Appendix B

Final Internal Audit Report

Child & Family Services

Western Bay Adoption Services & Adoption Allowances 2022/23

1. Introduction

1.1 An audit has been completed of Western Bay Adoption Service & Adoption Allowances.

1.2 The audit reviewed the procedures in place and included detailed testing on the following areas:

- Expenditure
- Purchase Card Expenditure
- Travel & Subsistence Expenses
- Personnel Records
- Grants
- GDPR
- Adoption Allowances

1.3 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.

1.4 Western Bay Adoption Services and Adoption Allowances were last audited during 2017/18 as two separate audits. There were seven recommendations in total and the Assurance Level awarded for both was 'High.'

1.5 Work carried out and detailed findings are recorded below and the recommendations arising are included in the attached Management Action Plan.

2. Work Done / Findings

2.1 <u>Expenditure</u>

2.1.1 A sample of fifteen payments for the supply of goods or services was selected and checked for compliance with the Council's Spending Restrictions, Contract Procedure Rules and Accounting Instructions. The following was found:

a) All purchase orders had been raised through the Oracle system and had been approved and receipted by authorised employees at the time. However, thirteen of the orders had been placed after the date of the invoice.

b) The same officer had requested, approved and receipted the purchases for eleven of the invoices tested. Whilst the Oracle system allows this, it is contrary to audit best practice and a potential weakness in the system. We wish to highlight this to management within the Service because if a division of duty is not introduced, it may result in the Service having to bear the cost of any possible loss.

2.1.2 Seven suppliers with cumulative expenditure of over £10,000 during the 2021/22 financial year were noted. Our enquiries revealed that quotations had not been obtained for any of the purchases and that Waiver requests or Contract Award Reports had not been completed.

2.2 Purchase Card Expenditure

2.2.1 Purchases made during the period July 2021 to June 2022 were reviewed and checked for compliance with the Council's Policy on the Use of Purchase Cards. The following was found:

a) One purchase had been approved by an officer in the Service Centre rather than by the Western Bay Adoptions Manager.

b) VAT had been incorrectly reclaimed at 20% for one purchase where part of the invoice had been charged at 0% VAT.

c) A VAT invoice was not held for two of the purchases although VAT had been reclaimed.

d) A monthly telephone line rental had been paid. This is not allowed by the Council's Policy.

e) There were a significant number of purchases made on all four cards in use by the Service and a number of transactions exceed the £100 limit stated in the Purchase Card Policy. Some the purchases should have been made using the Oracle system, with payment being made through Accounts Payable.

2.3 Travel & Subsistence Expenses

2.3.1 A sample of claims for travel and subsistence during the period April 2021 to June 2022 were reviewed and checked for compliance with the Council's Policy on Travel & Subsistence. The following was found:

a) A number of instances were found where the mileage claimed was higher than expected for the description of the journey recorded on Oracle. This was for staff numbers xxxxxx, xxxxxx, xxxxx and further investigation is being undertaken into the claims.

b) Home to work mileage had not been deducted by staff member xxxxxx.

c) Two journeys tested were outside of the Swansea and the Neath Port Talbot boundaries but were claimed as in county (these were by staff members xxxxxx and xxxxxx).

d) Reimbursement for play equipment, a Social Care Wales registration fee, and refreshments were claimed as "Subsistence" when this is not permitted in the Council's Policy. This was in respect of staff members xxxxxx, xxxxxx, xxxxxx and xxxxxx.

2.4 Personnel Records

2.4.1 A report of all employees allocated to the team's budget was obtained from Employee Services. This was presented to the Business, Performance and Marketing Manager and was found to be correct.

2.5 Grants

2.5.1 Enquiries revealed that the Service is in receipt of two grants. No claims are required to be completed and invoices are submitted twice yearly for the allocated amounts to Cardiff Council and Swansea Bay UHB who administer the grants. Confirmation was obtained that all grants had been received in full for the 2021/22 financial year.

2.6 GDPR

2.6.1 Employees GDPR mandatory training and the retention of physical/electronic records were discussed with the Business, Performance and Marketing Manager and the following was confirmed:

a) All staff had undertaken GDPR training with Neath Port Talbot CBC in the last two years.

b) No records are held outside the retention period.

2.7 Adoption Allowances

2.7.1 A sample of ten Adoption Allowances was selected and tested to confirm that the payments had been properly authorised, commenced on the correct date and had a review date. The following was found:

a) One of the expenditure authorisation memos had not been signed by an authorised officer.

b) For three cases which were approved prior to the inception of the Western Bay Adoptions Service, details of the Allowances awarded were held on the Apex system so these could not be confirmed.

c) All payments commenced on the correct date and had review dates in place.

2.7.2 A sample of three payments made in respect of young people over 18 years were reviewed and checked to ensure that evidence of continued education had been obtained. Testing proved satisfactory and we were advised that all allowances for

over 18s will be reviewed annually in July in future to ensure confirmation of continued education is received in time, so that no overpayments are made.

2.7.3 The sample of ten payments was checked to ensure that the payments are made at the correct rate, have been correctly calculated and are at least the minimum set by the Welsh Government. It was found that an exceptional circumstances review (child DM) recommended that the Welsh Government minimum allowance should be paid however this was stated in the expenditure authorisation memo to be £166.95 per week but at the time the minimum allowance was £177.00.

2.7.4 A sample of five placements was checked to ensure that the adopting adult(s) had completed the approval and matching process. This was confirmed, with extracts from the Adoption Panel meetings provided for all cases tested.

2.7.5 A sample of payment runs completed by the Control Team was selected for testing and it was satisfactorily confirmed that:

a) Each payment run had been checked and approved by a senior officer.
b) The interface with Accounts Payable is correct.

3. Conclusion

3.1 The Internal Audit Section operates a system of Assurance levels which gives a formal opinion of the achievement of the service's/system's control objectives. The Assurance levels vary over four categories: 'High', 'Substantial', 'Moderate' and 'Limited'.

3.2 Recommendations arising from this review are detailed in the attached Management Action Plan. Each recommendation has been prioritised according to perceived risk – High, Medium, Low and Good Practice. The overall Assurance level is based on the recommendations made in the report.

3.3 The description of each type of recommendation and also the basis for each of the Assurance levels is noted in **Appendix 1**.

3.4 Based on the audit testing undertaken, it was found that while some procedures were operating satisfactorily, there were a number where improvements are needed, particularly in relation to the procurement of goods and services, and the claiming of expenses by staff.

3.5 As a result, an Assurance Level of **'Moderate '** has been given. This indicates that 'the ineffective controls represent a significant risk to the achievement of system objectives'

3.6 We will contact you in due course to confirm that you have implemented the agreed recommendations.

3.7 This audit was conducted in conformance with the Public Sector Internal Audit Standards.

Appendix 1

Classification of Audit Recommendations

Recommendation	Description
High Risk	Action by the client that we consider **essential** to ensure that the service / system is not exposed to **major risks**.
Medium Risk	Action by the client that we consider **necessary** to ensure that the service / system is not exposed to **significant risks**.
Low Risk	Action by the client that we consider **advisable** to ensure that the service / system is not exposed to **minor risks**.
Good Practice	Action by the client where we consider **no risks** exist but would result in better quality, value for money etc.

Audit Assurance Levels

Assurance Level	Basis	Description
High Assurance	Recommendations for ineffective controls affecting the material areas of the service are not High or Medium Risk. Any recommendations are mainly Good Practice with few Low Risk recommendations.	There is a sound system of internal control designed to achieve the system objectives and the controls are being consistently applied.
Substantial Assurance	Recommendations for ineffective controls affecting the material areas of the service are not High Risk. Occasional Medium Risk recommendations allowed provided all others are Low Risk or Good Practice.	There is a sound system of internal control but there is some scope for improvement as the ineffective controls may put the system objectives at risk.
Moderate Assurance	Recommendations for ineffective controls affecting the material areas of the service are at least Medium Risk.	The ineffective controls represent a significant risk to the achievement of system objectives.
Limited Assurance	Recommendations for ineffective controls affecting the material areas of the service are High Risk.	The ineffective controls represent unacceptable risk to the achievement of the system objectives.