



Report of the Chief Auditor

Special Audit Committee – 29 January 2020

Internal Audit Annual Plan 2019/20 - Monitoring Report for the Period 1 July 2019 to 30 September 2019

Purpose:	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 July 2019 to 30 September 2019.
Policy Framework:	None.
Consultation:	Legal, Finance, Access to Services.
Recommendation(s):	It is recommended that Committee review and discuss the work of the Internal Audit Section and note the contents of the report.
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Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar

1. Introduction

- 1.1 The Internal Audit Annual Plan 2019/20 was approved by the Audit Committee on 9th April 2019. This is the first quarterly monitoring report to be presented to Committee. Further reports will be presented throughout the year to allow Committee to review and comment upon the progress of the Internal Audit Section in achieving the Annual Plan.
- 1.2 This report shows the audits which were finalised in the period 1st July 2019 to 30th September 2019.

2. Audits Finalised 1 July 2019 to 30 September 2019

2.1 A total of 25 audits were finalised during the quarter. The audits finalised are listed in Appendix 1 which also shows the level of assurance given at the end of the audit and the number of recommendations made and agreed. Appendix 2 provides a summary of the scope of the reviews finalised during the period.

2.2 An analysis of the assurance levels of the audits finalised is shown in the following table.

Assurance Level	High	Substantial	Moderate	Limited
Number	9	13	3	0

2.3 A total of 203 audit recommendations were made and management agreed to implement 201 recommendations, i.e. 99% of the recommendations made were accepted against a target of 95%.

2.4 All recommendations made are classified as high risk, medium risk, low risk or good practice. An analysis of the recommendations agreed during the quarter is shown in the following table

High Risk	Medium Risk	Low Risk	Good Practice	Total
4	27	123	47	201

2.5 The implementation status for those audits that have been subject to a standard follow-up in the quarter is reported separately in the Recommendation Follow-up Report. This include all follow-ups completed, except for the fundamental audits as the outcome of these follow-up reviews is reported to committee via the Fundamental Audit Recommendation Tracker Report.

2.6 The Internal Audit Section also certified the following grants in the quarter as required by the terms and conditions of the grant issued by the Welsh Government.

Grant	Amount
Regional Consortium School Improvement Grant (RCSIG / EIG) 2018/19	£8,968,203 (£9,408,028 inc. Match Funding)
Pupil Deprivation Grant (PDG) 2018/19	£7,469,677
LEA Disadvantaged Learners Grant	£2,887,214
SPPG Main Grant 2018/19	£14,086,658 (£178,000 income from partners)

2.7 The Audit Plan is a ‘living’ document which is likely to change during the course of the year due to e.g. emerging risks or new priorities. However it is important that the Audit Committee can monitor progress against the Plan approved at the start of the year. To achieve this, Appendix 3 shows each audit included in the Plan approved by Committee in April 2019 and identifies the position of each audit as at 30th September 2019.

2.8 An analysis of the details in Appendix 3 shows that by the end of September 2019, 35% of the planned reviews had been completed to at least draft report stage, with an additional 42% of the planned audits in progress. As a result approximately 77% of the Audit Plan was either completed or in progress.

2.9 Three moderate reports were issued in the quarter. The following tables provide brief details of the significant issues which led to the moderate ratings.

2.10

Audit	Foreshores & Lettings 2019/20
Objectives	The objectives of the Audit were to ensure that material business risks have been identified and that the controls in place are adequate for the purpose of minimising business risk and are operating in practice. The audit included the review and testing of controls established by management in the following areas: Foreshore Lettings (children’s rides), Langland Bay Huts, Boat Parks, Expenditure, Caravan park.
Assurance Level	Moderate
Summary of Key Points	
<ol style="list-style-type: none"> 1. Sample testing of foreshore lettings revealed that the invoice for one tenderer had not been raised until August 2018 and that at the time of the audit, no payment had been made against the invoice. It was also noted that the tenderer in question had an outstanding debt relating to the invoice raised for the 2016/17 season. (MR) 2. Sample testing of seasonal hires and lease extensions for 2018/19 revealed that in some instances receipt books and collection & deposit books could not be located. (MR) 3. Spot checks of the boat parks managed by the service revealed that a significant number of boats were parked illegally (owner unknown) and also a significant number of know occupiers had not paid fees for parking, with some not paying since 2013/14. A review of the records for one site (Village Lane) revealed that no income had been received for parking at the site for a number of years, with arrears dating back approximately ten years. (MR) 4. As reported in previous audits, a number of boats were noted as being illegally parked (owner unknown) and despite previous recommendations advising action should be taken to address this, no action had been taken. It was confirmed that the service had attempted to confirm the protocol for removing the illegally parked 	

boats but this had not been concluded. (MR)

5. Sample testing to confirm that caravan park site holders had paid the relevant site fees revealed that one site holder had not paid their 2018/19 site fee and no action had been taken to recover the outstanding debt. The site holder had also been invoiced for the 2019/20 site fee which also remained unpaid at the time of the audit. (MR)

2.11

Audit	Cleansing Services 2019/20
Objectives	The objectives of the audit were to ensure that material business risks have been identified and that the controls in place are adequate for the purpose of minimising business risk and are operating in practice. The audit reviewed the procedures in place and included detailed testing on the following areas: Employees, vehicles, expenditure, stock, income, inventory, purchase cards and travel claims.
Assurance Level	Moderate
Summary of Key Points	
<p>1. There was no authorised signatory listing in place within the service. It was therefore impossible to confirm whether submitted timesheets had been approved by an authorised officer. (MR)</p> <p>2. Some workers within the service were notes as working a manual flexitime system. When reviewed, the parameters of the scheme did not correspond to those of the Council’s Flexitime Policy with the following differences being noted:</p> <ul style="list-style-type: none"> a) Start times prior to 7.30am - with some as early as 5.40am. b) Credit balances carried forward exceeding 12.00 hrs, with one as high as 59 hrs. c) More than one flexi leave day in a period. <p>We were advised that these amendments to the corporate Flexitime Policy had been approved by the previous Group Leader (Parks & Cleansing) in order to meet operational needs. However, evidence of this approval could not be provided. (HR)</p> <p>3. A report was obtained from Oracle listing all suppliers with whom the Service had spent more than £5k in 2018/19. A check was then carried out to confirm that corporate contracts were in place or that quotations had been obtained. Two suppliers were found where there was no contracts in place and quotations had not been obtained. (MR)</p> <p>4. A sample of Officers travel claims was selected for testing from the period January-February 2019. For three of the officers, it was not possible to confirm whether the mileage claimed was accurate. (MR)</p> <p>5. A check was carried out to confirm that driving licence and vehicle documents had been checked on an annual basis. It was found that evidence of appropriate vehicle insurance had not been</p>	

checked for two of the employees in our sample. (MR)

2.12

Audit	Disclosure & Barring Service 2019/20
Objectives	The objectives of the audit were to ensure that material business risks have been identified and that the controls in place are adequate for the purpose of minimising business risk and are operating in practice. The scope of the review covered the following: Internal procedures, processing of DBS applications, review of posts, reports & Monitoring, DBS checks relating to new employees to the Authority, DBS checks relating to existing employees, renewals, payments to Powys County Council, recharging of departments and system Access / Confidentiality.
Assurance Level	Moderate
Summary of Key Points	
<ol style="list-style-type: none"> 1. An internal spreadsheet is maintained of all those DBS checks that generate an adverse return on the EBulk system, these are classified as being 'on hold'. Risk assessments are conducted on employees subject to adverse returns to ascertain whether those individuals are considered fit for practice. Ten 'on hold' cases on the EBulk system were compared to the information on the spreadsheet. It was noted that one of the adverse returns was not recorded anywhere on the internal monitoring spreadsheets, which meant no further follow up or risk assessment had been undertaken for this employee, despite the adverse DBS result. (MR) 2. DBS' for schools are centrally monitored on spreadsheets with those due to expire the soonest highlighted. We were informed that the spreadsheets should be updated weekly by the DBS Team with details of the actions undertaken for those due to expire recorded. A sample of two Comprehensive & three Primary schools' spreadsheets were examined and it was found that despite the 'weekly' review by the Service Centre Helpdesk Officers, a total of nine employee DBS' had expired and not been renewed. These employees would have appeared on the EBulk reports two months before their DBS expiry date in order to allow sufficient time for the renewal process. (HR)* 3. In five of the nine cases outlined in above, risk assessments would have been required but there was no record to show that they had been undertaken. (HR) 4. A review of the internal exception report dated May 2019 which shows updated/new positions on Oracle identified as requiring a DBS, but where the level of the DBS had yet to be recorded highlighted that there were 169 posts identified as requiring a DBS check and thus a corresponding DBS level marker on Oracle, but the DBS level had not been recorded. (MR) 	

5. A sample of records of employees known to require DBS checks was also examined. One case was noted where the officer had submitted their DBS application in December 2018 but had not confirmed their ID (via document verification), therefore their DBS check has not been completed. Despite this, the employee was not listed on the renewals report from the EBulk system for May 2019. It appears to that were an employee submits a DBS check on the system, but fails to complete the ID verification process, there is no subsequent follow up or monitoring of the verification process and the employee no longer appears on any of the renewal reports. (MR)
**(Please note that at the time of finalising the audit, all of the expired DBS's picked up as part of the testing had been renewed and were confirmed as current)*

3. Follow Ups Completed 1 July 2019 to 30 September 2019

- 3.1 The follow up procedures operated by the Internal Audit Section include visits to any non-fundamental audits which received a moderate or limited level of assurance to confirm and test that action has been taken by management to address the concerns raised during the original audit.
- 3.2 The follow up visit is usually within 6 months of the final report being issued and includes testing to ensure that any high or medium risk recommendations have been implemented. Where agreed recommendations have not been implemented, this will be reported to the appropriate Head of Service (or Chair of the Governing Body in the case of schools) and the Chief Finance Officer (Section 151 Officer).
- 3.3 Two moderate audit reports were followed up in quarter two. The audits followed up were the Young Peoples Services audit and the Accounts Receivable audit.
- 3.4 The follow up of the Young Peoples Services audit revealed that whilst progress had been made in addressing the recommendations that had been made, some recommendations had not been implemented. Committee were advised of this situation when the Youth Support Services Manager provided a verbal update to committee in the September meeting. As reported, we are due to complete a further follow up of the Young Peoples Services audit in mid-November and the results will be reported back to Committee in due course.
- 3.5 The follow up of the Accounts Receivable audit was also completed in quarter two. As this is a fundamental audit, the results of this follow up were included in the Fundamental Audit Recommendation Tracker Report which provides an update to Committee on the implementation of the recommendations made in the fundamental audits. This report was presented to the Committee in December. Note that as Accounts Receivable is subject to an internal audit on an annual basis, any

recommendations that had not been implemented at the time of the follow up review will be revisited as part of the next full annual audit.

4 Equality and Engagement Implications

4.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

4.2 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 There are no legal implications associated with this report.

Background Papers: Internal Audit Plan 2019/20

Appendices: Appendix 1 Audits Finalised Q2 2019/20
Appendix 2 Summary of Scope of Audits Finalised Q2 2019/20
Appendix 3 Internal Audit Plan 2019/20 - Progress to 30/09/19