market for a similar product, the advice would be to contact a known supplier or reputable company.

If you have signed up to this free trial and do not wish to continue the service, please ensure that you send notice of termination well within the notice period and ensure that you receive the appropriate acknowledgement.

Furthermore, please read the following advice from the Council's Corporate Fraud Team:

Advice to help prevent this type of fraud

- Be vigilant and consider the risk of signing up to the services of an unknown company with the lure of a free trial. As in most cases, if something sounds too good, more often than not, it is.
- Do some background checks on a new supplier by possibly liaising with your school networks both within RCT and wider to consult on the service being offered.
- Contact the Council's Procurement Service for advice.
- Report any suspicious or suspected fraudulent activity to the Council's Corporate Fraud Team, who will investigate on your behalf and share intelligence across the Public Sector National Fraud Network.

If you have any questions in relation to this alert, please contact the Council's Corporate Fraud Team:

Bronwydd

Porth

CF39 9DL

Telephone: (01443) 680508

Email: Fraud@rctcbc.gov.uk

RCT Corporate Fraud Team

FRAUD ALERT



The Council has recently received reports that schools are becoming increasingly targeted for 'Phishing Fraud'. This type of fraud involves attempts by a fraudster to deceive a person into believing that they (i.e. the person or company) are genuine. Fraudsters will often call an organisation or school pretending to be a legitimate company and asking for financial account information or for a payment to be made to a financial account set-up by the fraudster. Our relationship support manager from Barclays plc has provided the following warning;

The overriding message is to be **VIGILANT** and thoroughly check that any person

We are seeing a significant increase in fraud attacks at the moment.

A recent one involved a school (not within RCT) that had been the subject of a 'Phishing Fraud', which involved paying away £37,900.

The fraudster pretended to be from Barclays Fraud Team and it was only when our payments team called the school that they stopped making the payment.

The fraud team have advised us that there has been a spate of these targeting schools, and I thought it was worth letting you know in case you wanted to share this with your school contacts together with the best precautions to take. Below is a reminder of what Barclays will never ask during a genuine call:-

Best practices

- Do not assume a caller is genuine because they know information about you or your company – fraudsters are skilled in collecting enough information and use technology to be convincing
- Remember that Barclays may ask you for some information, but will **NEVER:**
 - ❖ ask you for your PIN number or your full password
 - ❖ provide you with account details to make a payment
 - ❖ request you change permission levels of who can access your account
 - ❖ or request that you grant them remote access to your systems or PC

you are dealing with is genuine and from the company or organisation they say they are from.

Furthermore, please read the following advice from the Council's Corporate Fraud Team:

Advice to help prevent this type of fraud

- Ensure all sensitive correspondence outlining financial account information is stored securely and, if necessary, disposed of responsibly by way of a company, authorised to securely destroy confidential information.
- Secure and restrict access to financial records at the school to limit the chances of the school's financial information being unwittingly provided.

- Never arbitrarily respond to a telephone call without verifying the legitimacy of it, e.g. by telephoning the source or your known contact within the company or organisation.
- Before acting, contact the Council's Corporate Fraud Team for urgent advice if you think someone is attempting to 'phish' you.
- Report any suspicious or suspected fraudulent activity to the Council's Corporate Fraud Team, who will investigate on your behalf and share intelligence across the Public Sector National Fraud Network.

If you have any questions in relation to this alert, please contact the Council's Corporate Fraud Team:

Bronwydd

Porth

CF39 9DL

Telephone: (01443) 680508

Email: Fraud@rctcbc.gov.uk

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

<p>AUDIT COMMITTEE</p> <p>25th March 2019</p>	<p>AGENDA ITEM NO. 5</p>
<p>REPORT OF THE REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES</p>	<p>FINALISED AUDIT ASSIGNMENTS</p>

Author: Marc Crumbie (Head of Internal Audit & Procurement Development Programmes)

1. PURPOSE OF THE REPORT

1.1 This report provides Members with a summary of audit assignments completed between 25th January 2019 and 12th March 2019.

2. RECOMMENDATIONS

It is recommended that Members:

2.1 Seek clarity and explanation where there are areas of concern.

2.2 Identify further action to be taken where deemed necessary.

3. REASON FOR RECOMMENDATION

3.1 To help ensure that Audit Committee discharges its responsibilities in respect of reviewing and forming an opinion on the overall control environment in place across the Council.

4. BACKGROUND

4.1 The Audit Committee Terms of Reference (Point D) requires it to *'Review, scrutinise and issue reports and recommendations in relation to the Authority's financial affairs, and providing the opportunity for direct discussion with the auditor(s) on these'*.

4.2 In line with this requirement **Appendix 1** provides a summary of the audit assignments completed between 25th January 2019 and 12th March 2019.

Members will note that the summary provides for each assignment: the Introduction, Scope & Objectives, Auditor's stated opinion and a summary of all recommendations made for each audit review completed to final report stage within the stated period.

4.3 To help ensure Audit Committee effectively discharges the responsibility as set out in its Terms of Reference (and replicated at point 4.1 above), Members may wish to consider the principles noted below in addition to their own lines of enquiry:

- Are the conclusions made by Internal Audit reasonable / backed up by the findings reported?
- Are the recommendations made by Internal Audit likely to support the necessary improvement in internal control?

4.4 Members will note that 12 audit assignments have been finalised in the period and are set out in Table 1 below.

Table 1 – finalised audit assignments

EDUCATION & INCLUSION SERVICES

- HAWTHORN HIGH SCHOOL - FOLLOW UP
- ABERDARE COMMUNITY SCHOOL
- CAPCOCH PRIMARY SCHOOL
- CWMLAI PRIMARY SCHOOL
- LLWYNCRWN PRIMARY SCHOOL
- YGG LLWYNCELYN

WHOLE AUTHORITY ARRANGEMENTS

- ANTI-FRAUD, BRIBERY & CORRUPTION
- PERFORMANCE INDICATORS

COMMUNITY & CHILDREN'S SERVICES

- REGISTRATION SERVICES
- THE PANEL PROCESS
- ADOPTION SUPPORT PAYMENTS

CORPORATE & FRONTLINE SERVICES

- LEGIONELLA MANAGEMENT

5. EQUALITY AND DIVERSITY IMPLICATIONS

5.1 There are no equality and diversity implications as a result of the recommendations set out in the report.

6. CONSULTATION

- 6.1 There are no consultation implications as a result of the recommendations set out in the report.

7. FINANCIAL IMPLICATION(S)

- 7.1 There are no financial implications as a result of the recommendations set out in the report.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 The provision of regular information in respect of the Council's Internal Audit Service supports the Council in demonstrating compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 8.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: "*A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.*"

9. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 9.1 The work of Internal Audit aims to support the delivery of the priorities contained within the Council's Corporate Plan – *The Way Ahead*, in particular 'Living Within Our Means' through ensuring that appropriate internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

- 9.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

10. CONCLUSION

- 10.1 The regular provision of all summarised audit assignments to Audit Committee throughout the year is aimed at assisting Members in evaluating the effectiveness of Internal Audit work across all Council systems and services.
- 10.2 In doing so, it enables Members to form an opinion on the overall control environment of the Council at the end of the financial year.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

25th March 2019

FINALISED AUDIT ASSIGNMENTS

REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

Author: Marc Crumbie (Head of Internal Audit & Procurement Development Programmes)

Item: 5

Background Papers

None.

Officer to contact: Marc Crumbie

Other Information:-

Relevant Scrutiny Committee

Not applicable.

Contact Officer – Marc Crumbie

Appendix 1 - Summary of audit assignments completed between 25th January 2019 and 12th March 2019

EDUCATION & INCLUSION SERVICES

AUDIT NAME: HAWTHORN HIGH SCHOOL FOLLOW UP

DATE FINAL REPORT WAS ISSUED: 11/03/2019

INTRODUCTION

Hawthorn High School was subject to a routine Internal Audit Visit in May 2017. A follow up review was undertaken in February 2018, at the request of Audit Committee. Both the original audit review and the follow up visit concluded that the overall control environment in relation to the School's financial and governance arrangements was 'insufficient and requires improvement'.

Following the presentation of the follow up final report to Audit Committee on 17th December 2018, a further review was requested by the Director of Education & Inclusion Services and Audit Committee, to ascertain whether recommendations made at the time have been successfully implemented.

This audit report provides the outcome of the follow up review that has now been completed.

SCOPE & OBJECTIVES

The objective of this review was to:

- Establish the status of the recommendations raised within the previous final report (issued November 2018)

AUDIT OPINION

This follow up review can confirm that all recommendations made have either been fully implemented or are ongoing in their implementation. There has been a clear commitment by the School to addressing the recommendations previously made, as follows:

Governance

The Committee Structure, Composition and Terms of Reference for 2018/19 was presented to the Governing Body on 10th October 2018 and subsequently agreed and minuted.

In accordance with statutory requirements, all original signed documents and minutes are now retained at the School in a central file with each loose leaf sheet consecutively numbered and signed by the Chair of Governors. All Full Governing Body and sub-committee minutes for the period October 2018 to date were examined, and this procedure was routinely evidenced.

On the 14th February 2019 the Full Governing Body agreed the format for future reporting insofar that all minutes will be completed to indicate RESOLVED/AGREED for each item discussed. This will ensure both clarity and good practice, and the School should ensure that this is now implemented for all future meetings held and minutes completed.

Attendance sheets were in place for all Governing Body and sub-committee meetings recently held, and these were appropriately signed and held on file.

The Community Governor vacancy has now been filled and the Governing Body are operating at full capacity. A Register of Business Interests is in place and all declarations were present at the time of the audit, including the most recently appointed Community Governor.

A Policy and Document Schedule has now been introduced at the School. For all Policies listed on the Schedule, a copy is held on a central file, in a consistent manner with details of the review dates, Chair of Governor's signature and Governing Body endorsement. The School now has arrangements in place in respect of a rolling programme for presenting Policies for ratification to the Governing Body.

There are no findings contained within this report in respect of Governance.

Safeguarding

It was established that Level 1 Safeguarding Training was provided to the whole School on 3rd September 2018, with a central record maintained confirming the names of all staff in attendance. This was confirmed to VISION and this report confirms that, with the exception of 2 long term absences, training has now been provided to all School staff with documentary evidence available. All staff members have signed to confirm that they have received, read and understood the School's Safeguarding Policy, and a signed copy of this Policy is held at the School.

All tutors previously identified have been subject to an IR35 employment check, and the employment status of all individuals is now routinely checked using the HMRC online tool when a tutor is engaged, with evidence of this check retained at the School.

There are no findings contained within this report in respect of Safeguarding.

Purchase Card

A review of the Purchase Card Transaction Log and supporting receipts for the period September 2018 to date revealed that all expenditure was of an appropriate nature. A 'Headteacher's Fund Donations' sub account still remains within the School Private Fund with a current balance of £158.83. There has been no further expenditure from this sub account during the current academic year, and the School has confirmed that the nature of any future expenditure will be in accordance with the School Private Fund Regulations.

There are no findings contained within this report in respect of Purchase Card.

School Income

The School's Finance Policy has been updated to reflect the roles and responsibilities of staff with financial responsibility, and this was presented to the Governing Body on 14th February 2019.

The terms and conditions of hire have been amended to reflect the payment terms and arrears procedures, and these will become operational from 1st April 2019. The School should ensure that all future hirers are invoiced in accordance with the terms and conditions, with booking forms completed in advance of the booking. Where due to the nature of the booking there are exceptions to the terms of conditions, e.g. the invoice is raised termly in arrears, the terms and conditions should reflect this exception, following appropriate Governing Body endorsement of the waiver condition. All hire forms are now formally approved by the Estates Manager who has been delegated this authority by the Headteacher.

There are no findings contained within this report in respect of School Income.

Banking

Responsibility for the bank reconciliation process has been given to one member of staff (Estates Manager) to ensure consistency. This person is also independent to the process of receiving and recording income, and raising invoices on SIMS allowing for an adequate division of duties. Examination of the bank statements received from September 2018 to date revealed that all had been reconciled promptly upon receipt, and were signed and dated as evidence of this process.

There are no findings contained within this report in respect of Banking.

Budget

A schedule is now in place for the issue of regular budgetary information from SIMS, to individual budget holders. This schedule has been incorporated into the School's Finance Policy and testing confirmed that regular budgetary updates have been provided to budget holders in accordance with the schedule since this system was introduced in September 2018.

There are no findings contained within this report in respect of Budget.

Assets

The School Development Plan covers the period 2018 – 2021. There are 12 priorities specified, of which 5 have been identified as the responsibility of the LEA. For the remaining 7 which are the responsibility of the School, estimated costs have been included for budgetary purposes.

A full Inventory review has now been completed with the details maintained on a room by room basis, in an Excel spreadsheet format. The Estates Manager is in the process of updating this information to SIMS.

There are no findings contained within this report in respect of Assets.

New Findings

A signed copy of the Cleaning Contract is available at the School, detailing the signatures of both the Headteacher and Chair of Governors on 14th June 2017. Discussion at the School revealed that this contract has previously been presented to Governing Body however for completeness, this will be included as an agenda item on 25th March 2019, to allow for this to be formally minuted. Furthermore, all members of the Governing Body have signed a declaration to confirm that due process was followed in awarding the contract, and that they were provided with detailed cost implications when making their decision.

A review of the School Private Fund and Budget Account revealed that there is no mixing and matching of income and expenditure transactions. While the School production did not take place in 2018, the School has confirmed that all future income and expenditure in respect of the production will be processed via the budget account, with VAT identified on both income and expenditure where necessary.

There are no findings contained within this report in respect of New Findings.

The Headteacher and Chair of Governors have requested that a follow up audit is carried out in 12 months to review the control environment surrounding the School's financial and governance arrangements.

AUDIT NAME: ABERDARE COMMUNITY SCHOOL

DATE FINAL REPORT WAS ISSUED: 21/02/2019

INTRODUCTION

Aberdare Community School is a large 11-18 English Medium School which opened in September 2014, following the merger of Aberdare Girls, Aberdare High and Blaengwawr Comprehensive Schools. There are 1,279 pupils on roll, of which 137 are in the sixth form. The proportion of pupils entitled to free school meals currently stands at 27%.

The total budget for the School for 2018/19 is £6.0m. The previous Headteacher left the School in Summer 2018 at which point an Acting Headteacher was appointed for the Autumn Term 2018, during which time the audit was undertaken. A new Headteacher is now in post with effect from January 2019.

Aberdare Community School was last subject to a routine audit visit in October 2016.

The Headteacher has confirmed that this report will be presented to the Full Governing Body at their April 2019 meeting.

SCOPE & OBJECTIVES

All financial systems in operation at the school were considered and an assessment carried out in consultation with the Acting Headteacher and Chair of Governors to identify those areas representing the highest risk to the school, and therefore necessitating review.

On the basis of this assessment, audit work was carried out on the following areas of administration: -

- Governance
- Safeguarding
- School Private Fund
- Purchase Card
- Petty Cash
- School Income

AUDIT OPINION

Safeguarding & Educational Visits

The control environment in relation to Safeguarding and Educational Visits is considered to be effective with opportunity for improvement.

Testing identified that all Staff received the appropriate clearances before commencing duties in their posts.

The School has a Safeguarding and Child Protection Policy in place. Whilst this was reviewed and presented to the Governing Body in November 2018, there was no documentary evidence at the School to confirm that all members of staff have received a copy of the Policy, and have read and understood it.

Level 1 safeguarding training has been provided to School staff in various 'refresher' sessions throughout the year. Additionally, a number of staff at the School have undertaken Level 3 training, however, not all Certificates were available at the School.

The School makes use of the EVOLVE system to record details of all off-site visits and staff are suitably qualified to make use of the system in accordance with the document 'Planning and Approval Procedures for Educational Visits'. All trips examined had been entered onto EVOLVE and authorised in

accordance with the designated timescales.

Governance

The control environment in respect of Governance is considered to be effective with opportunity for improvement.

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body and all Sub-Committees have the requisite number of members.

It was identified that all Statutory Policies are in place at the School. It was established that a number of Policies had not been signed by the Headteacher/Chair of Governors. Additionally, it was established that some Policies had not been reviewed for a number of years, whilst it was also noted that the School has not adopted the latest Staff Disciplinary Policy, and are still working to a previous version.

School Income

The control environment in respect of School Income is considered to be effective with opportunity for improvement.

The School have developed a detailed Financial Procedures document that contains details of how each area of administration should be managed and details of the roles/responsibilities of the individuals presently involved.

While there is an adequate trail of income received and banked, income processes currently do not allow for an appropriate segregation of duties, with the Finance Director being responsible for collecting and recording some elements of School income, but also responsible for the bank reconciliation process. This report recommends that the bank reconciliation process be undertaken by a person who is independent of the process to demonstrate transparency.

School Private Fund

The control environment in relation to the School Private Fund is considered to be effective with opportunity for improvement.

The administration of the School Private Fund provides an adequate audit trail for all income and expenditure transactions and a running account balance maintained. The account is subject to regular reconciliation; however this is performed by the Fund Treasurer who also undertakes the day-to-day administration of the Fund and is not sufficiently independent to the process.

It was also identified that whilst the electronic trip records maintained by teaching staff clearly detail the receipt of income from pupils, a summary of the daily total amounts received/passed to the Treasurer for banking is not maintained. As a consequence, it is not possible to verify the daily amounts passed to the Treasurer in respect of the individual pupils. This report recommends that this is facilitated either by an electronic summary within the spreadsheet or the introduction of a Record of Daily Income form.

It was also identified that Statements of Account are not always fully completed with full details of income/expenditure.

Petty Cash

The control environment in respect of Petty Cash is considered to be effective with opportunity for improvement.

A formal Petty Cash limit for items of expenditure has been set and is being adhered to. At the time of the audit visit, testing identified that the petty cash account is being administered on a day to day basis by the Finance Director, who also undertakes the reconciliation prior to reimbursement. This report

recommends that the Petty Cash account be subject to a regular, independent reconciliation. Consideration also needs to be given to reviewing the current practices in place and increasing the use of the Purchase Cards to pay for goods/services required. This would reduce the amount of administration required in making purchases via SIMS and also operating a petty cash account, allowing more opportunity for staff to undertake other duties.

Purchase Card

The control environment in respect of Purchase Card is considered to be effective with opportunity for improvement. There are two Purchase Cards in operation at the school with separate Transaction Logs maintained to record all expenditure. Whilst reconciliations were undertaken, this is done by the Finance Director who is responsible for the day-to-day purchases made on one of the cards, hence there is no independent check of the purchases made.

Implementing the recommendations contained in the report will enhance the current levels of control at the School.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Medium	<p>The School's Safeguarding Policy was last reviewed by the Governing Body on the 29th November 2018, having adopted the latest Cwm Taf Safeguarding Children Board (CTSCB) Model Safeguarding Policy.</p> <p>Point 3.1 of the Cwm Taf Safeguarding Children Board (CTSCB) Model Safeguarding Policy states: <i>'The Designated Senior Person (DSP) for Child Protection will...Ensure that all staff have signed to say that they have received, read and understood the Child Safeguarding Policy'</i></p> <p>No evidence could be located at the School during the audit visit to demonstrate that the staff have received, read and understood the latest Child Protection Policy.</p>	<p>Each member of staff should sign to demonstrate that they have received, read and understood the Child Safeguarding Policy.</p> <p>(Note: This is in addition to the designated staff and Governors with Child Protection responsibility.)</p>	30 April 2019
5.1.2 Medium	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that:</p>	<p>The School should ensure that Certificates are retained at the School for all staff who have undertaken training to demonstrate the</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p><i>'Governing Bodies should ensure that all staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'.</i></p> <p>Discussion with the School's nominated Child Protection Officer identified that he and 15 other members of staff have received level 3 Child Protection training. However, certificates of attainment for 6 of the 16 staff could not be evidenced at the School.</p>	level of qualification achieved and dates attained.	
5.3.1 Medium	Following the previous audit review (January 2017) the Officer Manager is now responsible for the collection of both invoiced income and school uniform shop income. All other income received is collected and recorded by the Finance Director. However the Finance Director also reconciles all income records, despite being responsible for collecting, banking and updating SIMS on a day to day basis.	<p>It should be ensured that an appropriate segregation of duties is put in place to ensure that staff who undertake the collection and banking of school income are not also involved in the reconciliation process.</p> <p>The bank reconciliation process should be carried out by someone independent to the process to ensure transparency, with records certified to demonstrate that this has taken place.</p>	Implemented
5.3.2 Medium	<p>As detailed above both the Office Manager and Finance Director are responsible for collecting income at the school. The Office Manager collects invoiced income and school uniform shop income, with the Finance Director collecting and receipting all other income received.</p> <p>A separate Record of Daily Income (RODI) form is maintained by each</p>	<p>The Record of Daily Income form should be signed by two members of staff as evidence of the amount being received and passed for banking.</p> <p>Following the introduction of a division of</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	member of staff. On examination of these records it was noted that the RODI completed by the Office Manager is not signed by two people as evidence of the collection/handover of income. However the RODI maintained by the Finance Director is appropriately signed by two members of staff.	duties/realignment of duties (as recommended in 5.3.1) it may only be necessary to use one RODI going forward.	
5.4.1 Medium	<p>Appendix 2 point 1.2 of the School Private Fund Regulations provides guidance on how to maintain an electronic ledger.</p> <p>It was found that the reconciliation is currently undertaken by the Fund Treasurer, who is not independent of the income and expenditure transactions. It is however acknowledged that the Finance Director countersigns the Fund Treasurer's work; however no reconciliation or detailed review is undertaken.</p> <p>NOTE: Internal Audit can confirm that for the period September to December 2018 the account reconciled.</p>	An independent person should undertake the reconciliation to ensure transparency in the process.	Implemented
5.4.2 Medium	<p>Examination of the records held by the trip organisers for two trips (Disney 2018 and Ypres 2017) identified that records are consistent, with the amount, date and who it was received from recorded on a spreadsheet maintained by each trip organiser.</p> <p>The Fund Treasurer also maintains Record of Daily income sheets detailing the total income passed from each Trip Organiser for each trip each day.</p> <p>It was also established that whilst 'Savings Cards' are given to pupils</p>	<p>Trip Organisers should be reminded that a Record of Daily Income is to be completed as and when income is collected from pupils/parents.</p> <p>Alternatively, the spreadsheet currently maintained could be developed by the School to be used by Trip Organisers allowing for the dates and total amounts passed to the Treasurer to be easily</p>	31 March 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	and completed when they make payments, difficulty was experienced reconciling the individual amounts received to the total amounts passed to the Treasurer for banking as a breakdown of this is not maintained by Trip Organisers.	identifiable. When income is then passed to the Fund Treasurer, the amounts collected should be clearly totalled up on the RODI and dated to confirm when passed to the Treasurer for banking.	
5.4.3 Low	Section 9.1 of the School Private Fund Regulations states that: 'Any member of staff running a School trip is required to draw up and provide the Treasurer with a statement of account within one month of the conclusion of the trip. This must show details of all the receipts and payments relating to the trip' Examinations of the Statement of Account for the Ypres 2017 trip identified that expenditure was recorded as a total amount and not individual transactions and amounts.	It should be ensured that Statement of Accounts are fully completed for all trips, in accordance with the School Private Fund Regulations.	31 March 2019
5.5.1 Medium	There is currently no independent, periodic reconciliation of the Petty Cash account. The member of staff who administers the account on a day to day basis is also the member of staff currently responsible for reconciling the account.	The Petty Cash account should be subject to a regular, independent reconciliation. Records maintained should be certified to demonstrate this has taken place.	Implemented
5.5.2 Low	Examination of expenditure for October and November 2018 showed that all items reimbursed were appropriate.	All items of expenditure should be supported by a receipt or invoice.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>However, one transaction was identified whereby no receipt/invoice was obtained, whilst the subsequent form completed by the teacher to evidence the expenditure had only one signature.</p> <p>6/11/18 - Rugby Referee - £15.00</p>	<p>In the event that a receipt cannot be obtained, a PF2 (Record of expenditure without Receipt) form should be completed and signed by two members of staff.</p>	
5.6.1 Medium	<p>The School currently has 2 Purchase Cards.</p> <p>Discussions with the Finance Director established that bank statements are received on a monthly basis and are reconciled upon receipt.</p> <p>However, the person responsible for carrying out the reconciliation also administers one of the Purchase Cards. This does not allow for a sufficient independent review.</p> <p>NOTE: Internal Audit can confirm that for the period September to November 2018 the Purchase Cards reconciled.</p>	<p>The Headteacher should ensure someone independent reconciles the Purchase Card account (where the Finance Director is responsible for making purchases and completing the Transaction Log).</p>	Implemented
5.6.2 Medium	<p>Examination of the School's statutory policies and documents established the following: -</p> <ul style="list-style-type: none"> • 8 policies were not signed by the Headteacher or Chair of Governors • 9 policies had not been reviewed since June 2014 <p>Additionally, whilst the Staff Disciplinary Policy was reviewed in March 2017, this was found to be an earlier version provided to Schools in</p>	<p>It should be ensured all policies are signed by the Headteacher and Chair of Governors when endorsed by the Governing Body.</p> <p>The School should implement a policy review process to ensure policies are reviewed when required.</p>	31 October 2019

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	2012, which has since been superseded by an updated version of the Policy.		

AUDIT NAME: CAPCOCH PRIMARY SCHOOL

DATE FINAL REPORT WAS ISSUED: 07/02/2019

INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of a School's financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Capcoch Primary School was last subject to an Internal Audit Review in November 2014 and this is the third cyclical visit made to the School to examine progress made under the self-evaluation process.

The Headteacher has confirmed that this Final Audit report will be presented to the Full Governing Body at the Spring Term meeting of 18th March 2019.

SCOPE & OBJECTIVES

The checklist for non-chequebook primary schools comprises of 105 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial year 2018/19.

The objectives of the review are:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2017 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meals income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the School's IT equipment are restricted, that computer hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 2018.
- To review the governance arrangements in place at the School.

AUDIT OPINION

Governance

The control environment in respect of Governance is considered to be effective with opportunity for improvement.

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body and its sub committees have the requisite number of members and quorate levels for meetings are achieved. A Register of Business interests is in place at the School and is updated annually; however, audit testing identified that a declaration had not been completed in respect of 1 new Governor.

Whilst all statutory policies and documents are present, there was 1 policy that had not been presented to the Governing Body for ratification within the last 3 years and 1 document that had not been subject to an annual review.

Safeguarding & Educational Visits

The control environment in relation to Safeguarding and Educational Visits is considered to be effective with opportunity for improvement.

Testing identified that all staff received the appropriate clearances before commencing duties in their posts and DBS reference numbers for staff are retained at the School. However, the School list also contains the DBS reference numbers for staff who no longer work at the School and this report recommends that these reference numbers be removed as soon as possible.

Although it was identified that an update on Safeguarding was provided to School staff during the year, there was one casual member of staff who had not received the update. The School have a Safeguarding and Child Protection Policy, which is reviewed annually, however, there was no documentary evidence at the School to confirm that all members of staff have received a copy of the Policy, have read and understood it.

The School make use of the EVOLVE system to record details of all off-site visits and staff are suitably qualified to make use of the system in accordance with the document 'Planning and Approval Procedures for Educational Visits'. There were however 3 residential trips on the system that had not been authorised in accordance with procedures.

School Private Fund

The control environment in relation to the School Private Fund is considered to be insufficient and requires improvement.

One of the named auditors for the fund is also a cheque signatory, which is in contravention of the School Private Fund Regulations.

A central Record of Daily Income form is not in use at the School with all income instead being recorded directly onto individual income sheets which are created for each activity. The dates income is received are not always recorded also and the School Private Fund Ledger was not an accurate reflection of the income and expenditure for the year as discrepancies were identified between the ledger and subsidiary documents. These would have been identified if the ledger was used as part of the Bank Reconciliation Process, which is currently not the procedure followed.

Deposits with the bank are not always being made in accordance with the School Private Fund Regulations leaving staff in a vulnerable position when transporting cash to the bank. This report recommends that the School consider using the secure collection service to alleviate this risk.

For the current academic year, all but 2 items of expenditure were solely for the benefit of the pupils / School and in accordance with the School Private Fund Regulations. All items were supported with appropriate receipts / invoices.

Purchase Card

The control environment in relation to the Purchase Card is considered to be effective with opportunity for improvement.

There is a Purchase Card at the School but it is not being administered in accordance with the guidance issued by the Procurement Service i.e. there is no Transaction Log in place, there is no Card Sharing Log in place and although all purchases reviewed were supported with documentation (receipts, invoices, and confirmation for on-line orders) appropriate VAT receipts had not always been obtained even though the VAT for these purchases had been

reclaimed.

Note: Internal Audit undertook a bank reconciliation of the Purchase card and confirmed no irregular expenditure based upon the sample.

Purchasing

The control environment in relation to Purchasing is considered to be effective with opportunity for improvement.

At the time of the audit no official order book was in use at the School. Staff were instead completing order requisition forms which had been devised by the School Clerk and all supporting documentation in relation to each order was being retained in separate files. This report recommends that an official order is fully completed each time an order is placed by the School, delivery notes are checked to the copy order and the copy is appropriately endorsed with the delivery details and invoice details with all documentation relating to each order being retained together.

School Meals

The control environment in relation to the School Meals system is considered to be effective with opportunity for improvement.

Testing identified that free school meals are only provided to those for whom eligibility has been confirmed and retained, and the School meals income records are regularly reviewed by an independent senior member of staff.

Dinner money is updated to SIMS and banked regularly, and School dinner money arrears are being managed in line with the Catering Finance School Meal Protocol. At the time of the Audit visit, the dinner money arrears had reduced significantly from previous reported levels, with only 7 pupils with arrears in excess of the 2 week limit. However, it was reported by Catering Finance that the School has failed to submit their ½ term catering returns since Autumn Term 2017 and this report recommends that Half termly returns be completed and returned to Catering Finance in accordance with the Protocol.

School Budget

The control environment in relation to the School Budget is considered to be effective and there are no findings contained within this report.

A regular review of the Budget is undertaken by the Headteacher and details of the School's budgetary position is reported to the Governing Body at every meeting.

Pupil numbers were reviewed and no discrepancies were noted.

Data Protection & Security

The control environment in relation to Data Protection & Security is considered to be effective and there are no findings contained within this report.

The School is registered with the Information Commissioner. School data is backed up regularly and confidential data is kept securely and the School Inventory is up to date.

Implementation of the recommendations contained within this report will enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1	Section 2.9 of the Scheme for Financing Schools states that:	A declaration of business interests register should be completed on an annual basis	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
Medium	<p>'Governing bodies are required to establish a register of business interests...which lists for each member of the governing body and the Head Teacher any business interests they or any member of their immediate family have. The register must be kept up-to-date by notification of changes from governors and the Head Teacher, and through an annual review process'.</p> <p>Although a register has been established, no declaration was present for 1 new Governor.</p>	<p>which details the business interests of all Governors, the Headteacher and any other staff who may influence financial decisions at the School.</p> <p>A declaration should be completed immediately in respect of the Governor identified.</p>	
5.1.2 Medium	<p>All statutory policies and documents are in place at the School.</p> <p>However, it was not evident within the Governing Body minutes that the Freedom of Information policy had been reviewed by the Governing Body within the last 3 years and that the Assessments Arrangements document is subject to an annual review.</p>	<p>Both documents should be reviewed as soon as possible. Following review, they should be presented to the Governing Body for review and ratification (and this should be minuted).</p> <p>Details of review should be captured on the document covers i.e. date reviewed, date to be reviewed, signed and dated etc.</p>	31 March 2019
5.2.1 Medium	<p>Point 3.1 of the (Cwm Taf Safeguarding Children Board) Model Safeguarding Policy (that should be adopted by schools) states: <i>'The Designated Senior Person (DSP) for Child Protection will.....ensure that all staff have signed to say that they have received, read and understood the Child Safeguarding Policy.'</i></p> <p>There was no evidence held at the School to demonstrate that the staff had received, read and understood the latest Child Protection Policy.</p>	<p>Following each annual review, the Designated Senior Person should ensure that all members of staff sign to demonstrate that they have received, read and understood the Child Protection Policy.</p>	Implemented
5.2.2	Section 2.21 of Keeping Learners Safe: The role of local authorities,	Level 1 Safeguarding training should be	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
Medium	<p>governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that: <i>'Governing Bodies should....ensure that all staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'</i></p> <p>Audit testing identified that 1 casual member of staff had not received a Level 1 update refresher training.</p>	arranged for the 1 member of staff identified as soon as possible.	
5.2.3 Low	The School staff list detailing staff DBS reference numbers includes staff who are no longer employed at the School.	The School should ensure that where staff, permanent or casual, commence / terminate employment with the school, the school list is updated to reflect this.	Implemented
5.2.4 Medium	<p>The 'Planning and Approval Procedures for Educational Visits' states that residential visits/adventure activities must be 'planned and approved using the EVOLVE system at least 28 days before visit'.</p> <p>From a sample of trips examined, there are 3 trips whereby formal authorisation had not been obtained:</p> <ul style="list-style-type: none"> • 12.03.18 - Manor Adventure • 07.12.17 - St Elvan's Church • 09.03.16 - Manor Adventure 	Care should be taken to ensure that all trips / activities are entered onto EVOLVE within the correct timescales and are authorised in the correct manner.	Implemented
5.3.1	One of the named auditors for the fund is also a cheque signatory.	The person appointed to the role of Private Fund Auditor cannot also be an authorised cheque signatory. Either a new auditor or	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
Medium		new cheque signatory should be appointed.	
5.3.2 High	<p>Examination of the income banked for the 2017 / 2018 academic year, identified a number of bankings that were not in accordance with the School Private Fund Regulations, of most significance:</p> <ul style="list-style-type: none"> • 20.10.17 - £5,472.78 • 16.02.18 - £2,525.04 (banked 20.02.18) • 09.03.18 - £11,242.80 • 21.6.18 - £2,599.45 <p>All were made in contravention of the School Private Fund Regulations which state that deposits in excess of £2,500 should be undertaken by 2 adults.</p> <p>Furthermore, the deposit made on the 20.02.18 was during the February half Term holiday, and as such would have been held in the private residence of the School Clerk, again in contravention of the cash insurance limits set out in the School Private Fund Regulations.</p>	<p>All income received should be banked in accordance with the School Private Fund Regulations which at present require that all money is banked weekly where £50.00 or more is collected, or immediately where the amount in hand reaches £200.00.</p> <p>The School could consider the introduction of a secure cash collection and contact the Council's Bank Reconciliation Team based at Bronwydd to discuss this option. There may be a charge for this service, but this would allow the School to make regular deposits in a safe environment thus eliminating the risks of banking visits.</p>	Implemented
5.3.3 High	<p>Upon receipt, the School Private Fund bank statements are reconciled to the cheque book and bank paying in book.</p> <p>The Ledger, which is in an Excel format, is not however used in the reconciliation process, as the School were unaware of this requirement.</p> <p>An analysis of the Ledger against the subsidiary records was undertaken and the following anomalies were noted:</p>	<p>Following the Audit visit, a copy of the recommended electronic School Private Fund Ledger was provided to the School Clerk.</p> <p>The Ledger should be completed on a regular basis (at least weekly) and should include details of all income received and expenditure incurred.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<ul style="list-style-type: none"> Autumn Term - there is an amount of £32.00 included on the Ledger for a contribution to the bus for year 5/6 to St Elvans Church - this amount has not been banked (please also see 5.3.6) Spring Term - a banking of £2,343.70 was made on the 16.2.18 and this amount included a £1,100.00 donation to the School - this amount has not been included on the Ledger Summer Term - a banking of £667.90 was made on the 13.7.18, this amount includes a payment of £17.00 in respect of March concert money which has not been included on the Ledger. 	<p>The Ledger should also be used in the Bank Reconciliation exercise by ensuring that the entries on the Record of Daily Income, the Ledger and subsequent banking slips are correct and correspond to the Bank Statements.</p> <p>Furthermore, a copy of the Fund Ledger should be printed off and retained on file for each monthly reconciliation, in accordance with the School Private Fund Regulations.</p>	
5.3.4 Low	<p>Examination of the School Private Fund expenditure for the current academic year identified instances of expenditure that are not in line with the School Private Fund Regulations:</p> <ul style="list-style-type: none"> 8.11.17 - £7.56 - staff milk 21.12.17 - £10.08 - teachers milk bill <p>Although it is accepted that £10.10 was received on the 21.12.17 to cover the December payment, no income could be found to cover the November payment.</p>	<p>This type of activity / expenditure falls outside the scope of the fund and alternative arrangements must be sought with immediate effect.</p>	Implemented
5.3.5 Medium	<p>Section 4.2 of the School Private Fund Regulations states that: <i>'All monies collected must be banked intact, in order that income can be traced and reconciled to bankings.'</i></p>	<p>All income received should be banked intact to ensure that it can be traced and reconciled to bankings.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	Examination of the fund income for the 2017 / 2018 academic year identified 1 occasion whereby £32.00 cash was withheld from income collected to provide a donation to the local church (St Elvans).	Alternative arrangements should be made in respect of making donations in future i.e. all payments made by cheque or financed from a cash float.	
5.4.1 Medium	<p>The School Purchase Card is not being used in accordance with the guidance and procedures which have been issued by the Procurement Service:</p> <ul style="list-style-type: none"> • There is no Transaction Log in place; • There is no Card Sharing Log in place; and • VAT receipts are not always being obtained. <p>Note – it was established that the school were unaware of the correct procedures to follow as the School Clerk has only recently been appointed.</p>	<p>A copy of the Purchase Card Holder manual (which guides and protects those individuals involved in using the Purchase Card) has now been provided to the School for all staff involved in the administration to be aware of the procedures to follow and adhere to them.</p> <ul style="list-style-type: none"> • A transaction log should be introduced for the purchase card and details of all purchase card transactions should be promptly updated onto the log which should then be used to reconcile to the Barclaycard system upon receipt. • A Card Sharing Log should be introduced immediately on occasions where a member of staff other than the cardholder require the use of the card. • Every effort should be made to obtain appropriate VAT receipts where VAT is to be reclaimed. <p>The School are reminded that in the event of any uncertainty, help and advice should be</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
		sought from the Procurement Service.	
5.5.1 Medium	<p>There is no Official F111 order book in use at the School. Instead, staff complete order requisition forms which have been devised by the School Clerk.</p> <p>Copies of the order forms are held in a file at School.</p> <p>It was also established that whilst delivery notes are retained, they are held in a delivery note file (in Supplier order), and similarly, photocopies of paid invoices are held in an invoice file, and retained in Supplier order.</p>	<p>Internal Audit have requested that 2 Official Order books be sent / issued to the School immediately.</p> <p>On receipt of the books, care should be taken to ensure that:</p> <ul style="list-style-type: none"> • An official order is fully completed each time an order is placed • Delivery notes are checked to the copy order, the copy order being appropriately endorsed with the delivery details. • Invoice details should be recorded on all copy orders. Details should include the invoice number, amount and date passed for payment. <p>All documentation relating to each order should be retained together for ease of reference and in a sequence which allows them to be easily retrieved.</p>	Implemented
5.6.1 Medium	<p>It was reported by Catering Finance that the school has failed to submit their ½ term catering returns since Autumn Term 2017, at which time the dinner money arrears were high.</p> <p>At the time of the Audit visit, the dinner money arrears had reduced to</p>	Half termly returns must be completed and returned to Catering Finance in accordance with the Arrears protocols.	Implemented

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	£325.38 (with 7 pupils with arrears in excess of the 2 week limit).		

AUDIT NAME: CWMLAI PRIMARY SCHOOL

DATE FINAL REPORT WAS ISSUED: 25/02/2019

INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of a school's financial and governance arrangements.

The process requires primary schools to complete a self-evaluation checklist against expected controls.

Cwmlai Primary School was last subject to an Internal Audit Review in July 2014 and this is the third cyclical visit made to the School to examine progress made under the self-evaluation process.

SCOPE & OBJECTIVES

The checklist for chequebook primary schools comprises of 155 standards that need to be reviewed. Audit testing was carried out on a sample of standards, using transactions processed during financial years of 2017/18 and 2018/19.

The objectives of the review were:

- To review the Governance arrangements in place at the school.
- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2017 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meals income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that the school's budget has been approved by the Governing Body and that the budget set by the school complies with the 'Fair Funding: Scheme for Financing Schools, is in line with the funding available, individual budget heads are reasonable and that the budgetary information used for monitoring and reporting is complete, accurate and up-to-date.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 2018.
- To ensure that petty cash is held securely, expenditure properly incurred and the account is appropriately monitored and controlled.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.

AUDIT OPINION**Governance**

The control environment in respect of Governance is considered to be effective with opportunity for improvement.

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body and its sub committees have the requisite number of members and quorate levels for meetings are achieved. A Register of Business Interests is in place at the School and is updated annually.

Whilst all statutory policies and documents are present and show evidence of a review within the last 12 months, it could not be evidenced that they had been formally reviewed by the Full Governing Body. This report recommends that when policies and documents are reviewed, they are presented to the Governing Body for ratification with this being clearly detailed in the Governing Body minutes.

Safeguarding & Educational Visits

The control environment in relation to Safeguarding and Educational Visits is considered to be effective with opportunity for improvement.

Testing identified that all Staff received the appropriate clearances before commencing duties in their posts. Whilst there are 4 members of staff at the School who have received Level 3 Safeguarding training, for 2 members of staff, the training has now expired. There are also 6 members of staff who were not present for the Level 1 training during October 2018. This report recommends that safeguarding training is renewed / provided in line with the current requirements.

The School have a Safeguarding and Child Protection Policy which is reviewed annually; however, there was no documentary evidence at the School to confirm that all members of staff have received a copy of the Policy, have read and understood it.

The School make use of the EVOLVE system to record details of all off-site visits and staff are suitably qualified to make use of the system in accordance with the document 'Planning and Approval Procedures for Educational Visits'. However, audit testing identified that 3 recent residential trips had not been entered onto EVOLVE and authorised within the correct timescales.

School Private Fund

The control environment in relation to the School Private Fund is considered to be effective.

The Treasurer maintains an adequate audit trail of all income and expenditure transactions. An adequate ledger is maintained and was up to date at the time of the review.

The account is reconciled to the bank statements monthly and for the previous academic year all expenditure was solely for the benefit of the pupils / school in accordance with the School Private Fund Regulations and all supported with receipts / invoices. This report contains one recommendation in respect of one of the fund Auditors is not wholly independent and therefore, arrangements should be made to appoint an alternative.

Purchase Card

The control environment in relation to the Purchase Card is considered to be effective with opportunity for improvement.

There is 1 Purchase Card at the School. Audit testing identified that the Transaction Log is updated with items of expenditure upon receipt of the Bank Statement, which is not in accordance with the Purchase Card notes of guidance.

Audit testing identified that the Headteacher had inadvertently spent a total of £292.41 via the School's Purchase Card on items not linked to the School's business. It was established that it was a result of the School's Purchase Card details being saved to an Amazon account in error. Although it is accepted

that the monies were refunded back to the School immediately, this report recommends that details of the School Purchase Card are not saved to any device with all card details removed from any sites.

Purchasing

The control environment in relation to Purchasing is considered to be effective.

From a sample of 5 orders examined, 3 had been raised in retrospect after receipt of the goods and corresponding invoice. This report recommends that an official order (confirmation if made by telephone) should be raised as soon as a commitment to expenditure is known.

School Meals

The control environment in relation to the School Meals system is considered to be effective and there are no findings contained within this report.

Dinner money is updated to SIMS and banked regularly, and the School manage their arrears in line with the Catering Finance School Meal Protocol.

Testing identified that free school meals are only provided to those for whom eligibility has been confirmed and retained, and the School meals income records are regularly reviewed by an independent senior member of staff to ensure that these are complete, accurate and agree with deposits made at the bank.

School Budget

The control environment in relation to the School Budget is considered to be effective and there are no findings contained within this report.

A regular review of the Budget is undertaken by the Headteacher and details of the School's budgetary position is reported to the Governing Body at every meeting. Pupil numbers were reviewed and no discrepancies were noted.

Data Protection & Security

The control environment in relation to Data Protection & Security is considered to be effective with opportunity for improvement.

The School is registered with the Information Commissioner. School data is backed up regularly and confidential data is kept securely. The School's inventory is up to date and ICT equipment is asset registered.

The School sell a variety of School uniform items, however at the time of the Audit, the balance of the stock was considered excessive and there were no stock control records in place to detail the number of items held / stock value. This report recommends that stock control records are introduced immediately to ensure that details of items sold are recorded and that an up to date record of the stock in hand is always available. This report also recommends that once all current stock has been sold, the School cease supplying school uniform to alleviate the extra workload associated with the task.

Implementation of the recommendations contained within this report will enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 High	Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent Schools under the Education Act 2002 (WAG circular 158/2015) states that:	The Headteacher should ensure that safeguarding training is renewed as and when required for all members of staff and	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p><i>'Governing Bodies should ensure that all staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'.</i></p> <p>The current requirements for safeguarding training are that Level 1 & 2 needs to be renewed every 3 years and facilitated by RCT with Level 3 being trained every 2 years (in house refresher training can also be provided as and when required by Level 3 trained staff).</p> <p>While there are 4 members of staff who are Level 3 trained, it was noted that for 2 of these members of staff, the last training provided was in January 2016 and is therefore due for renewal.</p> <p>In addition, level 1 Safeguarding training was provided to the School on 2nd October 2018; however, there were 6 members of staff who were not present for the training.</p> <p>NB. It is acknowledged that the Headteacher has since made arrangements for Level 3 training to be undertaken for the 2 members of staff identified and that arrangements will be made to ensure that level 1 training is provided to the 6 members of staff identified as soon as possible.</p>	<p>those certificates are received and retained accordingly.</p> <p>The School should develop a central training record to demonstrate the date and level of safeguarding training alongside individual staff names.</p> <p>This could be incorporated into the Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.</p>	
5.1.2 Medium	<p>Point 3.1 of the (Cwm Taf Safeguarding Children Board) Model Safeguarding Policy (that should be adopted by schools) states: <i>'The Designated Senior Person (DSP) for Child Protection will.....ensure that all staff have signed to say that they have received,</i></p>	<p>Following the review of the 2018 Child Protection Policy, the Headteacher should ensure that all members of staff sign to demonstrate that they have received, read</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p><i>read and understood the Child Safeguarding Policy.'</i></p> <p>There was no evidence at the School that staff had received, read and understood the Child Protection Policy.</p>	<p>and understood the policy.</p> <p>NB. Completion of the pro forma that has been introduced for other School policies (e.g. Substance Misuse and Food & Fitness) will suffice.</p>	
5.1.3 Low	<p>The 'Planning and Approval Procedures for Educational Visits' states that residential visits / adventurous activities must be 'planned and approved using the EVOLVE system at least 28 days before visit'.</p> <p>From a sample of 4 recent residential trips undertaken 3 had not been entered onto EVOLVE and Authorised within the correct timescales:</p> <p>Llangrannog - 18.05.18 Created on EVOLVE 16.5.18 Not submitted for authorisation until 16.5.18.</p> <p>Zellamsi - 17.3.18 Created on EVOLVE - 6.3.18 Not submitted for authorisation until 6.3.18.</p> <p>Zellamsi - 28.3.17 Created on EVOLVE - 24.3.17 Not submitted for authorisation until 24.3.17.</p>	<p>Care should be taken to ensure that all trips / activities are entered onto EVOLVE within the correct timescales in order for the Outdoor Education Advisor to give the necessary assurance that the provider and trip arrangements are appropriate.</p>	Implemented
5.2.1 Low	<p>Section 2.9 of the Scheme for Financing Schools states that: <i>'Governing bodies are required to establish a register of business interests...which lists for each member of the governing body and the</i></p>	<p>A declaration should be completed immediately in respect of the Governor identified. The School is reminded that where Governors are appointed mid-way through</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p><i>Head Teacher any business interests they or any member of their immediate family have. The register must be kept up-to-date by notification of changes from governors and the Head Teacher, and through an annual review process'.</i></p> <p>Although a register has been established, no declaration was present for 1 Governor. It is accepted that the Governor was appointed to the Governing Body during the Spring Term; however a declaration should have been completed on appointment.</p>	the academic year, a Business Interests declaration should be completed.	
5.2.2 Low	<p>All statutory Policies and documents are in place at the School and were found to have been reviewed i.e. they were all signed and dated by the Chair of Governors during October 2017.</p> <p>However, it was not evident within the Governing Body minutes whether some policies / documents have been formally ratified by the Full Governing Body.</p>	The Headteacher and Governing Body should ensure that any policies that are updated/amended are presented to the Full Governing Body for ratification with a record held of this (recorded via the minutes).	Implemented
5.3.1 Low	In accordance with the School Private Fund Regulations, two Auditors have been appointed to carry out a review of the account. However, one of the auditors is related to the Fund Treasurer and is therefore not sufficiently independent.	The School should identify an alternative auditor to carry out the annual review.	Implemented
5.4.1 Medium	<p>Section 6 of the Cardholder Manual for School document issued by Procurement Services states that: <i>'Each Purchasing Card transaction should be recorded on the transaction log as soon as the transaction is complete to ensure that no information is omitted'.</i></p> <p>The School has one Purchase Card; however, the Transaction Log is</p>	<p>Details of all Purchase Card transactions should be promptly updated onto the transaction log.</p> <p>The Transaction Log should then be used to reconcile to the Bank Statements.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	only updated on receipt of the bank statement and is therefore not an up to date record of expenditure.		
5.4.2 High	<p>Examination of the Purchase Card expenditure identified occasions during September whereby purchases from Amazon had been made which did not relate to the School.</p> <p>Investigations identified that the Headteacher had inadvertently stored the School's Purchase Card details to her Amazon account and personal purchases had been made in error using the stored details.</p> <p>NB. It is accepted that the Headteacher reimbursed the School Budget account with the money owed immediately this error was identified by the School and no other similar transactions have taken place.</p>	Under no circumstances should the School's Purchase Card details be stored on the personal accounts for any member of staff and this should be communicated clearly to all members of staff.	Implemented
5.4.3 Medium	<p>All purchase card transactions are confirmed via a monthly statement received on the 3rd of each month and the respective direct debit for the monthly sum taken from the School bank account on the 10th.</p> <p>Noting the above, for the current financial year, although a cash book journal has been undertaken for each purchase card bank statement, some delays were noted between the date of the bank statement and the subsequent cash book journal. Of significance:</p> <ul style="list-style-type: none"> • May purchases were not updated onto SIMS until 5.7.18 • June purchases were not updated onto SIMS until 4.9.18 	Care should be taken to ensure that cashbook journals are promptly undertaken on SIMS on a timely basis once the transaction log has been reconciled to the Purchase Card bank statements. This will ensure that SIMS provides an accurate reflection of the School's budgetary position at any given time.	Implemented
5.5.1	Examination of a sample of 5 completed SIMS purchase orders identified that 3 were raised after receipt of the goods and/or the	An official order (confirmation if made by telephone) should be raised as soon as a	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
Medium	<p>corresponding invoice:</p> <ul style="list-style-type: none"> • 4610180018 • 4610180065 • 4610180074 	<p>commitment to expenditure is known. This will ensure that the order has been authorised in the correct manner and that there is a hard copy of the items ordered at the School which can be used to check the subsequent delivery of goods and invoice.</p>	
5.6.1 High	<p>The school sell a variety of School Uniform items and a large stock was present at school at the time of the audit visit.</p> <p>Discussions identified that this is a historic arrangement as some parents were previously unable to obtain school uniform from other outlets.</p> <p>However, no record of stock is held and a stock check could not be formally undertaken by Internal Audit as the balance of stock was considered excessive.</p>	<p>The School should carefully consider its next school uniform order to ensure that excessive stocks are not held (taking levels of stock in hand into consideration).</p> <p>An up to date record of all stock items should be maintained at the school and care taken to ensure that all receipts and issues are updated as and when they occur. A regular comparison between income received and stock sold / in hand should also be undertaken to determine whether the expected levels of sales/income are being achieved. This record should also be referred to when determining future orders.</p> <p>As the School is not the sole supplier of School uniform, consideration should be given to the sale of School uniform at the school being discontinued due to the storage / cost /administration involved.</p>	Implemented

AUDIT NAME: LLWYNCRWN PRIMARY SCHOOL

DATE FINAL REPORT WAS ISSUED: 25/02/2019

INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of a school's financial and governance arrangements.

The process requires primary schools to complete a self-evaluation checklist against expected controls.

Llwyncrwn Primary School was last subject to an Internal Audit Review in December 2014 and this is the third cyclical visit made to the School to examine progress made under the self-evaluation process.

In September 2018, the Deputy Headteacher was appointed to Acting Headteacher while the Headteacher takes up a 2 year secondment.

SCOPE & OBJECTIVES

The checklist for non-chequebook primary schools comprises of 105 standards that need to be reviewed. Audit testing was carried out on a sample of standards, using transactions processed during financial years of 2017/18 and 2018/19.

The objectives of the review were:

- To review the Governance arrangements in place at the school.
- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2017 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meals income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that the School's budget has been approved by the Governing Body and that the budget set by the school complies with the 'Fair Funding : Scheme for Financing Schools, is in line with the funding available, individual budget heads are reasonable and that the budgetary information used for monitoring and reporting is complete, accurate and up-to-date.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 2018.
- To ensure that petty cash is held securely, expenditure properly incurred and the account is appropriately monitored and controlled.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.

AUDIT OPINION**Governance**

The control environment in respect of Governance is considered to be effective with opportunity for improvement.

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing and membership of the Governing Body and its sub committees is reviewed annually. A Register of Business Interests is in place at the School and is updated annually. There are 3 vacancies on the Governing Body at present; this report recommends that the School fill the 3 Governor vacancies as soon as possible.

Not all statutory policies and documents were provided during the audit and some policies had not been subject to their annual review / been reviewed in line with statutory requirements and reported to the full Governing Body. This report recommends that the Acting Headteacher and Governing Body ensure that all statutory policies and documents are in place at the School and that a rolling review programme of all policies be introduced to ensure that all policies are up to date and reflect the current practices at the School (with Governing Body reviews / sign off processes clearly detailed in the Governing Body minutes).

The limit for purchases and virements are yet to have been determined for the Acting Headteacher who commenced in post in September 2018. This report recommends that the Governing Body confirm a scheme of delegation to formally record the Acting Headteacher's financial limits for expenditure and budget virements.

Safeguarding & Educational Visits

The control environment in relation to Safeguarding and Educational Visits is considered to be effective with opportunity for improvement.

Testing identified that all staff received the appropriate clearances before commencing duties in their posts; however, the school staff list detailing staff DBS reference numbers does not include 3 new members of staff but includes 7 members of staff who are no longer employed at the School. The School should ensure that where staff, permanent or casual, commence / terminate employment with the school, the school list is updated to reflect this.

Level 1 Safeguarding training was provided to all staff employed at the School on 24th April 2017; however, no refresher training has been provided since this date. In addition, 4 new staff members have joined the School and have not received any recognised Safeguarding training.

Furthermore, following the secondment of the Headteacher in September 2018, there are now only 2 designated members of staff with responsibility for Safeguarding and Child Protection. For both, Level 3 training has now expired having taken place on 26th February 2015 and 13th September 2016. This report recommends that a third member of staff with responsibility for safeguarding arrangements be appointed and that arrangements be made to ensure that the relevant safeguarding training is provided to all members of staff as soon as possible.

The School have a Safeguarding and Child Protection Policy which is reviewed annually; however, there was no documentary evidence at the School to confirm that members of staff have received a copy of the Policy, have read and understood it.

The School make use of the EVOLVE system to record details of all off-site visits and staff are suitably qualified to make use of the system in accordance with the document 'Planning and Approval Procedures for Educational Visits'.

School Private Fund

The control environment in relation to the School Private Fund is considered to be effective with opportunity for improvement.

A central Record of Daily Income form is not in use at the School with all income recorded directly onto individual income sheets which are created for each activity.

A ledger is maintained and whilst this was up to date at the time of the review, no running balance with the bank account is maintained. This report recommends that an additional column be added to the Ledger to allow a running balance to be maintained following each transaction.

The account is reconciled to the bank statements monthly, the Treasurer maintains an adequate audit trail of all expenditure transactions and for the current academic year, all expenditure was solely for the benefit of the pupils / school in accordance with the School Private Fund Regulations and all was supported with receipts / invoices. However, this review has highlighted, that following the secondment of the Headteacher, an additional cheque signatory for the account is required. At the time of audit visit, there were only 2 members of staff at the School able to sign cheques.

Purchase Card

The control environment in relation to the Purchase Card is considered to be effective with opportunity for improvement.

There are 2 Purchase Cards at the School and there is a sufficient audit trail in respect of evidence being available that supports the expenditure for both cards. However, audit testing identified that the Transaction Logs are updated with items of expenditure for both cards on receipt of the electronic Bank Statements. This report recommends that the logs are updated immediately a purchase is made in order to assist with the monthly reconciliation process.

All purchases reviewed were supported with documentation i.e. receipts, invoices, and confirmation for on-line orders.

School Meals

The control environment in relation to the School Meals system is considered to be effective and there are no findings contained within this report.

Dinner money is updated to SIMS and banked regularly, and the School manage their arrears in line with the Catering Finance School Meal Protocol.

Testing identified that free school meals are only provided to those for whom eligibility has been confirmed and retained, and the School meals income records are regularly reviewed by an independent senior member of staff to ensure that these are complete, accurate and agree with deposits made at the bank.

Data Protection & Security

The control environment in relation to Data Protection & Security is considered to be effective with opportunity for improvement.

The School is registered with the Information Commissioner. School data is backed up regularly and confidential data is kept securely.

Although ICT equipment is asset registered, this audit review identified that the School Inventory had not been updated for a number of years.

Implementation of the recommendations contained within this report will give the recently appointed Acting Headteacher the opportunity to enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 High	In line with the Cwm Taf Safeguarding Children's Board's Child Safeguarding Policy (that all schools must adopt), all schools are required to have 3 Designated members of staff responsible for Safeguarding.	A third member of staff with designated responsibility for safeguarding should be appointed immediately. Once the appointment has been made, arrangements	31 August 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	Following the secondment of the Headteacher, there are now only 2 members of staff at the School with designated responsibility for safeguarding.	should be made for the appropriate Safeguarding and Child Protection training (Level 3) to be undertaken.	
5.1.2 Medium	Point 3.1 of the (Cwm Taf Safeguarding Children Board) Model Safeguarding Policy (that should be adopted by schools) states: <i>'The Designated Senior Person (DSP) for Child Protection will.....ensure that all staff have signed to say that they have received, read and understood the Child Safeguarding Policy.'</i> There was no evidence at the School that staff had received, read and understood the Child Protection Policy.	Following the review of the 2018 Child Protection Policy, the Headteacher should ensure that all members of staff sign to demonstrate that they have received, read and understood the policy.	Implemented
5.1.3 High	Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent Schools under the Education Act 2002 (WAG circular 158/2015) states that: <i>'Governing Bodies should ensure that all staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'</i> . The current requirements for safeguarding training are that Level 1 & 2 needs to be renewed every 3 years and facilitated by RCT with Level 3 being trained every 2 years (in house Level 1 refresher training should also be delivered annually by Level 3 trained staff).	Arrangements should be made to ensure that level 1 training is provided to all members of staff as soon as possible. Level 3 training should also be arranged for the designated members of staff with responsibility for Safeguarding. The Acting Headteacher should also ensure that the training record presently in use at the School is referred to periodically to ensure that Safeguarding training is renewed as and when required for all members of staff. Alternatively, this could be incorporated into	31 March 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>Whilst there is a record and schedule of training held at the School which states that all staff employed at the School on 24th April 2017 undertook Level 1 training, the training has now expired and a further 4 members of staff have commenced employment at the School.</p> <p>Furthermore, although the 2 designated members of staff with responsibility for Safeguarding undertook Level 3 training on 26th February 2015 and 13th September 2016, this training has also expired.</p> <p>NB. It is accepted that the Acting Headteacher has recently undertaken supplementary Level 3 training in respect of Foetal Alcohol disorder and Prevent Strategy Awareness.</p>	the Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.	
5.1.4 Low	The school staff list detailing staff DBS reference numbers does not include 3 new members of staff but includes 7 members of staff who are no longer employed at the School.	The School should ensure that where staff, permanent or casual, commence / terminate employment with the school, the school list is updated to reflect this.	31 March 2019
5.2.1 Medium	The limit for purchases and virements are yet to have been determined for the Acting Headteacher who commenced in post in September 2018.	The Governing Body should confirm a scheme of delegation to formally record the Acting Headteacher's financial limits for expenditure and budget virements. The agreed limits should be minuted and be incorporated into the School's Financial Procedures document.	31 March 2019
5.2.2 Low	The membership of Governing Bodies is set out in Chapter 3 of the Government of Maintained Schools (Wales) Regulations 2005.	The School should endeavour to fill the 3 LEA Governor vacancies as soon as possible.	31 March 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	Examination of the Governing Body structure identified 3 LEA Governor vacancies at present.		
5.2.3 Medium	All statutory policies and documents were requested during the audit fieldwork. Not all policies / documents were provided and there were some that had not been reviewed in line with statutory requirements.	<p>The Acting Headteacher and Governing Body should ensure that all statutory policies and documents are in place at the School.</p> <p>A rolling review programme of all Policies should be introduced to ensure that all policies are up to date and reflect the current practices at the School.</p> <p>Following the rolling programme of review, policies should be presented to the Governing Body for review and ratification (and this should be minuted).</p> <p>Details of review should be captured on the document covers i.e. date reviewed, date to be reviewed, signed and dated etc.</p>	31 July 2019
5.3.1 Low	<p>The entries in the School Private Fund Ledger in respect of income / expenditure should allow for prompt reconciliation within each financial period.</p> <p>No running balance with the bank account is maintained on the School Private Fund Ledger.</p>	To ensure that an accurate balance of the School Private Fund is maintained, an additional column should be added to the Ledger to allow a running balance to be maintained following each transaction.	Implemented
5.3.2	No formal record of daily income is in use at the School. Instead, all	In addition to the individual trip / activity	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
Medium	income is recorded directly onto individual class income sheets which are created for each activity.	records, a central Record of Daily Income should be maintained by the Treasurer. This form should be completed as and when the Treasurer receives any income, including the date the income is received. When income is subsequently deposited with the bank, the amounts should be totalled and ruled off.	
5.3.3 Low	Following the secondment of the Headteacher (who was removed from the Bank Mandate) there are now only 2 cheque signatories for the School Private Fund and both signatures are required to authorise a cheque.	The School should add another cheque signatory as a back-up and to ensure that cheques can be authorised and issued promptly.	31 March 2019
5.4.1 Medium	Point 6.1 of the Cardholder Manual for Schools states: <i>'Each Purchasing Card transaction should be recorded on your transaction log as soon as the transaction is complete to ensure that no information is omitted.'</i> The Transaction Log is currently updated following receipt of the on-line Bank Statements and not as and when a purchase is made.	In line with the Cardholder Manual, the transaction log should be updated as and when a Purchase Card payment is made, which will enable the transactions listed on the log to be reconciled to the Barclays system.	Implemented
5.5.1 Medium	The School's inventory has not been updated for a number of years.	A full inventory review should be undertaken and all new equipment recorded as soon as possible. Thereafter an annual review should be carried out to ensure that the record is accurate and up-to-date.	31 March 2019

AUDIT NAME: YGG LLWYNCELYN

DATE FINAL REPORT WAS ISSUED: 06/02/2019

INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of a School's financial and governance arrangements.

The process requires primary schools to complete a self-evaluation checklist against expected controls.

Ysgol Gynradd Gymraeg Llwyncelyn was last subject to an Internal Audit Review in March 2016 and this is the third cyclical visit made to the School to examine progress made under the self-evaluation process.

The Headteacher has confirmed that this Final report will be presented to the Governing Body during the Spring Term meeting of 20th March 2019.

SCOPE & OBJECTIVES

The checklist for chequebook primary schools comprises of 155 standards that need to be reviewed. Audit testing was carried out on a sample of standards, using transactions processed during financial years of 2017/18 and 2018/19.

The objectives of the review were:

- To review the Governance arrangements in place at the school.
- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2017 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meals income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that the school's budget has been approved by the Governing Body and that the budget set by the school complies with the 'Fair Funding : Scheme for Financing Schools, is in line with the funding available, individual budget heads are reasonable and that the budgetary information used for monitoring and reporting is complete, accurate and up-to-date.
- To ensure that the opportunities for unauthorised use of the School's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 2018.
- To ensure that petty cash is held securely, expenditure properly incurred and the account is appropriately monitored and controlled.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.

AUDIT OPINION**Governance**

The control environment in respect of Governance is considered to be effective with opportunity for improvement.

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing and a Register of Business Interests is in place at the School and updated annually.

Whilst all statutory policies and documents are present and demonstrate a recent review by the Headteacher and the Chair of Governors, from the 25 statutory policies and documents, there are 12 that, following review during September 2018, have not yet been presented to the Full Governing Body for formal ratification. This report recommends that when policies and documents are reviewed, they are presented to the Governing Body for ratification with this being clearly detailed in the Governing Body minutes.

Safeguarding & Educational Visits

The control environment in relation to Safeguarding and Educational Visits is considered to be effective with opportunity for improvement.

Testing identified that all staff received the appropriate clearances before commencing duties in their posts.

The School have recently received Level 1 Safeguarding and Child Protection training; however, a review of the attendance sheet identified 3 current staff members who were not present for the training. Furthermore, although a list of 4 members of staff that had undertaken Level 3 training was provided, no certificates were available at the School to demonstrate attainment.

The School have a Safeguarding and Child Protection Policy which is reviewed annually and although there was documentary evidence at the School to confirm that all members of staff have received a copy of the Policy and have read and understood it, the document was not completed until the commencement of the audit fieldwork. Therefore, the Headteacher is reminded that the document should be completed each year and confirmed by all staff at the time of the annual policy review.

The School make use of the EVOLVE system to record details of all off-site visits; however, this review has identified that school trips are not being authorised in accordance with the document 'Planning and Approval Procedures for Educational Visits' and this report recommends that all trips / activities are entered onto EVOLVE within the correct timescales and authorised in the correct manner.

Petty Cash

The control environment in respect of the Petty Cash system is effective with opportunity for improvement.

Expenditure from the account is generally minor in nature; however, 3 occasions were noted whereby payments were made in respect of reimbursements to staff for expenditure already incurred, and hence VAT could not be reclaimed.

School Private Fund

The control environment in relation to the School Private Fund is considered to be effective and there are no findings contained within this report.

A Management Committee has been appointed and posts held relate to actual duties undertaken. The Treasurer maintains detailed records, with an adequate audit trail of all income and expenditure transactions. The Ledger was found to be of an appropriate format and was up to date at the time of the review. Income is banked regularly and the account is reconciled to the bank statements monthly.

For the current academic year all expenditure was solely for the benefit of the pupils / School and in accordance with the School Private Fund Regulations. All expenditure was supported with receipts / invoices.

Purchase Card

The control environment in relation to the Purchase Card is considered to be effective and there are no findings contained within this report.

There is one Purchase Card in operation at the School. A Transaction Log is maintained to record all expenditure. The card is reconciled monthly to the Bank Statement and no delays were noted with the appropriate cash book journal adjustment on the School's financial management system. All purchases reviewed were supported with documentation i.e. VAT receipts, invoices and confirmation for on-line orders.

Purchasing

The control environment in relation to the Purchasing system is considered to be effective and there are no findings contained within this report.

There is a process in place whereby all purchases are authorised by the budget holder prior to committing the School to expenditure and from a sample of 10 completed orders, all had been raised prior to receipt of the goods and corresponding invoice. All payments in the sample were supported by valid VAT invoices, with the cheque signatories examining documentation prior to authorising cheques.

School Meals

The control environment in relation to the School Meals system is considered to be effective and there are no findings contained within this report.

School meals income is recorded directly onto SIMS, with meal numbers provided to the Catering staff daily. Income is banked weekly and free school meals are only provided to pupils for whom eligibility has been confirmed and retained.

The School regularly send reminders to parents in respect of dinner money arrears; at the time of the visit 3 pupils had arrears in excess of the 2 week limit.

School Budget

The control environment in relation to the School Budget is considered to be effective and there are no findings contained within this report.

SIMS is updated with details of School Income in a timely manner and a bank reconciliation is undertaken monthly. A regular review of the Budget is undertaken by the Headteacher and details of the School's budgetary position is reported to the Governing Body at every meeting.

Data Protection & Security

The control environment in relation to Data Protection & Security is considered to be effective.

The School is registered with the Information Commissioner. Data is backed up daily by the ICT support provider and ICT equipment is asset registered.

The School sells School Ties but no stock records are held. This report recommends that stock control records are introduced immediately to ensure that details of items sold are recorded and that an up to date record of the stock in hand is always available.

Formula Funding

The control environment in relation to Formula Funding is considered to be effective and there are no findings contained within this report.

Pupil numbers were reviewed and no discrepancies were noted.

Implementation of the recommendations contained within this report will enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 High	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent Schools under the Education Act 2002 (WAG circular 158/2015) states that: <i>'Governing Bodies should ensure that all staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'</i>.</p> <p>The current requirements for safeguarding training are that Level 1 & 2 needs to be renewed every 3 years and facilitated by RCT with Level 3 being trained every 2 years.</p> <p>In house Level 1 refresher training should also be delivered annually by Level 3 trained staff.</p> <p>Whilst formal Level 1 training was provided by Cwm Taf on 8th January 2019, a review of the attendance sheet identified that 3 members of staff were not recorded as present for this training.</p> <p>Furthermore, although a list of 4 members of staff that had undertaken Level 3 training was provided, no certificates were available at the School to demonstrate attainment.</p>	<p>Level 1 Safeguarding training should be arranged for the 3 members of staff identified as soon as possible.</p> <p>The Headteacher should ensure that safeguarding training is renewed as and when required for all members of staff and certificates are received and retained accordingly.</p> <p>The School should also develop a central training record to demonstrate the date and level of safeguarding training alongside individual staff names. This could be incorporated into the Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.</p>	31 March 2019
5.1.2 Medium	<p>The 'Planning and Approval Procedures for Educational Visits' states that residential visits/adventure activities must be 'planned and approved using the EVOLVE system at least 28 days before the visit'.</p> <p>From a sample of trips examined, occasions were noted where the</p>	Care should be taken to ensure that all trips / activities are entered onto EVOLVE within the correct timescales and are authorised in the correct manner.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	trips are yet to be fully completed on EVOLVE and as a result they have not been authorised in the correct manner.	The School is reminded that in the event of difficulties being experienced with the use of the EVOLVE system, the Outdoor Education Advisor should be contacted for clarity.	
5.2.1 Low	<p>The membership of governing bodies is set out in chapter 3 of the Government of Maintained Schools (Wales) Regulations 2005. This specifies that the composition of the Governing Body should consist of either 12 or 13 Governors.</p> <p>Examination of the current Governing Body structure revealed that there is currently 1 LEA Governor vacancy.</p>	The School should endeavour to fill the Governor vacancy as soon as possible.	31 March 2019
5.2.2 Low	<p>All statutory policies and documents are in place at the School and all demonstrate a regular review.</p> <p>However, whilst all policies and documents are endorsed with the date of the last review, it was not evident within the Governing Body minutes that all had been presented to the Governing Body.</p>	All policies and documents should be presented to the Governing Body for review and ratification (and this should be minuted).	31 March 2019
5.3.1 Low	<p>Examination of the Petty Cash expenditure identified:</p> <ul style="list-style-type: none"> • 1 occasion whereby a member of staff purchased 2 items of cookery equipment from an on-line retailer using her own account, to the value of £47.02. • 1 other occasion was noted whereby a member of staff had purchased books for the School totalling £57.56. <p>The School was unable to reclaim any VAT as the payment was made to reimburse a member of staff for expenditure already incurred.</p>	<p>The purpose of a petty cash account is to facilitate the purchase of minor items of expenditure.</p> <p>Alternative methods of payment for this type of expenditure should be sought in future. This will ensure that the expenditure is authorised in the correct manner and that appropriate VAT invoices can be obtained for</p>	Implemented

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
		the VAT to be claimed.	
5.4.1 Low	The School is currently a supplier of school ties. This review identified that no record of the tie stock in hand is held.	An up to date record of tie stock should be maintained and care should be taken to ensure that all receipts and issues are updated as and when they occur. A periodic comparison between the stock record and the stock in hand should also be undertaken to ensure that the records match.	Implemented

WHOLE AUTHORITY ARRANGEMENTS

AUDIT NAME: ANTI-FRAUD, BRIBERY & CORRUPTION

DATE FINAL REPORT WAS ISSUED: 22/02/2019

INTRODUCTION

Rhondda Cynon Taf County Borough Council, like all other public and private sector organisations, faces potential risks associated with individuals and criminal organisations who set out to de-fraud it.

The Council is resolute in its determination to maintain its reputation as a Council that will not tolerate fraud, bribery, corruption or abuse of position for personal gain, wherever it may be found in any area of Council activity.

The Chartered Institute of Public Finance & Accountancy (CIPFA) has in place a series of resources for the public sector to utilise when assessing its governance arrangements in respect of fighting fraud, bribery and corruption.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for financial year 2018/19, a review of the Council's compliance against the CIPFA Fighting Fraud and Corruption Locally 2016-2019 checklist was undertaken.

The specific objective of the review was to ensure that:

- Appropriate evidence is in place to help demonstrate compliance against the CIPFA Fighting Fraud and Corruption Locally 2016-2019 checklist.

AUDIT OPINION

Overall the control environment in respect of the Council being able to demonstrate compliance against the 'CIPFA Fighting Fraud and Corruption Locally 2016-2019 checklist' is considered to be effective.

Management has completed a self-assessment against the 'CIPFA Fighting Fraud and Corruption Locally 2016-2019 checklist' and Internal Audit undertook a review of the evidence provided. No instances of non-compliance that would undermine the arrangements in place have been identified from the testing undertaken.

The Anti-Fraud, Bribery & Corruption Strategy was reported to the Council's Audit Committee at its meeting held on 27th November 2017. The Strategy affirms the Council's zero tolerance stance in respect of potential misappropriation:

- Has been endorsed and is supported by the Chief Executive and Leader, and this is demonstrated in the form of the Foreword to the document;
- Sets out the governance arrangements in place in respect of preventing, detecting and investigating potential irregular activity;
- Describes the resources that are in place, within the Corporate Fraud Team, whose role it is to counter the risks associated with potential fraud, bribery and corruption; and
- Makes clear the arrangements that are in place when reporting to the Council's Audit Committee.

Since the Strategy was reported to Audit Committee, the following updates have been provided:

End of year annual report 2017/18

- This report outlined the progress made in 2017/18 and presented the forward work programme for the Corporate Fraud Team for 2018/19.
- Following receipt of the report, Audit Committee resolved to:
 - Note the outcomes of the anti-fraud work undertaken during 2017/18;
 - Approve the Anti-Fraud, Bribery & Corruption Plan for 2018/19; and
 - Agree to receive updates at future meetings in accordance with the Terms of Reference of the Audit Committee.

Interim update, incorporating an overview of the national fraud Initiative

- The purpose of this report was to outline the progress made against the Anti-Fraud, Bribery & Corruption work programme for 2018/19 and to also give the Audit Committee an overview of the National Fraud Initiative.
 - Following receipt of the report, Audit Committee resolved to:
 - Agree to receive updates in respect of the work of the Corporate Fraud Team at future meetings in accordance with the Terms of Reference and agreed work-plans of the Audit Committee.

The only item that has been raised within this report relates to the ongoing work that is taking place to finalise the Council-wide risk assessment. Implementation of this single recommendation will further assist the Corporate Fraud Team in targeting its resources on the areas perceived as the highest potential risk.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Medium	Section 3 of the Council's Anti-Fraud, Bribery & Corruption Strategy states: <i>'Risk Assessment</i> <i>Fraud, Bribery & Corruption risk identification is essential to understand specific (potential) exposures to risk, changing patterns in potential threats and the potential consequences to the organisation and its service users.</i> <i>In order to deliver a robust approach to preventing and detecting</i>	The risk assessment should be completed.	31 August 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p><i>potential risk exposure, the Council is required to assess and understand the scope of potential fraud, corruption & bribery risks across the Council. In order to deliver this responsibility, a risk assessment is used as the basis to formulate a programme of counter fraud work which is summarised and communicated in a 'Fraud Risk Action Plan'.</i></p> <p>Those areas where the possibility of fraud, bribery and corruption could materialise have been risk assessed. One service area now remains to be completed.</p>		

AUDIT NAME: PERFORMANCE INDICATORS

DATE FINAL REPORT WAS ISSUED: 08/03/2019

INTRODUCTION

The Council regularly measures the performance of delivery across all its service areas, using a combination of national and local Performance Indicators. Performance Indicators are measured against agreed targets (where targets have been set) and the results are reported in the public domain.

This framework of performance information provides the primary intelligence to enable the Council to manage performance against key strategic priorities, service / policy objectives and also local priorities specific to the needs of Rhondda Cynon Taf. Key indicators are also used for comparison purposes with other Councils.

Each PI has been assigned an owner who is responsible for declaring the methodology and accuracy of the calculation via the pro-forma Self-Assessment Form. The in-year production and review of this performance information enables service managers to measure their service. PI owners are supported by the Performance Team based in the Finance Division, within the Corporate and Frontline Services Group.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for financial year 2018/19, agreed by Audit Committee, a review of a selection of Performance Indicators was undertaken.

The primary purpose of the review was to independently assess the sampled Performance Indicators and provide an opinion on the accuracy of the reported data.

To achieve this, the following key objectives were identified.

- That the methodology used to collect the statistical data is consistent with the agreed definition of each Performance Indicator;
- That the data used to calculate each PI has been correctly captured from prime documents / primary sources; and
- That the calculation was arithmetically accurate.

AUDIT OPINION

Overall, the control environment is considered to be effective with opportunity for improvement.

Assurance can be given that each Performance Indicator examined had appropriate definitions and methodologies and were implemented in line with the aims of those definitions and methodologies. Supporting data was available in most cases and reliance may be placed on the calculations for 9 of the 14 Performance Indicators examined.

For the remaining 5 Performance Indicators, one indicator (the number of visits to local authority sports and leisure facilities per 1,000 population where the visitor will be participating in physical activity) the Title, Definition and Methodology are incorrect, and as a result the reported data is also inaccurate as it is not capturing the intended cohort/participants.

For another indicator (the number of new homes created as a result of bringing empty properties back into use), it was established that the reported figure is incorrect as the empty properties brought back into use were previously commercial properties. The National Definition and Methodology for this Indicator

confirms that they cannot be included as part of the calculation.

For two indicators (% of all planning applications determined on time & % of planning applications dismissed) assurance cannot be provided that the reported figures are correct as the Service have not retained the base data reports at the time this indicator was reported.

Additionally, clarity needs to be sought and provided in respect of the Performance Indicator 'Number of working days lost to sickness absence per employee' as this Indicator has never been reported, despite it being a National Indicator.

Quality assurance reviews put in place by the Corporate Performance Team had not taken place for the Performance Indicators examined. Additionally, 8 of the 14 Indicators did not have a Target set.

Implementing the recommendations within this report will enhance monitoring arrangements and the integrity of reported data will be increased further.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 High	<p>Each service area is responsible for the collection, monitoring and reporting of performance indicators (Guidance and support is provided by the Corporate Performance Team).</p> <p>Previous Internal Audit reviews recommended the introduction of routine quality assurance mechanisms to check the quality of reported data. The service indicated that a more targeted approach would be deployed during 2017 in line with resources available.</p> <p>It was found during the review that of the 14 Performance Indicators sampled, none had been reviewed by the Performance Team since the last audit report.</p>	<p>As previously recommended, the Performance Team should implement a rolling programme to sample check Performance Indicators throughout the Council.</p> <p>This should help to ensure that reliance can be placed on the Performance Indicators on an ongoing basis throughout the year and not just when internally and externally audited.</p>	31 August 2019
5.1.2 High	<p>From a sample of 14 Performance Indicators examined, it was found that 9 had been accurately reported. The 5 that had not were: -</p> <p>Regeneration & Planning</p> <ul style="list-style-type: none"> PAM014 - No. of new homes created as a result of bringing empty properties back into use 	<p>Service Management must ensure that the figure reported for each performance indicator is supported by source data and is accurate.</p> <p>Service Management should also ensure any data that is not received is chased up and</p>	30 April 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>Reported figure is incorrect as the empty properties brought back into use were previously commercial properties (the National Definition and Methodology for this Indicator confirms that they cannot be included as part of the calculation).</p> <p>The Housing Strategy And Investment Manager was of the understanding that Commercial Properties were to be within the calculation, to which an addendum to the National Definition would be sought after being made aware of this.</p> <p>Leisure</p> <ul style="list-style-type: none"> • LLCS014 - No. of visits to local authority sports and leisure facilities per 1,000 population where the visitor will be participating in physical activity (New Local PI - includes school usage) <p>The PI Title, Definition and Methodology are incorrect and as a result the reported data is also inaccurate. Discussions with the Leisure Operations Manager identified that this Indicator should include all visitors, not just the ones undertaking physical activity (as that is already a National Indicator).</p> <p>Notwithstanding this, not all data for physical activities are being reported, e.g. weekly Park Runs in Ynysangharad Park, Aberdare Park etc., whereby there are hundreds of participants every week.</p> <p>Additionally, the APSE Multiplier used to calculate usage on each activity does not appear to be appropriate for some activities. For example – Rugby (Senior Matches) – 33 people should be used as the multiplier for the number of participants as per APSE. However, Senior</p>	<p>obtained for reporting.</p> <p>The source data must be challenged and reviewed prior to figures being reported publically.</p>	

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>Rugby Matches have more participants than this.</p> <p>Regeneration & Planning</p> <ul style="list-style-type: none"> • PAM018 - % of all planning applications determined on time • PAM019 - % of planning applications dismissed <p>Assurance cannot be provided that the reported figures are correct as the Service did not retained the base data reports at the time this Indicator was reported. With the system being updated every day, it is not possible to extract data to reconcile to the reported figures retrospectively at a point in time.</p> <p>Additionally, clarity needs to be provided in respect of the following Performance Indicator: -</p> <p>Human Resources</p> <ul style="list-style-type: none"> • PAM001 - Number of working days lost to sickness absence per employee <p>This Indicator has never been reported despite it being a National Indicator.</p> <p>Discussions with the Head of Service, Pensions, Payroll & Payments established that whilst Vision can be used to provide some analysis and data to be reported, this would be inaccurate as there are so many variables around employees hours/days/shifts/manual timesheets etc., in certain departments throughout the Council.</p> <p>However, all other Councils in Wales are reporting data for this performance indicator.</p>		

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.3 Medium	<p>Each Performance Indicator should have a Target; where a Target is not set, then a documented rationale should be in place.</p> <p>8 of the 14 PIs did not have a Target and no rationale was provided. It was also found that where rationales for targets were provided, these do not form part of the Definition and Methodology document, but are documented elsewhere.</p>	<p>Performance Indicator owners should be reminded that they must set Targets for each of their Performance Indicators or provide a documented rationale why they are not.</p> <p>This rationale should be included with the Definition and Methodology.</p>	30 April 2019

COMMUNITY & CHILDREN'S SERVICES**AUDIT NAME: REGISTRATION SERVICES****DATE FINAL REPORT WAS ISSUED: 29/01/2019****INTRODUCTION**

A registry office is a British government office where births, deaths and marriages are officially recorded and civil marriages take place. Set up by an Act of Parliament in 1837, the statutory registration service is overseen by the Registrar General as part of the General Register Office. With effect from 1st December 2007, all Registrars and Superintendent Registrars in England and Wales became employees of the local authorities who now provide the Registration Service. Responsibility for this function lies with the Group Director of Community and Children's Services. The Service is managed locally by the Director, Public Health, Protection & Community Services. Registrations are carried out by a registrar; the Registry Office for Rhondda Cynon Taff is based in the Municipal Buildings, Pontypridd.

SCOPE & OBJECTIVES

In accordance with the agreed Internal Audit plan for 2018/19, as approved by Audit Committee, a review of the Registration Service was undertaken. The primary purpose of the review is to provide Management with an opinion on the adequacy and effectiveness of the internal control systems operating within the Registration Service.

The specific control objectives were:

- To examine the security of arrangements around receipt, storage and the use of the secure certificate stock held.
- To ensure that payments are received, formally recorded and banked in accordance with Council guidelines.
- To ensure that civil ceremonies have been conducted at approved premises and in accordance with the licence requirements.

AUDIT OPINION**Stock Control**

The control environment in respect of Stock Control is considered to be effective with opportunity for improvement. The Registry Office is registered with the Information Commissioner. Passwords are only known to individuals and are not shared and there are appropriate controls in place to ensure that there is no unauthorised access to the online RON system. There are also safeguards in place to ensure that no unauthorised access to the Certificate Stock is gained. Rhondda Cynon Taf Registration Service issue approximately 18,000 certificates a year. Certificate stock is ordered on an annual basis from the General Register Office. Responsibility for ordering certificate stock lies with each individual Registrar. A review of the procedures in relation to the receipt, control and issue of certificate stock was undertaken. It was established that all Officers are working consistently when undertaking their statutory duties in respect of the receipt, control and issue of certificate stock and associated record keeping. However,

this review has identified uncertainty as to the whereabouts of any Operational Guidance Document for Officers to refer to in the event of staff absence or for new Officers to refer to following a new member of staff being appointed to post.

There is a periodic stock check of unused certificate pads undertaken by all Registrars.

Payment of Certificates

The control environment in respect of the Payment of Certificates is considered to be effective with opportunity for improvement.

A sample of certificates issued during September 2018 was examined. It was noted that of the certificates issued - the correct information had been provided in respect of all applications, payment was accounted for and was entered onto CIVICA immediately.

However, audit testing identified that money is being held in respect of pending certificate searches (£10 per enquiry), although no formal record of the income received is made unless the search is successful and a certificate issued. For those applications which remain pending - either due to insufficient information being received or the search being unsuccessful - the application and income would be retained indefinitely (at the time of the audit there was £20 present relating to pending searches in excess of 6 months old). This report recommends that a formal record of the income should be made upon receipt and Management should consider re-introducing the formal receipt book which is held in the General Office. This will ensure that all applicants have confirmation that money has been handed over to the Service and the income is properly accounted for.

All staff are aware that potential fraudulent applications are reported to the General Registrar's Office and there have been no further fraudulent applications made since the 8 fraudulent applications noted in the 2015 Internal Audit report.

Civil Ceremonies

The control environment in respect of Civil Ceremonies is considered to be effective with opportunity for improvement.

At the time of the audit visit there were 13 registered premises within Rhondda Cynon Taf that could conduct a civil wedding ceremony. However, the Council website only provides details of 10 approved premises for ceremonies, one of which provides an incorrect link to an establishment in Kettering. The Council website is therefore not an accurate reflection of the current approved premises, which could prevent individuals from making a booking due to incomplete/inaccurate information. The website should be updated to include all premises within Rhondda Cynon Taf that are registered to conduct a marriage, including the correct links to the websites for each establishment.

Implementation of the recommendations contained in the report should assist the Superintendent Registrar in further enhancing the current levels of control.

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Medium	<p>There was uncertainty at the time of the audit as to whether there is an Operational Guidance Document in place detailing the processes to be followed and roles and responsibilities of staff in relation to:</p> <ul style="list-style-type: none"> • Audit of Certificate of stock control; • Security of stock; • Use of certificate stock / spoiled certificates; and • All other duties expected of the Registration Staff. <p>It was also identified that a new Registrar was appointed to the Service during May 2018; however no written guidance had been provided.</p>	<p>Management should compile an Operational Guidance Document detailing the specific elements of each process within the Registration Service.</p> <p>This guidance should be issued to all staff for guidance/reference.</p>	Implemented
5.1.2 Medium	<p>At all times, Registrars should ensure that certificate stock is held securely to prevent theft, loss or damage when the stock is in use, in transit or when it is not being used, and records are held by all Registrars to demonstrate this.</p> <p>From examination of all stock held, it was noted that 1 Registrar did not have a formal record of Marriage Certificate stock.</p>	<p>An up to date record of all certificate stock should be maintained at all times and care should be taken to ensure that all receipts and issues are updated as and when they occur. A regular comparison between the stock held and the stock record should also be undertaken to ensure that all certificate stock is accounted for.</p> <p>NB. It is accepted that a record of the Marriage Certificate stock was made as soon as this was highlighted.</p>	Implemented
5.2.1 Medium	<p>Applications made to the Registry Office in respect of certificate searches cost £13 for a same day search and £10 for a next day search.</p> <p>Only cash payments are accepted together with a fully completed Application Form.</p>	<p>Where income received is not directly recorded onto CIVICA, a formal record of the income should be made. Management should consider re-introducing the formal receipt book which is held in the General</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>A receipt is not provided to the Applicant for the payment received and no formal record of the income received is made (unless the search is successful and a certificate is issued).</p> <p>If the search is unsuccessful, the application is classed as "pending" and both the income and application form retained indefinitely until the applicant requests the payment back or provides further information in order for the search to proceed further.</p> <p>At the time of audit testing, there were 2 x £10 payments held at the Registry Office (which had been received in October 2017 and February 2018) in respect of next day searches that were still classed as "pending" between 6 -12 months after receipt and the income unreceipted.</p>	<p>Office. This will ensure that the applicant has confirmation that money has been handed over to the service and the income is properly accounted for.</p> <p>In the event that the search does produce a certificate and the money is subsequently paid into CIVICA, the copy receipt should be marked accordingly giving reference to the e-return tracker number.</p>	
5.3.1 Low	<p>At the time of the audit visit there were 13 registered premises within Rhondda Cynon Taf that could conduct a civil wedding ceremony.</p> <p>However a review of the Council website revealed that only 10 of these premises were listed – and one provided a link to an incorrect establishment in Kettering.</p>	<p>The Council website should be updated to include all premises within Rhondda Cynon Taf that are registered to conduct a marriage.</p> <p>Furthermore, care should be taken to ensure that the correct links to the websites for each establishment are also included.</p>	Implemented

AUDIT NAME: THE PANEL PROCESS

DATE FINAL REPORT WAS ISSUED: 22/02/2019

INTRODUCTION

The purpose of the quality assurance panels is to make best use of resources, these include:-

- Reviewing the quality of the assessment and care plans in line with the requirements of the Social Services and Well-being Act.
- Reviewing the service request and ensuring the service best meets the needs of the individual and there is evidence of other alternatives which have been considered.
- Returning a decision on the suitability of the request and either authorise or return to the assessor.

The panels which must consist of at least two members of staff will consider the following commissioned service requests:-

- Domiciliary Care
- Day Services
- Residential / Nursing Home
- Telecare

Each panel will meet daily in the morning. The person requesting the service has to complete the following documents prior to the meetings taking place:-

- Care Plan.
- Assessment or review.
- Costed care package sheet.

During the Panel, the managers will undertake tasks that include:-

- Reading the submitted documentation.
- Ensuring that the Care Manager/ Risk Assessor/ Supervisor has considered alternatives to a commissioned service.
- Ensuring that the eligibility criteria for Care and Support has been met.
- To make comments, if necessary, on the quality of the documentation received.
- To agree the Care Plan and sign the Costed Care Package form as authorisation for the care package.

SCOPE & OBJECTIVES

The primary purpose of the audit review was to provide management with an opinion on the adequacy and effectiveness of the controls surrounding the Panel Process. The specific objectives of the review were to ensure that:-

- Each Panel is operating in line with the Operational Guidance notes.

- All new clients service provision and variations to existing clients service provision is approved by a Panel.

AUDIT OPINION

The overall control environment in relation to the management of the Panel Process is considered to be effective with opportunity for improvement. With regard to each objective examined:-

Audit Objective - Each Panel is operating in line with the Operational guidance notes.

Three Panel meetings are schedule to be held each day, two in Ty Elai and one in Cynon, and each consists of a minimum of two Service Managers.

It was noted that assessments were read in full by all Panel Members and considered thoroughly before making a decision.

However, it was witnessed that decisions cannot always be made as the information provided in the Care Plan / Assessment is not always comprehensive.

The required information would subsequently be requested from and submitted by the Care Manager as a new request to a Panel which is unlikely to consist of the same Panel members.

This report provides recommendations in respect of potential improvements to the current processes in place. In addition, Internal Audit also received verbal feedback from some staff involved in the Panel process during the fieldwork and it is recommended that management speak in detail to these / all officers in order to obtain the thorough and frank views of staff.

Following this exercise, if any further areas for improvement are identified, then arrangements should be put in place to address them.

Audit Objective - All new clients service provision and variations to existing clients service provision is approved by a Panel.

A Panel spreadsheet records all cases referred to Panel for a decision. It typically includes the clients name, the package of care requested and the initials of the Managers attending Panel. The spreadsheet is updated immediately by the Short Term Intervention Team (STIT) whereas business support undertake the updates on behalf of the Care and Support Teams.

Examination of a sample of 20 new care packages / the Panel spreadsheet identified that:-

An invoice received for a new client did not correspond to the package recorded on the Panel spreadsheet.

The Panel spreadsheet had not always recorded the initials of both Panel Managers.

Implementing the recommendations contained within this report will help improve the overall control environment in place.

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Medium	<p>Care Managers are required to submit the following information for each care package request direct to the Panel:-</p> <ul style="list-style-type: none"> • A Care Plan. • An Assessment or review. • A costed care package sheet. <p>Internal Audit attended 3 panel meetings. It was observed that requests are often referred back to the Care Managers (only), as the documents submitted were not always comprehensive to enable a decision to be made.</p> <p>The omitted information would typically be provided by the Care Manager and resubmitted as a new request to Panel. As Panel members vary, the amended referral is unlikely to be reviewed by the original Panel members.</p> <p>A meeting was also held with Care and Support team managers to obtain their views and opinions of the Panel Process; they highlighted several areas of concern, which included:-</p> <ul style="list-style-type: none"> • As noted, referrals requiring additional clarification for Panel are returned directly to the Care Manager only. • Panel meetings are typically up to 2 hours each day for 2 members of staff. • Resubmitted cases are typically reviewed by different panel members. 	<p>If the Panel does request further information, then consideration should be given to include the Line Managers in the communication as additional training may be required.</p> <p>Senior Management should liaise with all officers that attend Panel to hear their views and establish if any operational improvements / changes can be made.</p>	Implemented
5.2.1	A sample of 20 new care packages were examined to ensure the	Management should ensure that the	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
Low	<p>invoices received from the care providers corresponded to the packages of care authorised by Panel; the following was noted:-</p> <ul style="list-style-type: none"> MC XXXXX7 (East 3) - 24.30hrs home care on invoice and commissioning form, only 12.15hrs recorded on the panel spreadsheet 29/12/17. <p>It was established that this client was to receive double handling.</p>	Homecare Panel recordings spreadsheet accurately reflects the total hours / package agreed by the Panel.	
5.2.2 Low	<p>At least two officers should attend Panel meetings and the Panel spreadsheet should be updated with each officer's initials to support the decisions made.</p> <p>Examination of the Panel spreadsheet identified that occasionally only the initials of one officer were recorded.</p>	Where applicable, management should ensure that the spreadsheet indicates the Panel officers that made the decisions.	Implemented
5.1.2 Medium	<p>The Care and Support Teams commissioning process flowchart states that the Head of Service should be obtaining approval for all home care packages of 30 hours or more.</p> <p>Testing identified that only the authorisation of panel is obtained.</p>	Management should ensure that the Care and Support Teams are adhering to the Commissioning Process flowchart when considering a package of care.	Implemented

AUDIT NAME: ADOPTION SUPPORT PAYMENTS

DATE FINAL REPORT WAS ISSUED: 07/03/2019

INTRODUCTION

The National Adoption Service for Wales was launched in November 2014 bringing all Councils in Wales together into a unique collaboration for the delivery of adoption services. The legal basis underpinning the service is the Social Services and Well-being Act (Wales) 2014 which gave Welsh Ministers the power to direct how local authorities in Wales deliver their adoption functions. This is enforced through the Adoption and Children Act 2002 (Joint Adoption Arrangements) (Wales) Directions 2015 [generally referred to as the 'Directions Powers'] which requires Councils to collaborate to create Regional Adoption Collaboratives. Rhondda-Cynon Taf County Borough Council forms part of the Valleys, Vale and Cardiff collaborative (VVC) which also consists of Merthyr Tydfil, Cardiff and Vale of Glamorgan.

The Adoption Support Service (Local Authorities) (Wales) Regulations 2005 continue the principle from the Adoption Allowance Regulations 1991, that financial circumstances should not prevent the adoption of a child, where it is in the child's best interest. Payment can be made as a 'single one-off payment' or regular payments depending on the circumstances.

Under the VVC, the responsibility for deciding whether a child needs to be adopted lies with the Adoption Decision Maker within the Council responsible for their care. However, the responsibility for carrying out the child's assessment, matching with a family and assessing whether Adoption Support Payments are applicable lies with the Vale of Glamorgan Council. The assessment calculation and subsequent payments are then made by the Council with the duty of care.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for the financial year 2018/2019 as agreed by Audit Committee, a review of the key controls within the system was undertaken. Audit testing was carried out on the process in place for Adoption Support Payments to establish whether the process is operating effectively.

The primary purpose of the audit review was to provide management with an opinion on the adequacy and effectiveness of the internal control system.

The objectives of the review were to ensure that:

- Payments made are accurate, supported by adequate assessments, authorised appropriately and comply with formal agreements in place; and
- Ongoing payments are subject to regular review/re-assessment.

AUDIT OPINION

The overall control environment in relation to Adoption Support Payments is considered to be insufficient and requires improvement.

Following completion of the fieldwork for this review, the responsibility for overseeing Adoption Support Payments transferred to the Head of Children's Looked After Service.

Management has confirmed that a review in respect of the processes and procedures was scheduled to take place and that the outcomes of this internal

audit would be used to inform potential changes.

AWARDING ALLOWANCE PAYMENTS

Testing established that the written procedures were out of date and did not reflect current processes. An agreement is in place with the Vale, Valleys and Cardiff Adoption Collaborative (VVC); however, this requires some amendments and the working arrangements between the parties still require further discussions and agreement particularly relating to records management and involving the Head of Intensive Intervention earlier in the authorisation process.

REVIEW PROCESS

With regards Records Management, it was not possible to evidence all appropriate documentation to support the Adoption Support Allowances awarded.

- For those older agreements, pre-dating VVC, information had been scanned onto ICS, but could not be located.
- For newer agreements, the lead contact in VVC could not provide any supporting documentation when requested and limited information had been retained centrally by RCT.

Information that had been retained was not retained consistently for all applications.

By implementing the associated recommendations contained within this report, Management will enhance the standard of control. The Head of Children's Looked After Service has requested that a follow-up audit is carried out within the next 12 months to review progress.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 High	<p>It was established that a formal agreement between the Vale, Valleys and Cardiff Adoption Collaborative (VVC) and RCT Council is in place, detailing roles and responsibilities. The Agreement states that:</p> <ul style="list-style-type: none"> • Each Local Authority is to pay support for the first year; and • A Records Management Protocol will be developed. <p>During the review, it was identified that payments are ongoing, a Records Management Protocol has not been developed and a complete suite of documents for each Adoption Support payment could not be obtained.</p> <p>For long-standing agreements, prior to the arrangement with VVC, staff confirmed that information had been back-scanned onto the ICS system but in the absence of a structured document naming system they could not be found.</p> <p>For agreements made in conjunction with VVC, VVC could not produce</p>	<p>Management should consider reviewing the current partnership agreement and making any necessary amendments.</p> <p>Management should draft and agree with VVC a Records Management Protocol. The Protocol should document what documentation is required to be produced for each Adoption Support Payment and who is responsible for retaining this information and the period of retention.</p> <p>Management should then ensure that documents are retained in accordance with the protocol and should be available to support all Adoption Support payments made. Every effort should be made to locate</p>	31 st May 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	any documents when requested and RCT did not have a complete set of the accompanying records.	the missing documentation.	
5.1.2 Medium	<p>There were written procedure documents in place at the time of the review, but these were found to be out of date and pre-dated VVC involvement.</p> <p>During the review, the Adoption Guidance for Social Workers was revised; however the current Adoption Financial Support Policy was written in 2010.</p> <p>The Policy refers to means-testing, which is not undertaken when calculating Adoption Support Payments. Instead, payments are calculated on the allowance granted by age, minus Child Benefit, Working Tax credits and Child Tax Credits.</p> <p>Moreover, the circumstances in which the payment can be awarded also requires revision and clarification. The award should be given on a time-limited basis for extended maternity, leave of absence from work etc., and is dependent on the need of the child.</p>	<p>Management should ensure that the revised Adoption Guidance for Social Workers is disseminated to all relevant parties.</p> <p>The revised guidance should be discussed and agreed with VVC to ensure that both parties are in accord.</p> <p>The Adoption Financial Support Policy should be revised in collaboration with the RCT Financial Accountant to ensure that the policy reflects current practice. This should be disseminated to all RCT Adoption Social Workers and VVC Social Workers, to ensure clarity and consistency of process.</p>	31 st May 2019
5.1.3 Medium	<p>A list of Adoption Support payments was provided at the outset of the audit but did not contain review dates. This was amended during the audit and a monitoring spreadsheet provided. This spreadsheet was compared to the information held by the Financial Accountant and was found to be complete; however, 2 discrepancies were identified.</p> <p>For XX - an allowance of £278.90 and £265.00 was agreed to be paid (the calculation based on child benefit deductions for first and second child) and were recorded as these amounts on the spreadsheet maintained by Business Support. However, it was identified that £278.90 was being paid for both children.</p>	<p>Management should investigate the reason for the discrepancy between the calculated amount and the payment amount.</p> <p>Management should ensure that the payment value is amended on the spreadsheet maintained by Business Support.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	For XX - an allowance of £205.92 was agreed and is being paid at that rate; however the spreadsheet maintained by Business Support had detailed the payment as £411.84 erroneously. (See finding 5.2.1 for spreadsheet anomalies / inaccuracies relating to the annual review process).		
5.1.4 Medium	It was also established that discussions need to take place with VVC regarding the authorisation process, as although the end decision rests with the Acting Head of Intensive Intervention, by the time the request is received, it may be more difficult to refuse an offer of financial support, after it has been discussed with the adopters by the VVC Social workers, throughout the lengthy process.	Management should endeavour to meet with VVC representatives to agree both a Records Management Protocol and amended processes, to include how Adoption Support Payments are agreed with potential adopters and earlier RCT involvement for authorisation purposes.	Implemented
5.2.1 High	<p>The Annual Review process is now in place to ensure that allowances are subject to regular review and to ensure that payments do not exceed their termination date without a formal agreement to extend. However testing of the process identified the following issues;</p> <ul style="list-style-type: none"> • Letter sent to XX on 31st January 2018 stating annual review is due, but does not state that for one child the allowance should have expired on 22nd January 2018. • Letter sent to XX on 24th January 2018 stating that allowance should have stopped on 22nd May 2017 and payment will now continue until 9th February 2018. Agreement to extend letter sent on 14th March 2018, with payments continuing in the interim. • Letter sent to XX on 6th March 2018 stating that allowance should have stopped in December 2017, although authorisation to extend was evidenced from the Head of Service until the middle of January 2018 and will now continue until 24th March 2018. Payment was then stopped with an overpayment of over 9 weeks and £2,848.06. 	<p>Management should ensure that the spreadsheet is reviewed regularly and kept up-to date and that any inaccuracies identified should be corrected.</p> <p>Care should be taken that deadlines given are consistent.</p> <p>All appropriate supporting documentation should be scanned onto the system and retained on the electronic file.</p> <p>Overpayments should be reviewed by Management.</p>	31 May 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<ul style="list-style-type: none"> Letter sent to XX on 17th January 2018 stating that payment for 2 children will end on 9th February 2018, (15 day notice) and that support for one should have ended on 1st September 2017. Agreement to extend authorised on 14th March 2018, payments continued in the interim. <p>A review of allowances that had ended also identified the following;</p> <ul style="list-style-type: none"> For XX, letter sent on 5th January 2017 detailing that the payment was due to stop on 31st July 2016 but will now cease on 2nd February 2017 (was overpaid £230.66 per fortnight for this period). For XX - letter sent on 5th January 2017 detailing that the payment was due to stop on 10th November 2015, but will stop on 2nd February 2017 (was overpaid £183.92 per fortnight for this period). Letter sent to XX on 24th January 2018 stating that support is due to end on 8th February 2018 - 14 day notice only given. Letter sent to XX on 24th January 2018 stating that support is due to end on 15th February 2018 - 21 day notice given. <p>A request to extend was submitted by XX, form submitted on 15th June 2017, allowance due to expire on 31st October 2017 and agreement to continue not authorised until 12th January 2018, 2.5 months after allowance should have expired, payments continued in the interim.</p> <p>A review of the monitoring spreadsheet and supporting documentation also identified the following housekeeping issues;</p> <ul style="list-style-type: none"> The spreadsheet had not been completed in full for the review process, information was not complete and not all fields completed appropriately detailing when letters were sent, declarations received etc. For the 9 cases, where an extension to the deadline had been granted this year, the email approving the extension by the 		

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>Head of Intensive Intervention has not been retained in 5 of the 9.</p> <ul style="list-style-type: none"> • One Declaration of Financial Circumstances form had not been signed by the adopter. • The deadline for return had been recorded incorrectly as 15th February 2018, not the 16th February 2018, as per the other letters. • The letter to evidence that payments will continue until the next annual review was not found for 1 child. • The adopter's 2 children are recorded as living in 2 different addresses erroneously • The authorised copy of the Declaration of Financial Circumstances Form detailing the rationale for continuing and signed by the Service Manager had not been scanned on the electronic file for 7 of the 16 completed forms. 		
5.2.2 Medium	<p>All Adoption Support Payments are required to be subject to a 12 month annual review.</p> <p>The adopters are required to complete a Declaration of Financial Circumstances Form with accompanying payslips, tax credits and other confirmation of receipt of benefits.</p> <ul style="list-style-type: none"> • As the allowance is not means-tested, financial information is disclosed but not subject to any review. • Allowances relate to the needs of the child and therefore for those long-standing agreements where an allowance has been agreed till the child is 18, the adopters should only be required to declare whether there are significant change of circumstances, both in the needs of the child and their own financial circumstances. • Those newer allowances, where the allowance is time-limited and subject to ongoing assessment, the review form should require the adopter to declare whether there are any significant 	<p>Management should revise the current 12 month review process. Adopters should no longer be required to provide financial information. Instead they should be required to declare whether there are any significant changes to their finances and detail the ongoing needs of the child, which for those time-limited allowances will be used to determine whether the allowance should be extended or stopped.</p> <p>The Adoption Financial Support Policy should be revised to reflect the annual review process to be adopted.</p> <p>Management should ensure that the rationale given should reflect the check carried out i.e.</p>	30 May 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>changes in financial circumstances and to detail the ongoing specific needs of the child. This should then be checked back to the original Adoption Support Plan and original rationale for the allowance awarded to determine whether the allowance should be extended or stopped.</p> <p>Where the adopter has specified that circumstances have changed significantly, a decision can then be made as to what further supporting evidence is required. As the process stands currently, the information requested for the annual review is not relevant to the decision.</p> <p>Testing of the process operating currently also established that the 'Declaration of Financial Circumstances Forms had been signed off by the Service Manager, Safeguarding and Support stating that 'annual review completed, no change in circumstances.' For those children who have allowances agreed till they are 18, a change in circumstances may not necessarily have any bearing on the allowance continuing but in the absence of an Adoption Support Plan for all but 1 of the children, it was not possible to evidence whether there have been any change to the child's needs unless the parents have declared this specifically on the Declaration of Financial Circumstances Form. When challenged how no change of circumstances had been established, it was agreed that it was not possible to ascertain this, and instead the wording on previous forms had been copied. For the 1 case where an Adoption Support Plan was evidenced, the information on the Declaration of Financial Circumstances Form was not checked back to the Adoption Support Plan either.</p>	<p>'checked to Adoption Support Plan and no change of circumstances declared and identified' or in the absence of historical information, 'unable to determine if circumstances have changed but allowance agreed until 18.'" etc.</p> <p>Going forward, once the process has been revised, for all those ongoing agreements, the rationale should state 'no change of circumstances declared, agreement to pay until 18' or 'change of circumstances declared, no further information/further information requested and the outcome.' For those reviews where the time-limit is coming to an end, the rationale should state the initial reason for the allowance being granted, the circumstances under which the allowance has been extended and the new expiration date.</p>	

CORPORATE & FRONTLINE SERVICES**AUDIT NAME: LEGIONELLA MANAGEMENT****DATE FINAL REPORT WAS ISSUED: 31/01/2019****INTRODUCTION**

Legionnaires Disease is a potentially fatal form of pneumonia, caused by the bacterium Legionella Pneumophila. Outbreaks can occur when people are exposed to the bacteria via inhalation of water droplets suspended in the air.

While common in natural water sources such as rivers, lakes and reservoirs, the bacteria can also be found in purpose-built environments such as cooling towers, evaporative condensers and hot water systems in work and domestic premises. Growth of the bacteria is encouraged where the temperature is maintained between 20-45°C and/or there is stored/re-circulated water.

The Corporate Estates Service are responsible for ensuring there are measures to prevent and control the risk of exposure to Legionella in all applicable buildings both owned by the Council and those leased in and out (depending on the lease agreement).

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for the financial year 2018-19 as agreed by Audit Committee, a review of Legionella Management was undertaken.

The specific objectives of the review were to ensure:

- There are robust controls surrounding the management of Risk Assessments (RA's) and log books.
- The RAMIS and the Technology Forge (TF) computer databases contain accurate management information.
- The 'Duty to Manage' at all leased buildings is effectively controlled.

AUDIT OPINION

The overall control environment in relation to the management of Legionella is considered to be effective with opportunity for improvement.

It was established that Corporate Estates Officers and appointed contractors manage Legionella; however, testing identified issues / anomalies as follows:-

On Site Log Books & Risk Assessments

The contractors visit applicable buildings / sites on a cyclical basis, typically every 2, 3 or 5 years to undertake a RA, the frequency based on risk which has been agreed by the contractors / management. It was established that 12 sites due a RA / visit in August 2018 had not been undertaken as at October 2018.

7 sites were visited, each had a Legionella Log Book which contained a RA; however these were not the most recent that had been undertaken by the contractor.

Site / building managers are not always fully undertaking / recording the periodic on site checks highlighted on the RA in their log books.

Information Systems

RAMIS is an online risk monitoring database used to manage Legionella and Technology Forge (TF) is a property database. Both systems are used to record Legionella information, for example, the contractor should attach a new RA to RAMIS within 30 days of undertaking a site visit.

For a sample of 8 sites it was established that 4 had been visited between 15/11/17 and 9/8/18 but a new RA had not been attached to RAMIS.

Leased Buildings

All the buildings sampled, 'leased in' or 'leased out' had a lease agreement signed by both parties. However:-

- The Council has undertaken the RA on a 'leased out' building where the lease stated the tenant was responsible.
- The Council has the 'duty to manage' a 'leased in' building but no RA undertaken.
- The 'duty to manage' was unclear on a 'leased in' building from 2/17, the Council undertook an RA 2/18.

Implementing the recommendations within this report will help improve the overall control environment in place.

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Medium	<p>The Legionella log books held at Council sites / buildings should evidence all the Legionella tests being undertaken, for example, where applicable weekly flushing and water temperatures.</p> <p>The records maintained at 7 buildings / sites were examined, issues were noted where the records were not always complete - examples as follows:-</p> <p>School 1 There was no evidence to support weekly flushing of low water outlets taking place.</p> <p>Sports Centre 1 There was no evidence to support weekly flushing taking place since 29/5/2018.</p> <p>Sports Centre 2 The monthly Sentinel Outlet monitoring record and the weekly flushing record were last completed 5/10/2015.</p>	<p>Management should remind all site / building managers that the records to support all Legionella checks must be completed and retained in the site log book.</p>	Implemented
5.1.2 Medium	<p>Risk Assessments (RA's) should be undertaken on a periodic basis at Council sites / buildings, where they are applicable.</p> <p>When the RA has been undertaken, a copy of the report should be provided to the site / building manager for information and placed on the Legionella log book.</p> <p>The log books at 7 sites were examined and it was established that the most recent RA undertaken was not present.</p>	<p>Management should ensure that all site / building managers promptly receive the RA after a visit has been undertaken.</p> <p>Management should undertake an exercise to ensure that all sites / buildings have been provided with a current RA.</p> <p>Management should ensure that all site /</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
		building managers comply with the recommendations highlighted in the RA.	
5.1.3 Low	<p>All sites / buildings should receive a RA on a periodic basis, for example, every 2, 3 or 5 years.</p> <p>The schedule of visits has been shared with the contractor for them to undertake the visits.</p> <p>It was established that RA's had not been completed at 12 sites / buildings which should have been completed in August 2018.</p>	Management should ensure that all RA's are being undertaken by contractors when they are due.	Implemented
5.2.1 Medium	<p>The RAMIS system is an on-line risk monitoring database used by Corporate Estates.</p> <p>The RAMIS system should be updated with new RA's by the contractor Hertel from April 2018 (prior to this Nemco were responsible) after they have completed their periodic visit.</p> <p>For a sample of 8 sites / buildings it was noted that the most recent RA's undertaken were not attached to RAMIS at 4 sites.</p>	<p>All RA's should be promptly updated onto RAMIS after site visits have been undertaken.</p> <p>Management should ensure that all RA's are attached to RAMIS by the contractor, examined and actioned as appropriate.</p>	Implemented
5.3.1 Medium	<p>As Legionella is a statutory requirement, the lease for all buildings leased in or out should reflect which party, Landlord or tenant has the "Duty to Manage" the statutory checks and monitoring.</p> <p>A sample of 10 leases were selected (4 buildings leased in and 6 buildings leased out) - the following was identified;-</p> <p><u>Leased out Buildings</u></p>	<p>Management should ensure that all buildings / sites are managed in line with each lease agreement.</p> <p>Where necessary Management should consider changing the lease or an alternative method to accurately reflect who is</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>Visitor Centre - Dare Valley Country Park - The lease agreement states the tenant has the 'Duty to Manage' but the Council has accepted responsibility as they are responsible for all other areas on the site.</p> <p><u>Leased in Buildings</u> Library 1 - The lease agreement states that the tenant (the Council) has the 'Duty to Manage'. Since the lease commenced 23/11/2017 no RA has been undertaken.</p> <p>Green Park Estates - The lease commenced 12/2/2017; however it is not clear which party has the 'Duty to Manage'. The Council carried out an RA 22/2/2018.</p>	<p>responsible for managing Legionella on the site.</p>	

Tudalen way

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

COMMITTEE:

AUDIT COMMITTEE

25th March 2019

Item No. 6
DRAFT Internal Audit Annual Report 2018/19

REPORT OF:-

DIRECTOR OF FINANCE & DIGITAL SERVICES

**Author: Marc Crumbie (Head of Internal Audit & Procurement Development Programmes)
(01443) 680779**

1. PURPOSE OF THE REPORT

This report provides Members with the 'Draft Internal Audit Annual Report 2018/19' (incorporating a 'Statement of Assurance' in respect of the Council's overall system of internal control).

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review the draft report (**Appendix 1**) and consider what comments and / or recommendations, if any, they wish to make.
- 2.2 Subject to any amendments that are considered necessary, endorse the Internal Audit Annual Report 2018/19.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To help ensure that Audit Committee monitors the performance of the Council's Internal Audit Service, and receives an annual opinion from Internal Audit in respect of the Council's overall system of internal control in accordance with its Terms of Reference.

4. BACKGROUND

- 4.1 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an Annual Report to support the Annual Governance Statement. The report should:

- Include an opinion on the overall system of internal control;
- Present a summary of the audit work on which the opinion is based;
- Draw attention to any issues that may impact on the level of assurance provided;
- Provide a summary of the performance for the service; and
- Comment on conformance with the Public Sector Internal Audit Standards.

4.2 In addition, the Audit Committee Terms of Reference include the following responsibility: ‘1 - *To receive and consider the Head of Internal Audit’s Annual Report and opinion on the level of assurance it can give over the Authority’s governance arrangements and associated internal control environment*’.

4.3 Taking into account the above requirements, the Annual Report is provided at **Appendix 1**.

4.4 The end-of-year position in relation to the delivery of the 2018/19 Internal Audit Plan is provided within the Annual Report.

5. EQUALITY AND DIVERSITY IMPLICATIONS

5.1 There are no equality and diversity implications as a result of the recommendations set out in the report.

6. CONSULTATION

6.1 There are no consultation implications as a result of the recommendations set out in the report.

7. FINANCIAL IMPLICATION(S)

7.1 There are no financial implications as a result of the recommendations set out in the report.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

8.1 The provision of an annual opinion in respect of the Council’s overall system of internal control supports the Council in demonstrating compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2018.

8.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: “*A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.*”

9. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT.

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 9.1 The work of Internal Audit aims to support the delivery of the priorities contained within the Council's Corporate Plan – *The Way Ahead*, in particular 'Living Within Our Means' through ensuring that appropriate internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

- 9.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

10. CONCLUSION

- 10.1 The Internal Audit Service has produced a 'Draft Internal Audit Annual Report 2018/19' setting out its performance alongside the findings from its work during the year. Based on the information compiled, the Report concludes that *'the overall system of internal control within the Council operated effectively during 2018/19 with a small number of areas identified for improvement'*.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

25th March 2019

REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

Author: Marc Crumbie (Head of Internal Audit & Procurement Development Programmes).

Item

6. Draft Internal Audit Annual Report 2018/19

Background Papers

None.

Other Information:-

Relevant Scrutiny Committee
Not applicable.

Contact Officer – Marc Crumbie



STRONG HERITAGE | STRONG FUTURE
RHONDDA CYNON TAF
TREFTADAETH GADARN | DYFODOL SICR

Appendix 1

Rhondda Cynon Taf CBC

Internal Audit Service

**DRAFT Internal Audit
Annual Report 2018/19**

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SECTION

1. Introduction

2. Internal Audit Service – Performance 2018/19

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4. Delivery Plan Priorities 2018/19

5. Public Sector Internal Audit Standards

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- Appendix A – Internal Audit Plan 2018/19

1. Introduction

- 1.1 This Internal Audit Annual Report 2018/19 (from hereon 'Annual Report') summarises the work of the Internal Audit Service between the period April 2018 and March 2019. It provides a detailed account of the performance of the Service along with an overview of the progress made in delivering the priorities as identified in the Internal Audit Delivery Plan 2018/19.
- 1.2 The aim of the work undertaken by Internal Audit each year is to ensure the Council's control environment is reviewed sufficiently to provide an evidence based opinion on the overall system of internal control. The opinion on the adequacy of the Council's overall system of internal control is used to inform the Council's Annual Governance Statement 2018/19.

2. Internal Audit Service – Performance 2018/19

- 2.1 Within the audit plan for 2018/19 the Internal Audit Service planned to complete a total of 79 individual audit assignments. Given the proximity of this report to the end of the 2018/19 financial year, the figures shown in Table 1 are projected. In the event of any material variations to the information set out in Table 1 and / or the supporting information provided in Appendix A, these will be reported to the next meeting of the Audit Committee.
- 2.2 Table 1 provides a summary of the performance against this total and compares the performance with the two previous financial years.

Table 1 – Internal Audit Service Projected Year End Performance – 2018/19

Performance Indicator	2018/19	2017/18 Actual	2016/17 Actual
% Planned audits completed to report stage.	85%	76%	85%

- 2.3 As shown in Table 1 above, it is projected that 85% of planned audit work will be completed to report stage by the 31st March 2019. The full detail in respect of each planned audit is provided in Appendix A.
- 2.4 With regard to the 12 audit assignments that will not be completed to report stage prior to the end of the 2018/19 financial year, all will be carried forward into the 2019/20 Draft Audit Plan. The 12 audit assignments to be carried forward are set out in Appendix A.
- 2.5 As noted in Table 1, 85% of planned audit work is projected to be completed to report stage by the 31st March 2019, and set out below are the key reasons for not fully delivering the Audit Plan.

Internal Audit supporting the delivery of the General Data Protection Regulation (GDPR) Project

2.6 Time allocated within the original plan for 2018/19 was 100 days, and this was allocated to cover:

- The temporary secondment of one Auditor to the GDPR Project Team; and
- Time spent by the Head of Internal Audit & Procurement Development Programmes for his role in overseeing the delivery of the project.

2.7 Due to the scope of the workload required to deliver the Council's compliance with the GDPR, the secondment continued for the full year. The following information summarises the overall impact that this has had on the Audit Plan for 2018/19:

PLANNED DAYS	Days
Allocation of days within the Internal Audit Plan for 2018/19 to support the GDPR Project	100
ACTUAL DAYS	
Secondment of x1 Auditor (0.8 FTE)	173
Head of Internal Audit & Procurement Delivery Programme	25
Net effect – i.e. total productive audit days lost from the 2018/19 Audit Plan	-98

2.8 The overall impact of Internal Audit's involvement in respect of the GDPR project on our audit plan is that we exceeded the planned days allocated by 98 days. Whilst productive days were lost to the audit plan, the involvement in a business critical project demonstrates the Service's ability to add value to the organisation.

Actual days spent delivering audit reviews exceeded the planned days

2.9 14 audit reviews resulted in the actual days taken to deliver the work materially exceeding the planned days allocated within the 2018/19 audit plan. This was due to, for example, the estimated number of days included in the Audit Plan at the start of the year being lower than actually required, and expenditure associated with grant income requiring Internal Audit sign-off.

2.10 The impact of the above was **100 extra days** spent on audit reviews which was over and above the number of days planned.

Work delivered at the request of Audit Committee

2.11 Two Internal Audit reports caused particular concern when reported to Audit Committee during 2018/19, these were in relation to Y Pant Comprehensive School and Hawthorn High School.

2.12 Internal Audit spent **35 days** over and above any days planned for in the 2018/19 Audit Plan, helping to address the concerns raised by the Audit

Committee. This came in the form of undertaking follow-up fieldwork and working with the two schools to help advise on best practices to be implemented

2.13 Requests for Additional Annual Leave & Unpaid Leave of Absence

2.14 No planned days were included within the audit plan 2018/19 to cater for staff taking time off work which was over and above those days allocated in accordance with the Council's Annual Leave Policy.

2.15 During the year, applications were received from members of the Internal Audit Service to purchase additional leave and for unpaid leave of absence. Collectively, 36 days were authorised. Whilst this demonstrated a commitment to the wellbeing of staff, it resulted in **36 days** of productive time being lost to the Service.

The overall impact

2.16 A contingency of 75 days was included within the 2018/19 Audit Plan for unplanned / unforeseen work. The following table summarises the overall impact of unplanned / unforeseen work when compared to the contingency allocated for such situations:

	Days
Contingency of unplanned work	+75
Impact of GDPR	-98
Reviews exceeding planned days	-100
Work delivered at the request of Audit Committee	-35
Requests for Additional Annual Leave & Unpaid Leave of Absence	-36

Total net loss of productive time: -194

3. Assurance & Consultancy Assignments 2018/19

Assurance Assignments

3.1 Audit Committee received a summary of all finalised audit assignments completed by the Internal Audit Service throughout 2018/19.

3.2 A summary of the overall opinions reported to Audit Committee, based upon the 2018/19 audit plan is shown below:

Internal Audit Reports – Non-Schools:

Opinion	Number of Finalised Audit Assignments
Effective	2
Effective with Opportunity for Improvement	16
Insufficient and Requires Improvement	1
Not Adequate	0
TOTAL	19

3.3 The 'insufficient and requires improvement' opinion was in respect of the Adoption Support Payments Finalised Audit Report.

- The final report is scheduled to be reported to Audit Committee at its meeting on the 25th March 2019. Notwithstanding the outcome of that meeting, a follow-up audit has been included within the Draft Audit Plan for 2019/20.

Internal Audit Reports – Schools:

	Effective	Effective with Opportunity for Improvement	Insufficient and requires improvement	Not Adequate
Budgetary Control	3	2		
Data Protection & Security	7	4		
Formula Funding	6			
Governance	2	16		
Petty Cash		2		
Purchase Card	7	10	1	
Purchasing	5	4		
Safeguarding	1	17		
School Budget	6	1		
School Income		3		
School Meals	9	4		
School Private Fund	9	9		
Total	55	72	1	

-
- 3.4 The audit report where the arrangements in respect of the School's management of the Purchase Card were considered to have been 'insufficient and requiring improvement' related to Mountain Ash Comprehensive School.
- Following receipt of this report, Audit Committee requested a follow-up review be undertaken specifically in respect of the School's Purchase Card arrangements.
 - Internal Audit has undertaken a follow-up review, and whilst the report is yet to be finalised, the outcome of the report demonstrates an improvement in the arrangements in place.
- 3.5 Two Finalised Assignments relating to schools have not been summarised in the table above. These are:
- **Y Pant Comprehensive School**
 - At its meeting held on [5th November 2018](#), Audit Committee received the follow-up report relating to the School.
 - Following consideration of the report, Audit Committee **RESOLVED:-**
 1. That the Audit Committee send a letter to the Headteacher and Governing Body of Y Pant Comprehensive School and advise the Cabinet Member for Education & Lifelong Learning and the Director, Education & Inclusion Services of the lack of improvement evidenced within the follow up audit assignment.
 2. That a full audit be undertaken at the school in six months and the findings reported back to the Audit Committee for consideration and if deemed required, further action.
 - An audit review of Y Pant Comprehensive School has been included within the Draft Audit Plan for 2019/20.
 - **Hawthorn High School**
 - At its meeting held on [17th December 2018](#), Audit Committee received the follow-up report relating to the School.
 - At the meeting, Members expressed serious concern in respect of the unsatisfactory progress evidenced within the report.
 - Following consideration of the report, Audit Committee **RESOLVED:-**
 1. That the Audit Committee refer the Hawthorn High School report to both the Director, Human Resources and Director, Education & Inclusion Services as a matter of urgency, in order to ascertain whether the Committee has the ability to request the Headteacher to attend a future Audit Committee as set-out with the Terms of Reference.
 - The Directors attended the Audit Committee held on 4th February 2019, outlining their response to Audit Committee's
-

request. Whilst not able to compel the Headteacher to attend Audit Committee, the Director of Education & Inclusion Services went on to outline the actions she had taken to ensure adequate improvement was to take place at the School.

- In response to a request from the Director of Education & Inclusion Services, Internal Audit undertook a follow-up audit visit at the School during week commencing 18th February 2019.
- The outcome of the follow-up audit is due to be reported to Audit Committee at its meeting scheduled for 25th March 2019. In summary, the report states:
‘This follow up review can confirm that all recommendations made have either been fully implemented or are ongoing in their implementation. There has been a clear commitment by the School to addressing the recommendations previously made’
- Notwithstanding this positive outcome, an audit of the School has been included in the draft audit plan for 2019/20.

3.6 In summary, the assurance work delivered by Internal Audit, in line with the 2018/19 Audit Plan, has identified that the majority of audit reviews completed to report stage received generally satisfactory opinions i.e. either effective or effective with opportunity for improvement. Where follow-up audit reviews have been conducted and reports have been issued by Internal Audit, the general trend is one of improvement in the standard of internal control.

Consultancy Assignments

3.7 Within the Audit Plan for 2018/19, Internal Audit allocated resources to deliver the following consultancy assignments:

- General Data Protection Regulation
- One staff member was seconded to the GDPR Project Team and the Head of Internal Audit & Procurement Development Programmes was requested to oversee the implementation of the requirements placed upon the Council by the GDPR.
 - Updates during 2018/19 were presented to Cabinet and the overall conclusion of the work delivered during 2018/19 is that the Council approached the implementation of the GDPR using a pragmatic and risk-based approach.
- Corporate Safeguarding – the Head of Internal Audit & Procurement Development Programmes continued to be a member of the Corporate Safeguarding Working Group.

4. Delivery Plan Priorities 2018/19

- 4.1 The following priorities (shown in bold) were included within Internal Audit's Delivery Plan for 2018/19.
- 4.2 **Continue to pursue the collaborative opportunity with neighbouring councils to deliver a Regional Internal Audit Shared Service.**
- 4.3 Work in respect of developing a regional model to deliver Internal Audit Services to the four Councils of Rhondda Cynon Taf, Bridgend, Merthyr Tydfil and the Vale of Glamorgan took place during 2018/19. Key information is noted below.
- 4.4 Cabinet at its meeting on [21st June 2018](#) agreed for the Council's Internal Audit Service to become part of an existing Regional Internal Audit Shared Service and for Audit Committee to oversee the required implementation arrangements during 2018/19.
- 4.5 At its meeting held on [12th July 2018](#), Audit Committee received a report from the Group Director, Corporate & Frontline Services outlining the work that had taken place and the next steps. At this meeting, it was agreed that Audit Committee would be kept informed of the transition process.
- 4.6 The transition is underway and it is planned for the new Regional Internal Audit Service to be in place with effect 1st April 2019.
- 4.7 **Support Audit Committee to deliver its Terms of Reference.**
- 4.8 A work-plan aimed at helping Audit Committee to discharge its role was compiled in consultation with the External Audit Manager and the Audit Committee Chairperson. The work-plan was presented to Audit Committee at its meeting held on [17th September 2018](#).
- 4.9 The work-plan for 2018/19 began the process of inviting a wider range of Officers of the Council to attend Audit Committee and present specific items, and were available to answer specific questions or queries that Audit Committee Members had (within the Terms of Reference for Audit committee). Examples included:
- Receive an overview of the governance arrangements in place in respect of Treasury Management (one of the Council's core financial systems).
 - Receive an overview of the Council's Insurance Function, in particular how it supports the Council's Risk Management arrangements.
 - An overview of the term 'Internal Control Environment' incorporating a case study – Agile Working.

-
- An overview of Risk Management arrangements in place in respect of 'Projects'.
 - Receive an overview of the National Fraud Initiative, along with an update on the work delivered by the Corporate Fraud Team.
- 4.10 The process of inviting a range of Officers to attend and present items to Audit Committee will continue during 2019/20.
- 4.11 **Review audit planning arrangements to take account of, amongst other things, fraud risk assessment results to further improve the allocation of internal audit resources.**
- 4.12 The draft audit plan for 2018/19 was presented to Audit Committee at its meeting held on [30th April 2018](#). Within the report presented, it stated:

Information and areas taken into account when compiling the Annual Audit Plan are:

- *Strategic Risk Register;*
- *Corporate Plan;*
- *Key Financial Systems;*
- *Fraud, Bribery & Corruption Risk Assessment;*
- *Grant Claims that require Internal Audit certification;*
- *Follow-up reviews requested by Audit Committee;*
- *Audit reviews that are carried forward from the previous audit plan; and*
- *Recommendations from External Inspectors / Regulators,*

Whilst the Public Sector Internal Audit Standards require a risk based audit plan (achieved via the use of the Strategic Risk Register & Corporate Plan, along with discussions with relevant Officers to target resources), the Standards also require an audit plan to cover the Council's overall control environment as far as practicable. By taking into account the sources of information noted [above], this supports Internal Audit (and Audit Committee) to achieve the following:

- *Comply with the Public Sector Internal Audit Standards in compiling the draft Annual Audit Plan for 2018/19;*
 - *Enable Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2018/19 based on the audit reviews set out in the draft Annual Audit Plan; and*
 - *Enables Internal Audit to form an opinion on the overall control environment for 2018/19.*
- 4.13 It is considered that, overall, positive progress has been made by the Service in delivering its 2018/19 Delivery Plan priorities.

5. Public Sector Internal Audit Standards

- 5.1 The Public Sector Internal Audit Standards ('The Standards') came into force on the 1st April 2013 and were updated in March 2017. The Standards consist of the following:
- Definition of Internal Auditing;
 - Code of Ethics; and
 - Standards for the Professional Practice of Internal Auditing.
- 5.2 The Standards aim to promote further improvement in the professionalism, quality and effectiveness of Internal Audit Services across the public sector. The Standards require that each public sector Internal Audit Service has in place robust arrangements for quality assurance and requires that Internal Audit be the subject of an external assessment at least once every 5 years
- 5.3 During 2016/17, the Internal Audit Service at Rhondda Cynon Taf received an external assessment, in accordance with the Standards. The findings of the external assessment were reported to the Council's Audit Committee at its meeting held on [20th March 2017](#); this assessment noted that there were no significant deviations from the Standards.
- 5.4 No significant changes occurred in respect of the working practices in place during 2018/19 and as a result the Internal Audit Service continued to conform to the Standards during 2018/19 with no significant deviations noted.

6. Statement of Assurance

- 6.1 Based on the assurance and consultancy work undertaken by Internal Audit during 2018/19 I am able to state that, in my view, the overall system of internal control within the Council operated effectively during 2018/19 with a small number of areas identified for improvement.
- 6.2 Taking the above into account, it should be noted that the system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
- 6.3 There have been service areas where weaknesses in the internal control framework have been identified but, in my opinion, these did not have a material impact on the overall level of assurance within the Council.

Marc Crumbie
Head of Internal Audit & Procurement Development Programmes
March 2019

Appendix A – Internal Audit Plan 2018/19

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
CHIEF EXECUTIVE										
HUMAN RESOURCES										
RECRUITMENT - PRE EMPLOYMENT CHECKS	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
SICKNESS ABSENCE MANAGEMENT – SCHOOLS	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
LEGAL AND DEMOCRATIC SERVICES										
CASE MANAGEMENT	Medium	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
REGENERATION & PLANNING										
HOUSING GRANTS	High	Final Report Issued	31/08/2018	26/09/2018	05/10/2018	9	07/11/2018	33	08/11/2018	1
COMMUNITY INFRASTRUCTURE LEVY	High	Draft Report Issued	01/10/2018	10/01/2019	16/01/2019	6		0		0
HOMELESSNESS GRANT	High	Final Report Issued	04/06/2018	31/07/2018	31/07/2018	0	06/08/2018	6	06/08/2018	0
COMMUNITY & CHILDREN'S SERVICES										
CHILDREN'S SERVICES										
PAYMENTS TO FOSTER CARERS	Medium	Draft Report Issued	15/06/2018	21/12/2018	24/01/2019	34		0		0
CONTACT SERVICE	Medium	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
ADOPTION SUPPORT PAYMENTS	High	Final Report Issued	04/12/2017	30/11/2018	21/12/2018	21	07/03/2019	76	07/03/2019	0

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
YOUTH OFFENDING SERVICE	Medium	FULL CARRY FORWARD INTO 2019/20								
CONTRACT MANAGEMENT – PLACEMENTS	High	FULL CARRY FORWARD INTO 2019/20								
ADULT SERVICES										
DIRECT PAYMENTS	High	FULL CARRY FORWARD INTO 2019/20								
THE REVIEW TEAM	Medium	FULL CARRY FORWARD INTO 2019/20								
THE PANEL PROCESS	High	Final Report Issued	29/08/2018	20/12/2018	24/01/2019	35	20/02/2019	27	22/02/2019	2
SUPPORTED LIVING	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
PUBLIC HEALTH, PROTECTION & COMMUNITY SERVICES										
REGISTRATION SERVICES	Low	Final Report Issued	25/09/2018	05/10/2018	28/11/2018	54	09/01/2019	42	29/01/2019	20
LLWYDCOED CREMATORIUM	Low	Final Report Issued	09/08/2018	14/08/2018	06/09/2018	23	19/10/2018	43	07/11/2018	19
GLYNTAFF CREMATORIUM	Low	Final Report Issued	12/09/2018	26/09/2018	04/10/2018	8	19/10/2018	15	07/11/2018	19
ENGAGEMENT, INTERVENTION & PREVENTION	High	FULL CARRY FORWARD INTO 2019/20								
BROKER SERVICE	High	FULL CARRY FORWARD INTO 2019/20								
CORPORATE & FRONTLINE SERVICES										
IT										
DISASTER RECOVERY - FOLLOW UP	High	Draft Report Issued	09/11/2018	21/01/2019	23/01/2019	2		0		0
CORPORATE ESTATES & PROCUREMENT										

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
LEGIONELLA MANAGEMENT	High	Final Report Issued	09/05/2018	27/09/2018	15/10/2018	18	25/01/2019	102	31/01/2019	6
21ST CENTURY SCHOOLS - CAPITAL PROJECT	High	FULL CARRY FORWARD INTO 2019/20								
ENERGY MANAGEMENT	High	Final Report Issued	20/08/2018	16/10/2018	26/10/2018	10	02/11/2018	7	09/11/2018	7
FINANCIAL SERVICES										
GENERAL LEDGER	High	Final Report Issued	01/11/2018	30/11/2018	17/12/2018	17	20/12/2018	3	21/12/2018	1
TAXATION	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
ADMINISTRATION OF TRUST FUNDS	Low	Final Report Issued	01/10/2018	08/10/2018	09/10/2018	1	09/10/2018	0	09/10/2018	0
TREASURY MANAGEMENT	High	Draft Report Issued	05/11/2018	22/02/2019	11/03/2019	17		0		0
CREDITORS	High	Final Report Issued	16/02/2018	30/03/2018	16/05/2018	47	22/06/2018	37	29/06/2018	7
PENSIONS	High	Draft Report Issued	14/05/2018	28/08/2018	06/09/2018	9		0		0
INCOME, DEBTORS & DEBT RECOVERY	High	Draft Report Issued	15/03/2018	31/05/2018	29/06/2018	29		0		0
HIGHWAYS & STREETCARE										
WASTE SERVICES	High	FULL CARRY FORWARD INTO 2019/20								
HIGHWAYS - CAPITAL PROGRAMME	High	FULL CARRY FORWARD INTO 2019/20								
EDUCATION & INCLUSION SERVICES										
MIDDLE SCHOOLS										

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
YSGOL LLANHARI FOLLOW UP	High	FULL CARRY FORWARD INTO 2019/20								
SECONDARY SCHOOLS										
MOUNTAIN ASH COMPREHENSIVE SCHOOL	High	Final Report Issued	02/07/2018	06/07/2018	26/09/2018	82	23/10/2018	27	06/11/2018	14
TREORCHY COMPREHENSIVE SCHOOL	High	Final Report Issued	11/06/2018	02/07/2018	31/07/2018	29	10/09/2018	41	12/09/2018	2
Y PANT FOLLOW UP	High	Final Report Issued	05/03/2018	26/03/2018	11/05/2018	46	12/10/2018	154	16/10/2018	4
ABERDARE COMMUNITY SCHOOL	High	Final Report Issued	03/12/2018	16/01/2019	22/01/2019	6	14/02/2019	23	21/02/2019	7
YSGOL GYFUN GARTH OLWG FOLLOW UP	High	Final Report Issued	27/03/2018	11/04/2018	23/04/2018	12	30/04/2018	7	15/05/2018	15
HAWTHORN HIGH SCHOOL FOLLOW UP	High	Final Report Issued	26/02/2018	20/03/2018	06/06/2018	78	28/11/2018	175	30/11/2018	2
YSGOL GYFUN CWM RHONDDA	High	Draft Report Issued	25/06/2018	29/06/2018	11/09/2018	74	11/01/2019	122		0
TONYPANDY COMMUNITY COLLEGE	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
PRIMARY SCHOOLS										
CWMBACH COMMUNITY PRIMARY SCHOOL	Medium	Final Report Issued	07/06/2018	21/06/2018	27/06/2018	6	11/07/2018	14	25/07/2018	14
CAEGARW PRIMARY SCHOOL	Medium	Final Report Issued	05/07/2018	01/08/2018	09/08/2018	8	01/10/2018	53	09/10/2018	8
CAPCOCH PRIMARY SCHOOL	Medium	Final Report Issued	18/07/2018	25/07/2018	30/08/2018	36	04/02/2019	158	07/02/2019	3
CARADOG PRIMARY SCHOOL	Medium	Final Report Issued	07/06/2018	08/06/2018	29/06/2018	21	09/07/2018	10	06/11/2018	120

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
CWMDAR PRIMARY SCHOOL	Medium	Final Report Issued	03/07/2018	04/07/2018	09/08/2018	36	14/09/2018	36	19/09/2018	5
CWMLAI PRIMARY SCHOOL	Medium	Final Report Issued	08/10/2018	10/10/2018	12/11/2018	33	25/02/2019	105	25/02/2019	0
DARRENLAS PRIMARY SCHOOL	Medium	Final Report Issued	12/07/2018	13/07/2018	31/07/2018	18	13/08/2018	13	16/08/2018	3
GELLI PRIMARY SCHOOL	Medium	Final Report Issued	10/07/2018	11/07/2018	16/08/2018	36	10/09/2018	25	12/09/2018	2
HAWTHORN PRIMARY SCHOOL	Medium	Final Report Issued	12/06/2018	14/06/2018	16/08/2018	63	25/10/2018	70	06/11/2018	12
HIRWAUN PRIMARY SCHOOL	Medium	Final Report Issued	20/06/2018	21/06/2018	30/08/2018	70	05/10/2018	36	11/10/2018	6
LLWYNCRWN PRIMARY SCHOOL	Medium	Final Report Issued	14/01/2019	16/01/2019	24/01/2019	8	25/02/2019	32	25/02/2019	0
MISKIN PRIMARY SCHOOL	Medium	Final Report Issued	15/10/2018	18/10/2018	25/10/2018	7	07/11/2018	13	08/11/2018	1
PARC PRIMARY SCHOOL	Medium	Draft Report Issued	19/02/2019	21/02/2019	07/03/2019	14		0		0
PARCLEWIS PRIMARY SCHOOL	Medium	Final Report Issued	10/10/2018	11/10/2018	26/10/2018	15	07/11/2018	12	08/11/2018	1
PRIMARY SCHOOL SELF ASSESSMENT REPORT 17/18	Medium	Final Report Issued	10/04/2018	11/04/2018	18/07/2018	98	18/07/2018	0	18/07/2018	0
YGG LLWYNCELYN	Medium	Final Report Issued	09/01/2019	16/01/2019	24/01/2019	8	04/02/2019	11	06/02/2019	2
CWMAMAN PRIMARY	Medium	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
PRIMARY SCHOOL SELF ASSESSMENT REPORT 18/19	Medium	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
SCHOOLS & COMMUNITY										

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
POST 16 PLANNING AND FUNDING 2017/18	High	Final Report Issued	06/11/2017	04/05/2018	21/05/2018	17	17/08/2018	88	21/08/2018	4
POST 16 PLANNING AND FUNDING 2018/19	High	Draft Report Issued	04/12/2018	22/02/2019	08/03/2019	14		0		0
POST 16 GRANT	High	Draft Report Issued	09/01/2019	11/01/2019	14/01/2019	3		0		0
EARLY YEARS PROVISION	High	FULL CARRY FORWARD INTO 2019/20								
EDUCATION IMPROVEMENT GRANT	High	Final Report Issued	03/09/2018	24/09/2018	28/09/2018	4	28/09/2018	0	28/09/2018	0
ACCESS & ENGAGEMENT & INCLUSION										
IN YEAR TRANSFER PROTOCOLS	High	Final Report Issued	29/05/2018	08/10/2018	25/10/2018	17	21/11/2018	27	30/11/2018	9
THEMATIC REVIEWS - COMPREHENSIVE SCHOOLS										
SCHOOL PRIVATE FUNDS	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
PURCHASE CARDS	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
SAFEGUARDING ARRANGEMENTS	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
GOVERNANCE ARRANGEMENTS	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
WHOLE AUTHORITY ARRANGEMENTS										
PERFORMANCE INDICATORS	High	Final Report Issued	01/08/2018	10/10/2018	15/10/2018	5	01/03/2019	137	08/03/2019	7
OPERATIONAL RISK MANAGEMENT	High	FULL CARRY FORWARD INTO 2019/20								
ORGANISED CRIME REVIEW	High	Draft Report Issued	13/12/2017	11/06/2018	29/06/2018	18		0		0

	PRIORITY	STATUS	Start Fieldwork	Finish Fieldwork	Draft Report Issued	Days between ending fieldwork & issuing draft report	Management Responses	Timeliness of Management Response	Final Report	Management response to issuing final report
DIGITALISATION	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
COMMERCIALISATION	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
INDEPENDENCE	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
EARLY INTERVENTION & PREVENTION	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
EFFICIENT & EFFECTIVE ORGANISATION	High	DRAFT REPORT DUE BY THE 31 st MARCH 2019								
ANTI-FRAUD, BRIBERY & CORRUPTION	High	Final Report Issued	01/01/2019	23/01/2019	24/01/2019	1	22/02/2019	29	22/02/2019	0

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

COMMITTEE:

Item No. 7

AUDIT COMMITTEE

Internal Audit Charter 2019/20

25th March 2019

REPORT OF:-

**HEAD OF REGIONAL AUDIT SERVICE IN CONSULTATION WITH THE
DIRECTOR OF FINANCE AND DIGITAL SERVICES (RCTCBC)**

Author: Mark Thomas (Head of Regional Audit Service)

Telephone No. 01446 709572

1. PURPOSE OF THE REPORT

- 1.1 This report provides Members with the draft Internal Audit Charter for 2019/20.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Consider what comments and recommendations, if any, they wish to make
- 2.2 Approve the Internal Audit Charter for 2019/20 (as included at **Appendix A**) as required by Attribute Standard 1000 of the Public Sector Internal Audit Standards.

3. REASON FOR RECOMMENDATION

- 3.1 To set out the position, scope and authority of Internal Audit within the Council in a document called an Internal Audit Charter in line with the

requirements of the Public Sector Internal Audit Standards (Attribute Standard 1000 Purpose, Authority and Responsibility).

4. BACKGROUND

- 4.1 The Public Sector Internal Audit Standards (the 'Standards') require the purpose, authority and responsibility of each Internal Audit Service to be defined in a document called an 'Internal Audit Charter' (**Attribute Standard 1000 Purpose, Authority and Responsibility**).
- 4.2 The Standards make reference to a governance group it calls 'the Board'. The responsibilities of the Board in Rhondda Cynon Taf County Borough Council are defined within the Internal Audit Charter and have been allocated to the Council's Audit Committee.
- 4.3 The Internal Audit Charter is a formal document that establishes the Internal Audit Service's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the Board (i.e. the Council's Audit Committee); authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the Internal Audit Charter resides with the Board.

5. INTERNAL AUDIT CHARTER 2019/20

- 5.1 The Internal Audit Charter 2019/20 is the first charter to be prepared by the Regional Audit Service that will commence delivery of internal audit services on behalf of Rhondda Cynon Taf County Borough Council from 1st April 2019.
- 5.2 A copy of the Internal Audit Charter 2019/20 is included as Appendix A for Members consideration.

6. EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 There are no equality and diversity implications as a result of the recommendations set out in the report.

7. CONSULTATION

- 7.1 There are no consultation implications as a result of the recommendations set out in the report.

8. FINANCIAL IMPLICATION(S)

- 8.1 There are no financial implications as a result of the recommendations set out in the report.

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 9.1 The provision of regular information in respect of internal audit services delivered on behalf of the Council supports compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2018.

- 9.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: *“A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.”*

10. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 10.1 The work of Internal Audit aims to support the delivery of the priorities contained within the Council's Corporate Plan – *The Way Ahead*, in particular 'Living Within Our Means' through ensuring that appropriate internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

- 10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the work of internal audit in providing assurance or otherwise that risks to the achievement of objectives are being managed.

11. CONCLUSION

- 11.1 The Internal Audit Charter is the document that defines the purpose, authority and responsibility of internal audit services to be delivered by the Regional Audit Service on behalf of Rhondda Cynon Taf County Borough Council.
- 11.2 In line with the Standards, the Regional Audit Service has drafted an Internal Audit Charter for Audit Committee's consideration and if deemed appropriate, approval for the 2019/20 financial year.

LOCAL GOVERNMENT ACT, 1972
as amended by
THE ACCESS TO INFORMATION ACT, 1985
RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
LIST OF BACKGROUND PAPERS
AUDIT COMMITTEE
25th MARCH 2019

**HEAD OF REGIONAL AUDIT SERVICE IN CONSULTATION WITH THE
DIRECTOR OF FINANCE AND DIGITAL SERVICES (RCTCBC)**

Author: Mark Thomas (Head of Regional Audit Service)

Item

7. Internal Audit Charter

Contact Officer: Mark Thomas
Head of Regional Audit Service
Vale of Glamorgan Council
Telephone Number 01446 709572

**RHONDDA CYNON TAF COUNTY
BOROUGH COUNCIL**

**DRAFT Internal Audit Charter
2019/20**

March 2019

Review and approval of the Internal Audit Charter

- A. In accordance with the 'Public Sector Internal Audit Attribute Standard 1000 Purpose, Authority and Responsibility', this Internal Audit Charter will be reviewed annually by the Council's Audit Committee and if deemed appropriate, approved by this Committee.
- B. The Internal Audit Service¹ is committed to meeting the standards laid down in the Public Sector Internal Audit Standards Framework.
- C. In Rhondda Cynon Taf County Borough Council the role of the Board, as defined within the Public Sector Internal Audit Standards, will be the responsibility of the Council's Audit Committee and any reference made throughout this document relating to Audit Committee assumes the responsibilities of the Board as defined and referred to within the Standards.
- D. In addition to this Charter, Internal Audit has an Audit Manual that provides detailed guidance to staff when undertaking their daily duties.
- E. Any significant deviations from the Standards will be reported to the Audit Committee.

¹ Internal Audit Service – reference to Internal Audit or Internal Audit Service denotes the Regional Audit Service that will provide internal audit services on behalf of Rhondda Cynon Taf County Borough Council from 1st April 2019

Introduction & Overview of the Internal Audit Service

- 1.1 This Internal Audit Charter defines the purpose, authority and responsibility of the Internal Audit Service.
- 1.2 The Internal Audit Charter is defined within the Public Sector Internal Audit Standards as follows:
'The Internal Audit Charter is a formal document that defines the purpose, authority and responsibility of Internal Audit activities. The Internal Audit Charter establishes Internal Audit's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit activities.'
- 1.3 A professional, independent and objective Internal Audit Service is one of the key elements of good governance, as recognised throughout the UK Public Sector.

Public Sector Internal Audit Standards

- 1.4 The Public Sector Internal Audit Standards became effective from the 1st of April 2013 and were updated in March 2017. The Public Sector Internal Audit Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. Conformance with the Standards, the Definition of Internal Auditing and Code of Ethics is mandatory.

Objectives of Internal Audit

- 1.5 As an independent appraisal function within the Council, the primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources that helps to safeguard the Council's accounting records and control systems and that assists Managers in identifying, assessing and managing significant risks.
- 1.6 The Internal Audit Service formulates an annual Business Plan where the priorities of the Service are identified.

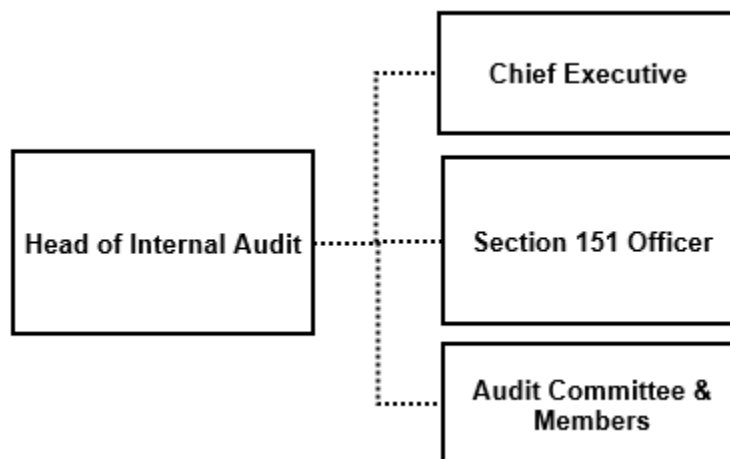
Independence and Objectivity

1.7 The main determinant of the effectiveness of Internal Audit is that it is seen to be independent and that Internal Auditors must be objective in performing their work. To ensure this, Internal Audit operates within a framework that allows:

- Unrestricted access to the Senior Leadership Team;
- Unrestricted access to Members (including the Leader, Cabinet Members and Audit Committee);
- Unrestricted access to the Wales Audit Office (i.e. the Council's External Auditor);
- Reporting in its own name; and
- Internal Audit is free from interference when determining the scope of audit reviews, performing the work and communicating the results.

1.8 For Rhondda Cynon Taf this is achieved through a reporting relationship as the following staffing structure in Figure 1 shows:

Figure 1 – Internal Audit reporting arrangements



Section 151 Officer

1.9 The Section 151 Officer has overall responsibility for the proper administration of the Council's financial affairs. Internal Audit assists the Officer by providing an opinion on the overall control environment and by regular assurance testing of the key financial systems.

Audit Committee

- 1.10 The Council operates an Audit Committee that meets on a cyclical basis. It monitors the performance of Internal Audit in relation to productivity, efficiency and quality. It receives regular reports on individual audit assignments and progress in delivering the Annual Audit Plan and is attended by the Head of Internal Audit² as well as Officers from the Council.
- 1.11 In addition, the Audit Committee receives the Internal Audit Annual Report that provides a summary of all assurance and consultancy work undertaken and concludes by giving an opinion on the overall control environment within the Council. If a qualified or unfavourable annual internal audit opinion is issued, the reasons to support this will be stated within the Internal Audit Annual Report.
- 1.12 The Head of Internal Audit has unrestricted access to the Chair of Audit Committee.
- 1.13 In terms of additional focus and challenge, the Public Sector Internal Audit Standards places a responsibility on the Head of Internal Audit to seek feedback from the Chair of Audit Committee in relation to performance.

Senior Management

- 1.14 The Council is divided into Service Groups, each of which is headed by a Group Director or equivalent, and a Chief Executive's Division headed by the Chief Executive. It is the role of the Chief Executive and each Group Director or equivalent to ensure delivery and operation of the service areas falling within their remit.

Relationships with key stakeholders

Service Managers

- 1.15 The Internal Audit Service develops constructive working relationships with Managers at all levels within the Council in terms of:
- Planning work;

² Head of Internal Audit – denotes the Head of Internal Audit of the Regional Audit Service

- Carrying out audit assignments; and
- Agreeing action plans arising from the work undertaken.

1.16 Whilst maintaining its independence, the Internal Audit Service recognises that it must work with Managers to agree improvements that are deemed necessary.

External Auditors

1.17 The aim of the relationship between internal and external auditors is to achieve mutual recognition and respect, leading to a joint improvement in performance and to avoid, wherever possible, duplication of work.

1.18 The Head of Internal Audit liaises regularly with the Wales Audit Office to consult on audit plans, discuss matters of mutual interest and to seek opportunities for co-operation in the conduct of audit work.

Elected Members

1.19 The Head of Internal Audit will aim to have sound working relationships and channels of communication with Cabinet, Scrutiny & Audit Committee Members.

THE PURPOSE OF INTERNAL AUDIT

Statutory Requirement for Internal Audit

1.20 Part 3 of The Accounts and Audit (Wales) Regulations 2018 concerns financial management and internal control. Regulation 5 (responsibility for internal control and financial management) of Part 3 directs that:

'The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body's functions and which includes:

- (a) Arrangements for the management of risk, and*
- (b) Adequate and effective financial management.'*

1.21 Regulation 7 (Internal Audit) of Part 3 directs that:

'A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.'

Definition of Internal Audit

1.22 Internal Audit is defined within the Public Sector Internal Audit Standards as follows:

'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'

1.23 The Public Sector Internal Audit Standards provide the following definitions for assurance and consultancy work:

- **Assurance Services**

An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements. These Services are also provided to external parties i.e. Amgen and the Central South Consortium Joint Education Service.

- **Consulting Services**

Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the Internal Auditor assuming management responsibility. Examples include counsel, advice, facilitation and training. The nature of Consulting Services provided includes acting as a 'critical friend' on Project Boards. These Services can / are provided, as per the definitions above, to external parties also.

1.24 The core aim of the work undertaken is to establish a risk based annual Internal Audit Plan that is balanced and covers the entire (as far as is practicable) control environment of the Council. In order to undertake a balanced workload, Internal Audit plans to complete a mix of assurance and consultancy work, the outcomes of which contribute to the Internal Audit Annual Report where it concludes with an opinion on the Council's overall control environment.

THE AUTHORITY OF INTERNAL AUDIT

Scope & Rights of Access

- 1.25 All the Council's activities, funded from whatever source, and indeed the entire control environment fall within the remit of Internal Audit. Internal Audit will consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that management have taken all necessary steps to achieve these objectives. The scope of Internal Audit work should cover all operational and management controls and should not be restricted to the audit of systems and controls necessary to form an opinion on the financial statements. This does not imply that all systems will necessarily be reviewed, but that all will be included in the audit needs assessment and hence considered for review following the assessment of risk. The Internal Audit activity is free from interference in determining the scope of internal auditing, performing work and communicating results.
- 1.26 It is not in the remit of Internal Audit to challenge the appropriateness of Policy decisions. However, Internal Audit is required to examine the management arrangements of the Council by which such decisions are made, monitored and reviewed.
- 1.27 Internal Audit has rights of access to all of the Council's records, information and assets that it considers necessary to fulfil its responsibilities, including those of partner organisations. Rights of access to other bodies funded by the Council should be set out in conditions of funding. The Head of Internal Audit has a right of direct access to the Chief Executive, the Section 151 Officer, the Leader of the Council, the Monitoring Officer, the Audit Committee and the External Auditor. In turn, Internal Audit will comply with any requests from External Audit for access to any information, files or working papers obtained or prepared during the audit work that they need to discharge their responsibilities.

THE RESPONSIBILITY OF INTERNAL AUDIT

Managing the Internal Audit Activity

1.28 The Head of Internal Audit is responsible for delivering an Internal Audit Service that has the appropriate knowledge and skills, and is resourced appropriately in order to deliver an appropriate level of assurance covering the Council's control environment.

1.29 The Head of Internal Audit is also responsible for ensuring that the Internal Audit Service conforms with the Public Sector Internal Audit Standards, with no significant deviations.

Individual Auditors

1.30 Each Internal Auditor is responsible for undertaking their duties in accordance with the Public Sector Internal Audit Standards and strictly adhering to the Code of Ethics (included at Appendix A2).

Ensuring Independence & Objectivity

1.31 The Internal Audit activity is effectively managed when it provides independent and objective assurance, and contributes to the effectiveness and efficiency of governance, risk management and control processes.

Impairment to Independence – Assurance and Consulting Services

1.32 If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment. Impairment to organisational independence and individual objectivity may include, but is not limited to, personal conflict of interest, scope limitations and restrictions on access to records, personnel and property.

- 1.33 Independence is achieved via the reporting arrangements within the Council and the line management of the Head of Internal Audit. Objectivity (and also independence in terms of specific audit reviews) is managed by the Head of Internal Audit applying an evidenced based conflict of interest exercise each year.
- 1.34 A conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively and hence the Head of Internal Audit requests a declaration from all staff annually to ensure there are no potential conflicts and to demonstrate transparency. The Head of Internal Audit completes an annual declaration and submits it to the Section 151 Officer.
- 1.35 In the event that any potential conflicts are identified by members of the Internal Audit Service then they are taken into account when allocating individual workloads to auditors.

Fraud & Irregularity

- 1.36 Internal Audit can contribute towards any investigative work in respect of fraud and potential irregularity and this is done in consultation with relevant Council Services.
- 1.37 In addition to this, Internal Audit resources are included within each Annual Audit Plan that aim to review the Council's governance arrangements in respect of managing the risks associated with potential fraud, bribery and corruption.

Resourcing

- 1.38 The Service prepares a new Audit Plan for each year. When compiling the draft Audit Plan, a full consultation process takes place with all key stakeholders during January & February each year. Information taken into account when compiling the annual audit plan includes:
- Strategic Risk Register;
 - Corporate Plan;
 - Core Financial Systems;
 - Fraud, Bribery & Corruption risk assessments;
 - Grant Claims that require Internal Audit certification;
 - Follow-up reviews requested by Audit Committee;
 - Audit reviews that are carried forward from the previous audit plan; and
 - Recommendations from External Inspectors / Regulators.
- 1.39 Consultation takes place with Group Directors, Directors, Service Directors and Heads of Service, and the Audit Plan takes into account the outcomes of previous audit work in the area(s) and the views of External Audit. It is

important at this stage to confirm with managers whether any external inspections are timetabled for the forthcoming year in order for Internal Audit to not duplicate potential areas to be reviewed.

1.40 The Audit Plan is fixed for a period of one year and outlines the assignments to be carried out, their respective priorities and the estimated resources needed. The plan differentiates between assurance and other work, and is flexible to be able to reflect the changing risks and priorities of the organisation. The aim is to establish a risk based Audit Plan that also covers the Council's overall control environment as far as practicable (as required within the Public Sector Internal Audit Standards). Contingencies are included within the Audit Plan in order for Internal Audit to respond to any emerging issues within the year.

Assessment of risk and priority

1.41 Each area identified within the draft Audit Plan is subject to a formal risk assessment. The methodology adopted has been recommended by CIPFA, 'The Exeter Approach'. The Exeter Approach uses a matrix of four main factors:

- Audit assurance / perception;
- Materiality;
- Inherent risk rating; and
- Staffing & systems.

1.42 The outcome of this exercise forms the basis of the Council's Audit Needs Assessment.

1.43 A formal Audit Needs Assessment, reviewing the draft Audit Plan against the resources available is completed in conjunction with the Council's Section 151 Officer. Should any potential areas be removed from the draft Audit Plan, full documented reasons for why areas have been removed are retained; examples of such reasons may be an external inspection is due, the area is not considered a high risk area and/or other support services within the Council could be utilised to undertake some of the work requested.

1.44 The draft plan contains a balance of assurance and consultancy work together with an adequate contingency of days for unplanned work.

1.45 The draft plan is submitted to Audit Committee for review and if deemed appropriate, approval. Where there is an imbalance between the proposed Audit Plan and the resources available then the Audit Committee will be

informed of the proposed solution(s). The Audit Committee should approve, but not direct, the annual Audit Plan.

- 1.46 The over-riding objective of undertaking a rigorous audit planning exercise is to ensure that Internal Audit is able to form an opinion in respect of the Council's internal control environment. This opinion is then used as a source of assurance to inform the Council's Annual Governance Statement. If a qualified or unfavourable annual audit opinion is issued, the reasons to support this will be stated within the Internal Audit Annual Report.

Proficiency and due professional care (and compliance with the code of ethics) of auditors when undertaking their duties

- 1.47 All staff are aware that they are required to undertake all duties asked of them with due professional care in accordance with the Public Sector Internal Audit Standards.

Ensuring the team is competent and treats all matters that are relevant with confidentiality

- 1.48 The Internal Audit Service has a staff mix that is experienced and skilled. When compiling the Annual Audit Plan and allocating subsequent reviews to individual auditors, the Head of Internal Audit ensures that there is a balance between the skills available and the work required to be carried out i.e. that Internal Audit can actually carry out the work that it plans to undertake.
- 1.49 In addition to the above, to ensure continuous improvement and development of all staff, the Head of Internal Audit holds one to one feedback sessions with all auditors. Feedback is given and received in terms of performance, and these sessions are also used to identify areas for development. The Internal Audit Service is a member of the South Wales Audit Group Training Programme and all Internal Audit staff members attend training sessions that are considered appropriate.
- 1.50 All staff are aware and are reminded when necessary that all matters relating to Internal Audit work must be treated with strict confidentiality.

Establishing appropriate quality assurance mechanisms within the Service

- 1.51 The Head of Internal Audit has developed a quality assurance and improvement programme that covers all aspects of Internal Audit activity. A quality assurance and improvement programme is designed to enable an evaluation of Internal Audit's conformance within the Definition of Internal Auditing and the Public Sector Internal Audit Standards together with an evaluation of whether Internal Auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the Internal Audit activity and identifies opportunities for improvement.
- 1.52 The Council's Audit Committee receive regular performance reports from the Head of Internal Audit.
- 1.53 The Internal Audit Service undertakes an annual self-assessment of its conformance with the Public Sector Internal Audit Standards with the outcome being reported within the Head of Internal Audit's Annual Report. In the event of there being areas where non-conformance is identified, these will be communicated to Audit Committee in the form of an action plan. If significant deviations from the Standards are evidenced, these will be reported in the Annual Governance Statement.
- 1.54 The Public Sector Internal Audit Standards came into practice with effect 1st April 2013 and were updated in March 2017. Within the Standards there is a requirement for an external assessment to be undertaken once every five years by a qualified, independent assessor or assessment team from outside the organisation.
- 1.55 Internal Audit will comply with the requirement of the external assessment as described by the Public Sector Internal Audit Standards. The results of all external inspections will be reported to the Council's Audit Committee and any significant deviations reported in the Annual Governance Statement.

Post Audit Feedback Questionnaires

- 1.56 The Internal Audit Service values the views of Service Managers. On completion of each audit assignment, a Feedback Questionnaire is sent out asking Service Managers to comment on the way the review was conducted and the value they place on the findings and recommendations.

Communicating the results of individual audit reviews and following up the status of recommendations

- 1.57 The final product from every Internal Audit assignment is the communication of its results to the Audit Client. The Audit Report (and the recommendations arising from it) is the main standard by which the client will judge the Internal Audit Service.
- 1.58 Findings and recommendations emanating from Audit Reviews need to be communicated to Management promptly and in line with agreed 'turnaround' targets.
- 1.59 All audit recommendations are reported to Audit Committee, along with the introduction, scope, objectives and audit opinion.

Follow Up

- 1.60 The Internal Audit Service follows-up all agreed recommendations to ensure that they have been implemented within the timeframe agreed at the time the report was distributed. The provision and monitoring of this information is targeted at Group and Service Director level – and in turn receives the full support of all Group Directors. The provision of this information to Members (via Audit Committee) helps the Committee to monitor the Council's overall control environment.
- 1.61 Audit Committee receives a high-level summary report of outstanding recommendations across the whole of the Council's control environment.

Appendix A1 - Glossary of Terms

Control Environment

The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:

- Integrity and ethical values;
- Management's philosophy and operating style;
- Organisational structure;
- Assignment of authority and responsibility;
- Human resource policies and practices; and
- Competence of personnel.

Appendix A2 - Code of Ethics

Public sector requirement

Internal Auditors in UK public sector organisations (as set out in the Applicability Section) must conform to the Code of Ethics as set out below. If individual Internal Auditors have membership of another professional body then he or she must also comply with the relevant requirements of that body. The Code of Ethics promote an ethical and professional culture. It does not supersede or replace Internal Auditors' own professional bodies Code of Ethics or those of employing organisations.

The purpose of The Institute of Internal Auditor's Code of Ethics is to promote an ethical culture in the profession of Internal Auditing. A Code of Ethics is necessary and appropriate for the profession of Internal Auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

The Institute's Code of Ethics extends beyond the definition of Internal Auditing to include two essential components:

Components

- 1. Principles that are relevant to the profession and practice of Internal Auditing;
and*
- 2. Rules of Conduct that describe behaviour norms expected of Internal Auditors.*

These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of Internal Auditors.

The Code of Ethics provides guidance to Internal Auditors serving others. 'Internal Auditors' refers to Institute members and those who provide Internal Auditing services within the definition of Internal Auditing.

Applicability and Enforcement

This Code of Ethics applies to both individuals and entities that provide Internal Auditing services. For Institute members, breaches of the Code of Ethics will be evaluated and administered according to The Institute's Disciplinary Procedures. The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable and therefore, the member liable to disciplinary action.

Public sector interpretation

The 'Institute' here refers to the Institute of Internal Auditors. Disciplinary procedures of other professional bodies and employing organisations may apply to breaches of this Code of Ethics.

1 Integrity

Principle

The integrity of Internal Auditors establishes trust and thus provides the basis for reliance on their judgement.

Rules of Conduct

Internal Auditors:

- 1.1 Shall perform their work with honesty, diligence and responsibility.*
- 1.2 Shall observe the law and make disclosures expected by the law and the profession.*
- 1.3 Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of Internal Auditing or to the organisation.*
- 1.4 Shall respect and contribute to the legitimate and ethical objectives of the organisation.*

2 Objectivity

Principle

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.

Internal Auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Rules of Conduct

Internal Auditors:

2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.

2.2 Shall not accept anything that may impair or be presumed to impair their professional judgement.

2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3 Confidentiality

Principle

Internal Auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Rules of Conduct

Internal Auditors:

3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.

3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

4 Competency

Principle

Internal Auditors apply the knowledge, skills and experience needed in the performance of Internal Auditing services.

Rules of Conduct

Internal Auditors:

4.1 Shall engage only in those services for which they have the necessary knowledge, skills and experience.

4.2 Shall perform Internal Auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.

4.3 Shall continually improve their proficiency, effectiveness and quality of their services.

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

COMMITTEE:

AUDIT COMMITTEE

25th March 2019

Item No. 8
DRAFT ANNUAL AUDIT PLAN 2019/20

REPORT OF:-

**HEAD OF REGIONAL AUDIT SERVICE IN CONSULTATION WITH THE
DIRECTOR OF FINANCE AND DIGITAL SERVICES (RCTCBC)**

Author: Mark Thomas (Head of Regional Audit Service)

Telephone No. 01446 709572

1. PURPOSE OF THE REPORT

1.1 This report provides Members with the draft Annual Audit Plan for 2019/20.

2. RECOMMENDATIONS

It is recommended that Members:

2.1 Form an opinion on the adequacy of the draft Annual Audit Plan for 2019/20 (included as **Appendix A**) having regard to its ability to monitor the adequacy of the risk management framework and the associated control environment of the Council based on the proposed audit reviews set out for the forthcoming year.

2.2 Determine whether to approve the draft Annual Audit Plan for 2019/20 in its current form or suggest amendments to the plan in line with Audit Committee feedback and present a revised draft plan to the next Audit Committee.

3. REASON FOR RECOMMENDATION

- 3.1 To help ensure that Audit Committee discharges its responsibilities in respect of reviewing and forming an opinion on the overall control environment in place across the Council.

4. BACKGROUND

- 4.1 The United Kingdom Public Sector Internal Audit Standards (Performance Standard '2010 Planning') provides the framework within which an audit plan should be compiled.

- 4.2 Internal Audit's Charter (subject to approval by Audit Committee) provides the methodology by which the annual plan is compiled, as follows:

Resourcing

When compiling the draft Annual Audit Plan, a full consultation process takes place with all key stakeholders during January and February each year. The Council's Strategic Risk Register is used to drive initial discussions with all Lead Officers. In addition to using the Strategic Risk Register, consultation also takes place with Group Directors, Directors and Heads of Service, the Annual Audit Plan takes into account the outcomes of previous audit work in the area(s) and the views of External Audit.

The Annual Audit Plan is fixed for a period of one year and outlines the assignments to be carried out, and the estimated resources needed. The plan differentiates between assurance and consultancy work, and is flexible to be able to reflect the changing risks and priorities of the organisation. The aim is to establish a risk based audit plan that also covers the Council's overall control environment as far as practicable (as required within the Public Sector Internal Audit Standards). Contingencies are included within the Annual Audit Plan in order for Internal Audit to respond to any emerging issues within the year.

- 4.3 Information and areas taken into account when compiling the Annual Audit Plan are:

- Strategic Risk Register;
- Corporate Plan;
- Key Financial Systems;
- Fraud, Bribery & Corruption Risk Assessment;
- Grant Claims that require Internal Audit certification;
- Follow-up reviews requested by Audit Committee;
- Audit reviews that are carried forward from the previous audit plan; and
- Recommendations from External Inspectors / Regulators,

- 4.4 Whilst the Public Sector Internal Audit Standards require a risk based audit plan (achieved via the use of the Strategic Risk Register & Corporate Plan, along with discussions with relevant Officers to target resources), the Standards also require an audit plan to cover the Council's overall control environment as far as practicable. By taking into account the sources of

information noted in 4.3 above, this supports Internal Audit (and Audit Committee) to achieve the following:

- Comply with the Public Sector Internal Audit Standards in compiling the draft Annual Audit Plan for 2019/20;
- Enable Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2019/20 based on the audit reviews set out in the draft Annual Audit Plan; and
- Enables Internal Audit to form an opinion on the overall control environment for 2019/20.

4.5 To ensure the Regional Audit Service has sufficient resources available to undertake the number of audit reviews identified within the draft Annual Audit Plan, an Audit Needs Assessment took place with the Council's Section 151 Officer as required by section '2030 Resource Management' of the Public Sector Internal Audit Standards. The outcome of this exercise has confirmed the Regional Audit Service will have adequate resources available during the forthcoming financial year to deliver an end-of-year audit opinion on behalf of Rhondda Cynon Taf County Borough Council. For Members information, during the first year of the Regional Audit Service, some flexibility will need to be applied to the delivery of the audit plans across all four local authorities as progress is made to recruit a full complement of staff and exploring opportunities to undertake cross-cutting and / or thematic reviews across each organisation.

4.6 The draft Annual Audit Plan 2019/20 is attached at **Appendix A** (and contains 12 reviews that are proposed to be carried forward from the 2018/19 Audit Plan (subject to Audit Committee approval) - these have been highlighted with the prefix 'C/F' within Appendix A for ease of reference); **Appendix B** provides an analysis of time not allocated to specific service areas; and **Appendix C** provides a summary of audit days allocated to service areas.

5. EQUALITY AND DIVERSITY IMPLICATIONS

5.1 There are no equality and diversity implications as a result of the recommendations set out in the report.

6. CONSULTATION

6.1 There are no consultation implications as a result of the recommendations set out in the report.

7. FINANCIAL IMPLICATION(S)

7.1 There are no financial implications as a result of the recommendations set out in the report.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 The provision of regular information in respect of the Council’s Internal Audit Service supports the Council in demonstrating compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 8.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: “A *relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.*”

9. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

THE COUNCIL’S CORPORATE PLAN PRIORITIES

- 9.1 The work of Internal Audit aims to support the delivery of the priorities contained within the Council’s Corporate Plan – *The Way Ahead*, in particular ‘Living Within Our Means’ through ensuring that appropriate internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

- 9.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

10. CONCLUSION

- 10.1 The draft Annual Audit Plan for 2019/20 has been compiled in accordance with the Public Sector Internal Audit Standards and the Council’s Audit Charter.
- 10.2 The outcome of the Audit Needs Assessment has confirmed the Regional Audit Service will have adequate resources available during the forthcoming financial year to deliver an audit opinion on behalf of Rhondda Cynon Taf County Borough Council.
- 10.3 The Council’s Audit Committee, in line with its Terms of Reference, are requested to review the draft Annual Audit Plan for 2019/20 and if deemed appropriate approve its content for delivery during the forthcoming financial year.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

AUDIT COMMITTEE

25th March 2019

**HEAD OF REGIONAL AUDIT SERVICE IN CONSULTATION WITH THE
DIRECTOR OF FINANCE AND DIGITAL SERVICES (RCTCBC)**

Author: Mark Thomas (Head of Regional Audit Service)

Item

8. Draft Annual Audit Plan 2019/20

Contact Officer: Mark Thomas
Head of Regional Audit Service
Vale of Glamorgan Council
Telephone Number 01446 709572

APPENDIX A

Draft Annual Audit Plan 2019/20 (including the planned quarter within which the audit is due to commence)

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
CHIEF EXECUTIVE					
HUMAN RESOURCES					
SICKNESS ABSENCE – SCHOOLS	HIGH	20	3	ASSURANCE	STRATEGIC RISK REGISTER
PURCHASE CARDS - NON-SCHOOLS SPEND	MEDIUM	15	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
FINANCE & DIGITAL SERVICES					
ADMINISTRATION OF TRUST FUNDS	LOW	5	3	ASSURANCE	GRANT CERTIFICATION
DEBTORS	HIGH	15	3	ASSURANCE	CORE FINANCIAL SYSTEM
PENSIONS	HIGH	20	4	ASSURANCE	CORE FINANCIAL SYSTEM
GENERAL LEDGER	LOW	10	3	ASSURANCE	CORE FINANCIAL SYSTEM
TREASURY MANAGEMENT	MEDIUM	10	3	ASSURANCE	CORE FINANCIAL SYSTEM
DIGITALISATION	HIGH	20	3	ASSURANCE	CORPORATE PLAN PRIORITY
DATA CENTRE / INFRASTRUCTURE	HIGH	5	2	CONSULTANCY	PROJECT
BUSINESS SUPPORT UNIT	HIGH	15	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
VALUE FOR MONEY	HIGH	20	3	ASSURANCE	VALUE FOR MONEY

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
CORPORATE ESTATES					
21 st CENTURY SCHOOLS - CAPITAL PROJECT C/F	HIGH	20	1	ASSURANCE	CORPORATE PLAN PRIORITY & STRATEGIC RISK REGISTER
LEGAL SERVICES					
LEGAL SERVICES	MEDIUM	20	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS: CHIEF EXECUTIVE		195			
PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES					
HIGHWAYS & STREETCARE					
HIGHWAYS - CAPITAL PROGRAMME C/F	HIGH	15	1	ASSURANCE	STRATEGIC RISK REGISTER
STREET LIGHTING	MEDIUM	15	TBD	ASSURANCE	CORPORATE PLAN PRIORITY
MANAGEMENT OF FUEL – PARKS	HIGH	15	TBD	ASSURANCE	FRAUD, BRIBERY & CORRUPTION
ENFORCEMENT	MEDIUM	10	TBD	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PARKING SERVICES	MEDIUM	10	TBD	ASSURANCE	OVERALL CONTROL ENVIRONMENT
WASTE SERVICES C/F	HIGH	15	1	ASSURANCE	CORPORATE PLAN PRIORITY
PROSPERITY & DEVELOPMENT					
BUILDING CONTROL	MEDIUM	20	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS: PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES		100			

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
COMMUNITY & CHILDREN'S SERVICES					
ADULT SERVICES					
DIRECT PAYMENTS C/F	HIGH	10	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
BROKER SERVICE C/F	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
WCCIS	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
THE REVIEW TEAM C/F	MEDIUM	20	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
FAIRER CHARGING	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CHILDREN'S SERVICES					
CONTRACT MANAGEMENT - PLACEMENTS C/F	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ADOPTION SUPPORT & FOSTER CARER PAYMENTS - FOLLOW-UP	HIGH	20	3	ASSURANCE	FOLLOW UP OF 18/19 REPORT
PUBLIC HEALTH & COMMUNITY SERVICES					
LLWYDCOED CREMATORIUM	LOW	5	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ENGAGEMENT, INTERVENTION & PREVENTION C/F	HIGH	20	4	ASSURANCE	CORPORATE PLAN PRIORITY
YOUTH OFFENDING SERVICE C/F	MEDIUM	15	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LEISURE SERVICES - CASH COLLECTION & BANKING	MEDIUM	20	2	ASSURANCE	FRAUD, BRIBERY & CORRUPTION
REGISTRATION SERVICES	LOW	10	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
TOTAL DAYS: COMMUNITY & CHILDREN'S SERVICES		200			
EDUCATION & INCLUSION SERVICES					
EDUCATION IMPROVEMENT SERVICES					
EARLY YEARS PROVISION C/F	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ATTENDANCE & WELLBEING SERVICE					
ATTENDANCE : REFERRALS & INTERVENTION	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
EXCLUSIONS	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
SPECIAL SCHOOLS					
YSGOL HEN FELIN	HIGH	10	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
MAESGWYN SPECIAL SCHOOL	HIGH	10	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PRIMARY SCHOOLS					
PENRHIWCEIBER PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PENYGAWSI PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PERTHYCELYN COMMUNITY PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PONTYGWAITH PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
RHIGOS PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
TON PENTRE JUNIOR	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TONYSGUBORIAU PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TREALAW PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
WILLIAMSTOWN PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG ABERCYNON	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG ABERDAR	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CRAIG YR HESG PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LLANHARAN PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
MAERDY COMMUNITY PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
MAES Y COED PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PENGEULAN PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PENYRENGLYN COMMUNITY PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PONTYCLUN PRIMARY	MEDIUM	4	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YNYSHIR PRIMARY	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG BODRINGALLT	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG TONYREFAIL	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
PRIMARY SCHOOL SELF ASSESSMENT REPORT 19/20	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
COMPREHENSIVE SCHOOLS					
Y PANT COMPREHENSIVE SCHOOL FOLLOW UP	HIGH	20	2	ASSURANCE	FOLLOW UP OF 18/19 REPORT
HAWTHORN HIGH FOLLOW UP	HIGH	20	4	ASSURANCE	FOLLOW UP OF 18/19 REPORT
MIDDLE SCHOOLS					
YSGOL LLANHARI FOLLOW UP C/F	HIGH	20	1	ASSURANCE	FOLLOW UP OF 18/19 REPORT
TONYREFAIL COMMUNITY SCHOOL	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
EDUCATION IMPROVEMENT GRANT	HIGH	15	2	ASSURANCE	GRANT CERTIFICATION
PUPIL DEPRIVATION GRANT	HIGH	15	2	ASSURANCE	GRANT CERTIFICATION
POST 16 GRANT	HIGH	4	4	ASSURANCE	GRANT CERTIFICATION
POST 16 PLANNING & FUNDING 19/20	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS: EDUCATION & INCLUSION SERVICES		302			
WHOLE AUTHORITY ARRANGEMENTS					
PERFORMANCE INDICATORS	HIGH	20	1	ASSURANCE	CORPORATE PLAN PRIORITIES
INFORMATION MANAGEMENT	HIGH	2	3	CONSULTANCY	GOVERNANCE
ANTI-FRAUD, BRIBERY & CORRUPTION	HIGH	10	3	ASSURANCE	FRAUD, BRIBERY & CORRUPTION

	RISK / PRIORITY	DAYS	PLANNED QTR	TYPE OF WORK	TYPE / SOURCE OF ASSURANCE
OPERATIONAL RISK MANAGEMENT C/F	MEDIUM	15	2	ASSURANCE	RISK MANAGEMENT
TOTAL DAYS FOR WHOLE AUTHORITY ARRANGEMENTS		47			
CENTRAL SOUTH CONSORTIUM JOINT EDUCATION SERVICE					
CSC - EDUCATION IMPROVEMENT GRANT	HIGH	15	2	ASSURANCE	GRANT CERTIFICATION
CSC - PUPIL DEPRIVATION GRANT	HIGH	15	2	ASSURANCE	GRANT CERTIFICATION
CSC - GENERAL LEDGER	LOW	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
TOTAL DAYS CENTRAL SOUTH CONSORTIUM		35			
AMGEN					
AMGEN – PAYROLL	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
AMGEN – DEBTORS	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
AMGEN – CREDITORS	MEDIUM	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
AMGEN - GENERAL LEDGER	LOW	5	3	ASSURANCE	CORE FINANCIAL SYSTEM
TOTAL DAYS - AMGEN		20			

Appendix B – Time not allocated to service areas

QUALITY & ASSURANCE MONITORING	75
AUDIT ADVICE	10
AUDIT ADMIN	15
WALES AUDIT OFFICE LIASON	5
STAFF DEVELOPMENT & TRAINING	20
SECTION MEETINGS	10
AUDIT MANAGEMENT SYSTEM	10
INTERNAL AUDIT CHARTER & AUDIT MANUAL	5
PUBLIC SECTOR INTERNAL AUDIT STANDARDS	5
STRATEGIC INTERNAL AUDIT MANAGEMENT	17
COMMITTEE PREPARATION & ATTENDANCE	12
SPECIAL INVESTIGATIONS / UNPLANNED WORK	25
CONTINGENCY	45
INTERNAL AUDIT DRAFT PLAN - 2020/21	10
MANAGEMENT (PLANNING, CONTROLLING & REPORTING)	30
TOTAL DAYS 'OTHER'	294

Appendix C – Summary of ‘audit’ days allocated to service areas

OVERALL CALCULATIONS	DAYS
WHOLE AUTHORITY ARRANGEMENTS	47
CHIEF EXECUTIVE	195
COMMUNITY & CHILDREN'S SERVICES	200
PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES	100
EDUCATION & INCLUSION SERVICES	302
CENTRAL SOUTH CONSORTIUM	35
AMGEN	20
TOTAL DAYS 'OTHER'	294
TOTAL PRODUCTIVE DAYS AVAILABLE	1193
TOTAL AVAILABLE DAYS	1193
DIFFERENCE LEFT TO ALLOCATE	0

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

<p>AUDIT COMMITTEE</p> <p>25th March 2019</p>	<p>AGENDA ITEM NO. 9</p>
<p>REPORT OF DIRECTOR OF FINANCE AND DIGITAL SERVICES</p>	<p>AUDIT COMMITTEE ANNUAL REPORT, INCORPORATING A SELF ASSESSMENT AGAINST THE CIPFA 2018 PRACTICAL GUIDANCE NOTE</p>

Author: Marc Crumbie (Head of Internal Audit and Procurement Development Programmes) in consultation with the Chair of Audit Committee

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to present the Audit Committee Annual Report 2018/19 together with a self-assessment against the Chartered Institute of Public Finance and Accountancy (CIPFA) publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition'.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review the report and self-assessment (**Appendix 1** and **Appendix 1A** respectively) and determine whether:
- (a) the Annual Report forms a balanced summary of the work undertaken by Audit Committee during 2018/19; and
 - (b) the proposed areas for improvement will further support Audit Committee in delivering its Terms of Reference.
- 2.2 Subject to 2.1, endorse the Audit Committee's Annual Report 2018/19, its incorporation into the Council's Annual Governance Statement and presentation to full Council as appropriate.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure the Council's Audit Committee is held to account for its work during the year.

4. BACKGROUND

4.1 The CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition' sets out the purpose of audit committees as:

- *Audit Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.*
- *The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.*

4.2 The publication also sets out the importance for an audit committee to be held to account on the extent to which it has fulfilled its purpose, with an annual report being a helpful way to address this. As Members will recall, an overview of the CIPFA Guidance was presented to the 17th September 2018 Audit Committee.

5. DRAFT ANNUAL REPORT

5.1 In line with the CIPFA publication, the Head of Internal Audit and Procurement Development Programmes in consultation with the Chair of Audit Committee have completed a draft Audit Committee Annual Report setting out the work of Audit Committee during 2018/19 (**Appendix 1**).

5.2 As part of compiling the draft Annual Report, a self-assessment exercise against good practice was also undertaken using the checklist provided within the CIPFA Guidance. The outcome of the self-assessment process is included at **Appendix 1A** and has been used to inform proposed areas for improvement.

5.3 Audit Committee is requested to review the draft Annual Report and self-assessment and:

- determine whether it forms a balanced summary of the work undertaken by Audit Committee during 2018/19.
- consider whether the proposed areas for improvement will further support Audit Committee in delivering its Terms of Reference.

6. EQUALITY AND DIVERSITY IMPLICATIONS

6.1. There are no equality and diversity implications as a result of the recommendations set out in the report.

7. CONSULTATION

- 7.1 There are no consultation implications as a result of the recommendations set out in the report.

8. FINANCIAL IMPLICATION(S)

- 8.1 There are no financial implications as a result of the recommendations set out in the report.

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 9.1 The production of an Audit Committee Annual Report 2018/19 supports the principles within The Local Government (Wales) Measure 2011 (Chapter 2 / section 81) and is in line with the CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition'.

10. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 10.1 The work of the Council's Audit Committee aims to support the delivery of the priorities contained within the Council's Corporate Plan – *The Way Ahead*, in particular 'Living Within Our Means' through ensuring that appropriate governance arrangements are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

- 10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

11. CONCLUSION

- 11.1 The Audit Committee Annual Report 2018/19 is attached at Appendix 1. It provides a summary of the work that the Committee has undertaken during 2018/19, incorporates a self-assessment against the CIPFA 'best practice' checklist (Appendix 1A) along with proposed areas for improvement.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

25th March 2019

**AUDIT COMMITTEE ANNUAL REPORT 2018/19, INCORPORATING A SELF
ASSESSMENT AGAINST THE CIPFA 2018 PRACTICAL GUIDANCE NOTE**

REPORT OF DIRECTOR OF FINANCE AND DIGITAL SERVICES

Author: Marc Crumbie (Head of Internal Audit and Procurement Delivery Programme) in consultation with the Chair of Audit Committee

Item: 9

Background Papers

None.

Other Information:-

Relevant Scrutiny Committee
Not applicable.

Contact Officer – Marc Crumbie

APPENDIX 1 – ANNUAL REPORT 2018/19

**Rhondda Cynon Taf County
Borough Council**

Audit Committee

Annual Report 2018/19

1. Introduction

- 1.1 A key component of good governance for all organisations is to have in place an Audit Committee. The Council's Audit Committee is in place and its Terms of Reference incorporates the requirements of the Local Government Measure 2011, as follows:

Chapter 2, section 81 of the Local Government (Wales) Measure 2011

Local authorities to appoint audit committees

1. *A local authority must appoint a committee (an "Audit Committee") to—
 - a) review and scrutinise the authority's financial affairs,
 - b) make reports and recommendations in relation to the authority's financial affairs,
 - c) review and assess the risk management, internal control and corporate governance arrangements of the authority,
 - d) make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,
 - e) oversee the authority's internal and external audit arrangements, and
 - f) review the financial statements prepared by the authority.*
2. *A local authority may confer on its Audit Committee such other functions as the authority considers suitable to be exercised by such a committee.*
3. *It is for an Audit Committee to determine how to exercise its functions.*

- 1.2 The purpose of our Audit Committee is set out with its Terms of Reference as follows:

Statement of Purpose:

The purpose of the Audit Committee is to monitor the adequacy of the risk management framework and the associated control environment; provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment; and to oversee the financial reporting process.

Terms of Reference *As a key element of new arrangements for corporate governance, designed to ensure openness, integrity and accountability, the Committee will assist the Authority in discharging its responsibility for ensuring financial probity, without taking any action which might prejudice it.*

- 1.3 In order to discharge the responsibilities placed upon us, a detailed work-plan is compiled for each Municipal Year. For 2018/19, I worked with the Council's Head of Internal Audit to compile a work-plan that I felt could help us to discharge our responsibilities as members of the Audit Committee. Importantly I was keen to ensure that the work-plan for this year helped us to expand our knowledge and understanding of key areas that we, as members of the Committee, are required to possess in order to scrutinise the Council's governance, risk management and internal control environment.

1.4 Sections 2 and 3 of this report summarise the work that we have delivered during 2018/19 and Section 4 presents the outcome of the self-assessment against the CIPFA Practical Guidance for Local Authorities & Police 2018 Edition.

2. Work delivered during 2018/19

2.1 The CIPFA Practical Guidance for Local Authorities & Police 2018 Edition identifies 'Core Functions' of an Audit Committee along with what it refers to as possible 'wider functions' of an Audit Committee.

2.2 The Core Functions are set out below (in bold text), and the work that we have delivered in support of these core functions is summarised under the relevant section.

2.3 **Be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives**

2.3.1 Legislation requires the Council to prepare an Annual Governance Statement (AGS). The Draft AGS 2017/18 was presented to Audit Committee at our meeting held on [30th April 2018](#). The document described the governance arrangements in place, challenged their effectiveness and where necessary provided recommendations for improvement. Following receipt of the report, we resolved to:

- *Recommend its certification by the Leader of the Council and the Chief Executive in readiness for inclusion within the Council's draft 2017/18 Statement of Accounts; and*
- *Authorise the Group Director, Corporate & Frontline Services to include reference within the Annual Governance Statement should any relevant reports from External Inspectors be received by the Council before the Statement of Accounts are certified.*

2.3.2 Furthermore, at our meeting held on [17th December 2018](#), Officers provided an update on the status of each recommendation. Details of each recommendation, along with a summary of the action taken to progress implementation was reported. Following consideration of that report, we resolved:

- *That the progress made to implement the recommendations was satisfactory.*

2.3.3 The Draft AGS for 2018/19 is due to be presented to Audit Committee at our meeting scheduled for 29th April 2019. I have requested that Officers provide a further update on the status of the recommendations noted in paragraph 2.3.2 within the Draft AGS for 2018/19.

2.4 **In relation to the authority's internal audit functions:**

- **oversee its independence, objectivity, performance and professionalism**
- **support the effectiveness of the internal audit process**
- **promote the effective use of internal audit within the assurance framework**

2.4.1. A key part of our role is to support the Council's Internal Audit Service to remain independent, assess whether it has adequate resources available to it and, to monitor the performance and quality of work delivered throughout the year.

2.4.2. We received the following key reports from Internal Audit during 2018/19:

2.4.3. **Internal Audit Charter** is a formal document that establishes the Internal Audit Service's position within the organisation, including the nature of the Head of Internal Audit & Procurement Development Programmes' functional reporting relationship with the Board (i.e. the Council's Audit Committee). This document provided us with the information we required in order to assess the independence of our Internal Audit Service. We approved the Internal Audit Charter at our meeting held on [30th April 2018](#).

2.4.4. The **Draft Annual Audit Plan 2018/19** was presented to us on the 30th April 2018. The Head of Internal Audit outlined the resources available to the Service, and illustrated how those resources had been targeted at the areas identified as being the highest risk/priority to the Council. We were able to see why each assignment has been included within the Draft Audit Plan, and were pleased to see the inclusion of thematic reviews within the schools sector, which was an area that we requested further assurance on during 2017/18. Following discussion, the draft plan was approved.

2.4.5. In addition to the reports noted above, Internal Audit also presented a standard item on the agenda for each Audit Committee in respect of **Performance**. This report provides Audit Committee with detailed information with which the performance of the Service was reviewed and scrutinised.

2.5 **Monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption.**

2.5.1 The regular provision of all **summarised audit assignments** to Audit Committee throughout the year is aimed at assisting us when evaluating the effectiveness of Internal Audit's work across all Council systems and services. It also enables us to form an opinion on the overall control environment of the Council at the end of the financial year.

- Over respective Municipal Years we have had the opportunity to refine the level of information that is reported to us in respect of finalised audit assignments.
- We are now able to fully utilise the information that is presented to us in order for it to be used to inform our view of the overall system of internal control which is in place across the Council.
- A relatively small number of Internal Audit reports caused us concern during 2018/19. On these occasions we debated the issues in detail, and collectively recommended outcomes that were appropriate and in accordance with our Terms of Reference.

2.5.2 The **Head of Internal Audit Annual Opinion** for 2017/18 was presented to us at our meeting held on [30th April 2018](#). The Annual Report for 2018/19 is scheduled to be presented to us at our meeting which is scheduled for 25th March 2019.

2.5.3 In addition to the reports presented to us by the Internal Audit Service, the following reports were also presented throughout the year all aimed at providing additional sources of assurance on the Council's internal control environment:

- An overview of the National Fraud Initiative, along with an update on the work delivered by the Corporate Fraud Team.
- An overview of the Public Services Network (PSN) audit, along with the reported outcomes.
- Received the outcomes of the staff survey, specifically in relation to awareness of the Council's Whistleblowing & Anti-Fraud Arrangements.

2.5.4 The wider information that was presented to us during 2018/19 in respect of the arrangements in place to tackle potential fraud and receiving assurance from an external assessment such as the PSN Accreditation process all helped our understanding of the arrangements in place.

2.6 Consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations.

2.6.1. The work-plan for 2018/19 included a wider range of items in respect of risk management and internal control than previous years. When compiling the draft work-plan, we discussed the requirement for a wider range of Officers to attend Audit Committee, to present information and to respond to questions. As a result, the following items were included in the work-plan and presented to the Committee:

- An overview of the Council's Insurance Function, in particular how it supports the Council's Risk Management arrangements.
- An overview of Risk Management arrangements in place in respect of 'Projects'.
- An overview of the term 'Internal Control Environment' incorporating a case study – Agile Working.

2.6.2. Following the receipt of the three reports noted above, my opinion is that they were all well received by Members. Whilst helping to aid our broader understanding of the theory that sits behind the terms of risk management and internal control, the ability to ask specific questions to Officers from the relevant disciplines allowed us to dig deeper into the areas presented.

2.6.3. We also received and endorsed the Council's updated Risk Management Strategy during the year.

2.6.4. Receiving and scrutinising information in respect of the risk management arrangements in place when the Council enters into Partnerships and/or wider collaboration arrangements will be an area that will need to be part of the Committee's work-plan for 2019/20.

2.7 Review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.

2.7.1 At our meeting held on 12th July 2018, we received the draft statements of account for the financial year ended 31st March 2018. Following consideration of the report, we endorsed the draft accounts.

2.7.2 On the 17th December 2018, we received the following reports in respect of the Wales Audit Office:

- Annual Audit Letter 2017/18.
 - We were pleased with the detailed report and noted the recommendations from the 2017/18 audit work together with the actions the Council planned to take in order to address the recommendations.
- A summary of all reports issued by the Wales Audit Office in respect of their Performance work.
 - We were pleased with the content of the report, and the Action Plan detailed at Appendix 1. We **RESOLVED** to acknowledge the steps taken by the Council to monitor the implementation of

‘proposals for improvement’ made within the Wales Audit Office
‘Annual Improvement Report 2017/18’

3. Wider Functions of the Audit Committee

3.1 In addition to the core functions, the Guidance identifies the possible wider functions of an Audit Committee, as follows:

- *An Audit Committee can also support its authority by undertaking a wider role in other areas including:*
 - *considering governance, risk or control matters at the request of other committees or statutory officers*
 - *working with local standards and ethics committees to support ethical values; and*
 - *reviewing and monitoring treasury management arrangements in accordance with Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017)*

3.2 At our meeting held on [5th November 2018](#), we received an overview of the governance arrangements in place in respect of the Council’s core financial system of Treasury Management.

4. Self-Assessment Against the CIPFA Practical Guidance for local Authorities & Police 2018 Edition

4.1 In consultation with the Vice Chair, I have completed the self-assessment checklist, the outcome of which is summarised in **Appendix 1A**. I believe that the Council’s Audit Committee addressed the majority of good practice questions that are included within the checklist.

4.2 The self-assessment has identified a small number of proposals for improvement and these have been summarised in the following Action plan:

Good practice questions		Yes	Partly	No	Response & Proposal for Improvement
Functions of the committee					
7	Does the Committee’s terms of reference explicitly address all the core areas identified in CIPFA’s Position Statement? <ul style="list-style-type: none"> • good governance • assurance framework, including partnerships and collaboration arrangements • internal audit • external audit 		✓		Overall, the responsibilities that are set out within our current Terms of Reference are consistent with the Position Statement issued by CIPFA. However, the level of detail between the two documents differs. The suggested Terms of

Good practice questions		Yes	Partly	No	Response & Proposal for Improvement
	<ul style="list-style-type: none"> financial reporting risk management value for money or best value counter fraud and corruption supporting the ethical framework 				<p>Reference provided at Appendix B of the Guidance document splits out specific areas into more detail.</p> <p>RECOMMENDATION: Whilst the current Terms of Reference is compliant with the responsibilities placed upon the Committee, it is recommended that the level of detail as set out within the Guidance is replicated into the Terms of Reference for Audit Committee.</p>
Membership and support					
12b.	<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> an appropriate mix of knowledge and skills among the membership 		✓		<p>The level of debate at Audit Committee broadly supports a conclusion that Members have a good understanding of their role on this Committee. However, a formal skills assessment has not been completed that supports this conclusion.</p> <p>RECOMMENDATION: An assessment of the mix of skills for all Members will be undertaken. If required, the outcome of this will be utilised to put in place appropriate training and development opportunities for relevant Members.</p>
16	<p>Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?</p>			✓	<p>A formal assessment against the skills framework contained within the CIPFA Practical Guidance document has not been completed.</p> <p>RECOMMENDATION Undertake an assessment against the core knowledge and skills framework for each Member of the Audit Committee.</p>
Effectiveness of the committee					

Good practice questions		Yes	Partly	No	Response & Proposal for Improvement
19	Has the Committee obtained feedback on its performance from those interacting with the Committee or relying on its work?			✓	RECOMMENDATION: As part of incorporating the Audit Committee Annual Report into the Annual Governance Statement, opportunity will be available for feedback to be received from full Council and the Wales Audit Office.
23	Has the committee evaluated whether and how it is adding value to the organisation?		✓		Some of the Committee's work clearly demonstrates impact e.g. approving and monitoring 'follow-up reviews' that show improvement in the standards of internal control. Further work is however required to broaden this and explore other impacts / value added as a result of the Committee's work / involvement / influence.

4.3 Subject to Audit Committee agreeing its Annual Report for 2018/19, a progress update will be reported to Audit Committee during 2019/20.

5. Concluding Comments

5.1 Our work-plan for this financial year has been balanced and the change in approach in respect of widening the items on each agenda has enabled the scope of information that is reported to us to be broadened. In addition to this, a wider range of Officers have presented reports to us during the year and this has helped us to deliver our Terms of Reference in a more robust way through gaining a better understanding and assurance by asking more detailed questions to Officers with specific areas of expertise.

5.2 I believe that we have discharged the responsibilities placed upon us, the recommendations that have arisen from the self-assessment will help further improve our arrangements and effectiveness. If any skills gaps are identified, then we will need to consider how these can be addressed in a pragmatic way that best improves the overall work of the Committee.

5.3 Finally, I would like to thank all Members of the Audit Committee for their work and support during 2018/19.

Appendix 1A - Self-assessment of good practice

Good practice questions		Yes	Partly	No
Audit committee purpose and governance				
1	Does the authority have a dedicated audit committee?	✓		
2	Does the audit committee report directly to Full Council?	✓		
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓		
4	Is the role and purpose of the audit committee understood and accepted across the authority?	✓		
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	✓		
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓		
Functions of the committee				
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement? <ul style="list-style-type: none"> • good governance • assurance framework, including partnerships and collaboration arrangements • internal audit • external audit • financial reporting • risk management • value for money or best value • counter fraud and corruption • supporting the ethical framework 		✓	
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓		
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓		
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	N/A		
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓		
Membership and support				
12	Has an effective audit committee structure and composition of the committee been selected? This should include:			
a.	separation from the executive	✓		
b.	an appropriate mix of knowledge and skills among the membership		✓	
c.	a size of committee that is not unwieldy	✓		
d.	consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)	✓		
13	Have independent members appointed to the committee been	✓		

Good practice questions		Yes	Partly	No
	recruited in an open and transparent way and approved by the Full Council?			
14	Does the chair of the committee have appropriate knowledge and skills?	✓		
15	Are arrangements in place to support the committee with briefings and training?	✓		
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			✓
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Finance Officer?	✓		
18	Is adequate secretariat and administrative support to the committee provided?	✓		
Effectiveness of the committee				
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			✓
20	Are meetings effective with a good level of discussion and engagement from all the members?	✓		
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓		
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	✓		
23	Has the committee evaluated whether and how it is adding value to the organisation?		✓	
24	Does the committee have an action plan to improve any areas of weakness?	✓		
25	Does the committee publish an annual report to account for its performance and explain its work?	✓		

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