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## Internal Audit Final Report

2022/23




# CENTRAL SOUTH CONSORTIUM (CSC) PUPIL DEVELOPMENT GRANT (PDG) CONSOLIDATED STATEMENT

<b>Report Issue Date</b>	<b>12<sup>th</sup> October 2022</b>
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**REGIONAL INTERNAL AUDIT SERVICE /  
GWASANAETH ARCHWILIO MEWNOL RHANBARTHOL**



AUDIT OPINION	RECOMMENDATION SUMMARY	
	<b>High Priority</b>	0
	<b>Medium Priority</b>	0
	<b>Low Priority</b>	0
	<b>Total</b>	0
<p><b>SUBSTANTIAL ASSURANCE</b></p> <p>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>		
<p><b>STRENGTHS &amp; AREAS FOR IMPROVEMENT</b></p>		
<p>During the audit a number of key strengths and areas of good practice were identified as follows:</p> <ul style="list-style-type: none"> <li>• Verification was obtained from the Financials system that the correct budget amount had been received from Welsh Government (WG).</li> <li>• Central monitoring of the grant expenditure is undertaken by the Grant Funding Officer.</li> <li>• Each Council has submitted a Local Authority Statement of Revenue Expenditure (Schedule 4) to the grants officer in the CSC.</li> <li>• Authorised signatories from each Local Authority had signed the Local Authority Statement of Revenue Expenditure.</li> <li>• The Consolidated statement to be returned to WG accurately reflects the funding received / incurred by each Council and the CSC.</li> </ul> <p>No key issues were identified during the audit and there are no findings contained within this report.</p>		

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## 1. INTRODUCTION & BACKGROUND

An audit of the total CSC Pupil Development Grant (PDG) grant claim for 2021/22 was undertaken as per the requirements of the Grant Terms and Conditions and in accordance with the 2022/23 Internal Audit Plan.

This report sets out the findings of the audit and provides an opinion on the adequacy and effectiveness of internal control, governance and risk management arrangements in place. Where controls are not present or operating satisfactorily, recommendations have been made to allow Management to improve internal control, governance and risk management to ensure the achievement of objectives.

Verification was obtained from the Financials system that the correct amount of grant (£37,581,970) had been received from the Welsh Government and retained / delegated to schools in each of the 5 Councils who make up the Consortium (Merthyr, Rhondda Cynon Taf, Cardiff, Bridgend and The Vale), as follows:

<b>Council / CSC</b>	<b>£</b>
Cardiff Council	14,865,188
Rhondda Cynon Taf	10,441,215
The Vale of Glamorgan	3,705,377
Bridgend	5,478,233
Merthyr Tydfil	2,273,295
CSC	818,661
<b>Total</b>	<b>37,581,970</b>

## 2. OBJECTIVES & SCOPE OF THE AUDIT

The purpose of the audit was to provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of the CSC Development Grant (PDG).

Audit testing was undertaken in respect of financial years 2021/22.

The internal control, governance and risk management arrangements have been evaluated against the following audit objectives:

Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.

Section 11 of the offer letter awarded to the Central South Consortium states the following:

### 11. Audit Requirements

You must:

- i) maintain complete, accurate and valid accounting records identifying all income and expenditure in relation to the Purposes;
- ii) without charge, permit any officer or officers of the Welsh Government, Wales Audit Office or any UK subsidy enforcement body at any reasonable time and on reasonable

notice (in exceptional circumstances, such as the prevention or detection of fraud, it may not be practicable to provide you with reasonable notice) being given to you to visit your premises and/or to inspect any of your activities and/or to examine and take copies of your books of account and such other documents or records howsoever stored as in such officer's reasonable view may relate in any way to your use of the Funding. This undertaking is without prejudice and subject to any other statutory rights and powers exercisable by the Welsh Government, Wales Audit Office or any UK subsidy enforcement body or any officer, servant or agent of any of the above;

- i. retain this letter and all original documents relating to the Funding until we inform you in writing that it is safe to destroy them.
- ii. provide us with an audit certificate in accordance with the requirements set out in Schedule 5.

(b) Under paragraph 17 of Schedule 8 to the Government of Wales Act 2006 the Auditor General for Wales has extensive rights of access to documents and information relating to monies provided by the Welsh Government. They and their officials have the power to require relevant persons who control or hold documents to give any assistance, information and explanation that they may require; and to require those persons to attend before them for such a purpose. The Auditor General and their staff may exercise this right at all reasonable times.

### 3. AUDIT APPROACH

Fieldwork took place following agreement of the audit objectives.

A draft report was prepared and provided to Management for review and comment with an opportunity given for discussion or clarification.

Governance and Audit Committee will be advised of the outcome of the audit and may receive a copy of the Final Report.

Management will be contacted and asked to provide feedback on the status of any agreed recommendation once the target date for implementation has been reached.

Any audits concluded with a no assurance or limited assurance opinion will be subject to a follow up audit.

#### 4. ACKNOWLEDGMENTS

A number of staff gave their time and co-operation during the course of this review. We would like to record our thanks to all of the individuals concerned.

The work undertaken in performing this audit has been conducted in conformance with the Public Sector Internal Audit Standards.

The findings and opinion contained within this report are based on sample testing undertaken. Absolute assurance regarding the internal control, governance and risk management arrangements cannot be provided given the limited time to undertake the audit. Responsibility for internal control, governance, risk management and the prevention and detection of fraud lies with Management and the organisation.

Any enquires regarding the disclosure or re-issue of this document to third parties should be sent to the Head of the Regional Internal Audit Service via [cmthomas@valeofglamorgan.gov.uk](mailto:cmthomas@valeofglamorgan.gov.uk).

## 5. FINDINGS & RECOMMENDATIONS

### CSC PDG - ADMINISTRATION

**Control Objective: To ensure there are robust controls surrounding the administration of the grant.**

***Strengths:***

- Verification was obtained from the Financials system that the correct grant amount had been received from the Welsh Government.
- Central monitoring of the grant is undertaken by the Grant Funding Officer.
- The CSC and each partner had appropriately completed Schedule 4 (Local Authority statement of revenue expenditure) highlighting the budget allocation / expenditure details.
- Each Schedule 4 had been signed by the appropriate Local Authority Chief Finance Officer.
- An accurate Consolidated statement had been developed by the CSC Grants Officer using each of the 6 Schedules received.

## 6. DEFINITIONS

AUDIT ASSURANCE CATEGORY CODE	
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

RECOMMENDATION CATEGORISATION	
Risk may be viewed as the chance, or probability, one or more of the systems of governance, risk management or internal control being ineffective. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results. The criticality of each recommendation is as follows:	
<b>High Priority</b>	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
<b>Medium Priority</b>	Action that is considered necessary to avoid exposure to significant risks.
<b>Low Priority</b>	Action that is considered desirable and should result in enhanced control.