

Professional, Approachable, Independent

Internal Audit Final Report

2022/23



CENTRAL SOUTH CONSORTIUM (CSC) PUPIL DEVELOPMENT GRANT (PDG) 2022/23

Final Report Issue Date 24th July 2023

Draft Report Issue Date 21st July 2023


Report Authors Andrew Hopkins - Senior Auditor
Lisa Cumpston - Audit Manager

Report Distribution Alyson Price – CSC Business Manager
Paul Griffiths - Service Director, Finance
and Improvement Services
Stephanie Davies - Head of Finance,
Education and Financial Reporting



REGIONAL INTERNAL AUDIT SERVICE /
GWASANAETH ARCHWILIO MEWNOL RHANBARTHOL



AUDIT OPINION	RECOMMENDATION SUMMARY	
	High Priority	0
	Medium Priority	0
	Low Priority	0
	Total	0
<h3>SUBSTANTIAL ASSURANCE</h3> <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>		
<h3>STRENGTHS & AREAS FOR IMPROVEMENT</h3>		
<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"> • Verification was obtained from the Financials system that the correct budget amount had been received from Welsh Government (WG). • Central monitoring of the grant expenditure is undertaken by the Grant Funding Officer. • Verification was obtained from the Financials system to confirm expenditure incurred by the service as per the Consortium funding profile (Schedule 4). • Sample testing of payments established that all expenditure was deemed appropriate as per the terms and conditions of the grant. No issues or discrepancies were identified. • The amount of grant retained (agreed by the Board) was £759,365 from the total PDG grant that was received by the Consortium from Welsh Government (WG) of £43,484,273. • The CSC grant allocation of £759,365 was fully spent. <p>No key issues were identified during the audit and there are no findings contained within this report.</p>		

CONTENTS		
1	Introduction & Background	4
2	Objectives & Scope	4
3	Audit Approach	5
4	Acknowledgements	6
5	Findings & Recommendations	7
6	Definitions	8

1. INTRODUCTION & BACKGROUND

An audit of the CSC Pupil Development Grant (PDG) grant claim for 2022/23 was undertaken as per the requirements of the Grant Terms and Conditions and in accordance with the 2023/24 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 had been received from the Welsh Government.

The total amount of grant received from Welsh Government was £43,484,273 of which £759,365 was retained by the CSC with the balance being delegated to schools / each of the 5 Councils who make up the Consortium (Merthyr Tydfil, Rhondda Cynon Taf, Cardiff, Bridgend and the Vale of Glamorgan).

Grant expenditure amounted to £759,365 (highlighted on Schedule 4) as follows:

Objective	£
PDG Children Looked After (CLA)	423,092
PDG Consortia Led	236,273
PDG Advisor Grant	100,000
Total	759,365

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 year 2022/23 and was undertaken remotely using video conferencing and digital solutions as a basis for meetings and sharing documentation.

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

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.

This final report contains no audit findings or recommendations for implementation by Management.

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 viaawathan@valeofglamorgan.gov.uk

5. FINDINGS & RECOMMENDATIONS

CSC PDG - ADMINISTRATION / INCOME

Control Objective: To ensure there are robust controls surrounding the administration of the grant / income received.

Strengths:

- Verification was obtained from the Financials system that the correct budget amount had been received from the Welsh Government.
- Central monitoring of the grant expenditure is undertaken by the Grant Funding Officer.

CSC PDG - EXPENDITURE

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

Strengths:

- Verification was obtained from the Financials system to confirm expenditure incurred by the service as per the Consortium funding profile (Schedule 4)
- Sample testing of payments established that all expenditure was deemed appropriate as per terms and conditions of the grant. No issues or discrepancies were identified.

6. DEFINITIONS

AUDIT ASSURANCE CATEGORY CODE	
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.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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:	
High Priority	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
Medium Priority	Action that is considered necessary to avoid exposure to significant risks.
Low Priority	Action that is considered desirable and should result in enhanced control.