

*Professional, Approachable, Independent*

## Internal Audit Final Report



### CSC - GENERAL LEDGER RCT 2022/23

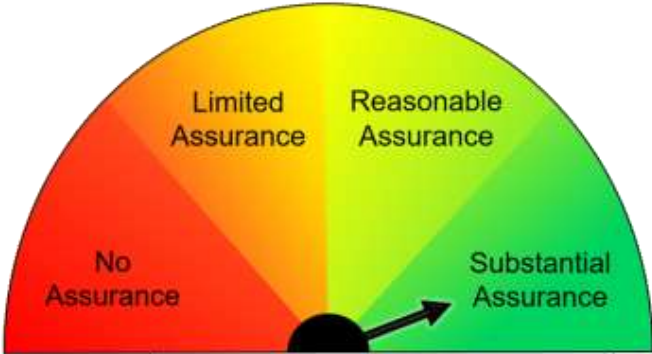
<b>Report Issue Date</b>	<b>11 May 2023</b>
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**(See Full Distribution List in Section 4)**



**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

### SUBSTANTIAL ASSURANCE

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.

### STRENGTHS & AREAS FOR IMPROVEMENT

During the audit a number of strengths and areas of good practice were identified as follows:

- There is consistency with key/senior members of staff and service delivery.
- The Annual Statement of Accounts for the Central South Consortium (CSC) is signed off by Wales Audit Office (WAO).
- The annual budget was approved by the required deadline and uploaded on to the Financials system.
- The Financials system shows income and expenditure transactions for both revenue and capital codes.
- The ability to request and undertake journal transfers is appropriately restricted to a limited number of staff between the CSC Finance Team and the RCT Financials Team.
- Access to create and/or remove financial codes is appropriately restricted to Administrator level access within the RCT Financials Team.
- The Financials system is 'live' and therefore shows transactions as they are entered onto the system.
- The end of year carried forward balances are accurately brought forward into the following financial year.
- The CSC has a valid and up to date data protection certificate in place.

No issues were identified during the audit which need to be addressed.

<b>CONTENTS</b>		
<b>1</b>	Introduction & Background	<b>4</b>
<b>2</b>	Objectives & Scope	<b>4</b>
<b>3</b>	Audit Approach	<b>5</b>
<b>4</b>	Distribution List	<b>5</b>
<b>5</b>	Acknowledgements	<b>5</b>
<b>6</b>	Findings & Recommendations	<b>6-7</b>
<b>7</b>	Definitions	<b>8</b>

## 1. INTRODUCTION & BACKGROUND

An audit of Central South Consortium's General Ledger was undertaken 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 were 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.

The Central South Consortium Joint Education Service comprises of the 5 Local Authorities of Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf, and Vale of Glamorgan, working in partnership to provide a school improvement service that challenges, monitors and supports schools to raise standards.

The Consortium has been in operation since September 2012 and covers the needs of all schools and pupils in the region. The purpose of the Consortium has been defined as to raise standards and build upon success through purposeful collaboration between Local Authorities, effective partnership with schools and a rigorous pursuit of excellence.

This Internal Audit review focused on the General Ledger. The CSC uses financial systems which is hosted by RCTCBC. The purpose of the General Ledger system is to record all financial transactions and provide information for the preparation of Management Accounts, Final Accounts and Financial Returns. In order to maintain proper financial control and protect the integrity of the Ledger, it is essential that adequate accounting routines are in operation.

## 2. OBJECTIVES & SCOPE OF THE AUDIT

The purpose of the audit was to review and conclude on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Central South Consortium's General Ledger function.

A control risk self-assessment (CRSA) questionnaire was issued to the CSC to enable Management to review their internal controls and determine compliance with the requirements of current legislation, and the Financial Procedures Rules.

This information was reviewed by Internal Audit and audit testing (where required) was carried out remotely on a sample of controls using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documentation.

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

- Assess the adequacy and effectiveness of the controls in operation in respect of General Ledger functions.

### 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.

This final report has been reviewed by Management – there is no Management Implementation Plan or Management comments as the report contains no findings.

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

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

### 4. DISTRIBUTION LIST

This final report has also been provided electronically to the following Officers:

- Managing Director – Clara Seery
- Deputy Managing Director – Louise Blatchford
- Business Manager – Alyson Price
- Senior Accountant – Craig Flynn
- Deputy Chief Executive & Group Director – Finance, Digital & Frontline Services (RCTCBC) – Barrie Davies
- Service Director, Finance & Improvement Services (RCTCBC) – Paul Griffiths

### 5. 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 [awathan@valeofglamorgan.gov.uk](mailto:awathan@valeofglamorgan.gov.uk).

## FINDINGS & RECOMMENDATIONS

### GENERAL LEDGER SELF EVALUATION

**Control Objective:**

To assess the adequacy and effectiveness of the controls in operation in respect of the general ledger function.

**Strengths:**

There had been no changes to Senior/Key members of staff or the way they delivered the service.

Wales Audit Office (WAO) sign off the Annual Statement of Accounts for the Central South Consortium (CSC). The accounts for 2021/22 were prepared and signed off by WAO in the meeting of the Joint Committee held on 25th October 2022.

Annual budgets need to be agreed by the Joint Committee by the 31st December each year for the proceeding financial year. The budget for 2022/23 was agreed by the Joint Committee during their meeting on the 22nd December 2021, and therefore in line with the required deadline. This budget was subsequently uploaded on to the Financials system. For financial year 2022/23 a second budget was not required due to the minimal variances, however a report detailing reasons for variances was provided and noted by the Joint Committee. The Grants elements of the CSC budget was reported to the Joint Committee during their meeting on the 13<sup>th</sup> December 2022 and subsequently uploaded on to the Financials system.

The Financials system accurately shows income and expenditure transactions. The system is used for Creditor and Debtor payments which automatically populate the relevant revenue and capital financial codes. Each transaction automatically generates a unique reference number, these references can be used to find a specific transaction quickly if required.

The ability to request journal transfers is appropriately restricted to designated officers working within CSC allowing for accountability and control. The ability to undertake journal transfers is restricted to RCT Financials staff who input the journal based on the information provided on the journal proforma from CSC.

Access to create and/or remove financial codes is appropriately restricted to Administrator level access within the RCT Financials Team.

The Financials system is 'live' and therefore shows transactions as soon as they are entered on to the system, therefore information extracted from the system for budget monitoring is as accurate as possible.

As part of the overall end of year closing processes it is ensured that the end of year carried forward balances are accurately brought forward into the new financial year.

The Central South Consortium has an up to date certificate confirming their registration with the Information Commissioner's Office (ICO) valid until 3rd September 2023.

**DEFINITIONS**

<b>AUDIT ASSURANCE CATEGORY CODE</b>	
<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.

<b>RECOMMENDATION CATEGORISATION</b>	
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.