

## **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

### **MUNICIPAL YEAR 2014/15**

**COMMITTEE:**

**AUDIT COMMITTEE**

**6<sup>th</sup> May 2015**

<b>Item No. 4(a)</b>
<b>Finalised Audit Assignments 2014/15</b>

**REPORT OF:-**

**GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES**

**Author: Marc Crumbie (Operational Audit Manager)**

**(01443) 680779**

**1. PURPOSE OF THE REPORT**

This report provides Members with a summary of audit assignments completed between the period 7<sup>th</sup> March 2015 to the 10<sup>th</sup> April 2015.

**2. RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Note the contents of this Report.
- 2.2 Consider what comments and recommendations, if any, they wish to make.

**3. BACKGROUND**

- 3.1 In line with agreed procedures, I attach at **Appendix 1** a summary of audit assignments completed between the period 7<sup>th</sup> March 2015 to the 10<sup>th</sup> April 2015.
- 3.2 I have provided Members with the Auditor's stated opinion regarding the system or service examined.
- 3.3 Members will note that 9 assignments have been reported, none of which have any high priority recommendations.

3.4 The audit assignments summarised at **Appendix 1** are: -

	Number of Audit Recommendations			
	High	Medium	Low	Total
PLANNING SERVICES	0	1	9	10
CHILDREN'S DAY CARE SERVICES	0	9	4	13
TRANSITION PLANNING	0	3	4	7
DISPOSAL OF LAND & PROPERTY	0	1	2	3
HAWTHORN PRIMARY SCHOOL	0	5	4	9
LLWYNCRWN PRIMARY SCHOOL	0	3	3	6
PARCLEWIS PRIMARY SCHOOL	0	3	3	6
PENRHIWCEIBER PRIMARY SCHOOL	0	4	0	4
RHIGOS PRIMARY SCHOOL	0	7	1	8

**4. SUMMARY**

- 4.1 The regular provision of all summarised audit assignments to Audit Committee throughout the year is aimed at assisting Members in evaluating the effectiveness of Internal Audit work across all Council systems and services.
- 4.2 In doing so, it enables Members to form an opinion on the overall control environment prior to the closure of accounts process for 2014/15.

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**LOCAL GOVERNMENT ACT, 1972**  
**as amended by**  
**THE ACCESS TO INFORMATION ACT, 1985**  
**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**  
**LIST OF BACKGROUND PAPERS**  
**AUDIT COMMITTEE**  
**6<sup>th</sup> May 2015**

**Report of the Group Director, Corporate & Frontline Services**

Author: Marc Crumbie (Operational Audit Manager).

<b>Item</b>	<b>File Ref:</b>
3. Finalised Audit Assignments 2014/15	IA / MC
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## APPENDIX 1 – FINALISED AUDIT ASSIGNMENTS

<b>CHIEF EXECUTIVE</b>
<b>PLANNING SERVICES</b>
<b>Date: 30/03/2015</b>
<p><b>INTRODUCTION</b></p> <p>The responsibility for processing planning applications lies with Development Control and is delivered operationally by the Service Director, Planning, reporting to the Director of Regeneration and Planning.</p> <p>The objective of the service is to provide an effective and comprehensive system for processing, assessing and making a determination on planning applications submitted, in compliance with the Town and Country Planning Act 1990. For householder applications, application forms are completed, accompanied by plans drawn to scale, for consideration. A fee is charged in most circumstances for submitting an application; however, the amount will depend on the type of development. Applications are processed via the Acolaid database. Applications are decided in one of two ways, either by the Development Control Committee or by the Service Director under a Scheme of Delegation.</p> <p>Part 1 of Schedule 2 to the Town and Country Planning (General Permitted Development) Order 1995 (GPDO) provides permitted development rights for householders to undertake certain minor, uncontentious improvements and alterations to their properties without the need to make a planning application. The Town and Country Planning (General Permitted Development) (Amendment) (Wales) Order 2013 substitutes in its entirety a new Part 1 to the GPDO to allow individuals more flexibility to develop their property without the need to submit a planning application.</p>
<p><b>AUDIT OPINION</b></p> <p>Overall the control environment in relation to the management of Householder Planning applications and Permitted Development Rights is considered to be effective with opportunity for improvement.</p> <p>The process for managing Householder Planning applications was found to be effective with opportunity for improvement. Testing was undertaken on a sample of 10 householder applications, with the entire process reviewed, including the Validation Process, fee payments, the process involved in making a decision and information recorded to support the process. Recommendations made within the report relate to inconsistency of data recorded on Acolaid and the information retained on file. Assurance can be provided that all of the required 'steps' had been followed.</p> <p>The process for managing Permitted Development applications for a Certificate of Lawful Use was found to be effective with opportunity for improvement. Testing was undertaken on a sample of 15 householder applications, with the entire process reviewed, including the Validation Process, fee payments, the process involved in making a decision and information recorded to support the process. Recommendations relate to inconsistency of data recorded on Acolaid, and Info@Work, as there is no file protocol (a checklist), in place. Assurance can be provided that all of the required 'steps' had been followed. By implementing the associated recommendations contained within the report, Management will enhance further the standard of control.</p> <p><b>No High Priority Recommendations Made</b></p>

## COMMUNITY & CHILDREN'S SERVICES

### CHILDREN'S DAY CARE SERVICES

Date: 08/04/2015

#### INTRODUCTION

Day nurseries provide registered childcare for young children from birth to age five. They usually open from early morning to early evening, Monday to Friday, all year round. They offer a caring, safe, stimulating environment either as full day care or part-time care for babies and pre-school children. There are 5 Day Nurseries which are run by Rhondda Cynon Taf, which offer this facility, and which fall under the responsibility of the Group Director, Community and Children's Services. Four of the five Day Nurseries are now regarded as a 'Flying Start' provision whereby grant funded daily childcare for 2.5 hours per day 5 days per week, 42 weeks per year is provided to children aged 2-3 from the Flying Start eligible areas.

#### AUDIT OPINION

Overall, the control environment in our Community Day Nurseries is considered to be effective with opportunity for improvement. Each Nursery has a Safeguarding and Child Protection policy, which has recently been subject to review and revision by Management. Testing identified that all Staff have received the appropriate DBS clearances before commencing in their post. It was also established that comprehensive training records for all staff in respect of Child Protection are held at each location. No delays with billing for childcare were noted as there is a robust system in place at each Nursery which is adhered to monthly. However; staff at each Nursery are not made aware of non-payment of childcare invoices. In order to address this situation, and alongside the normal debt recovery process, Management should consider implementing a monthly monitoring exercise whereby if the service is still being provided, non-payment of fees is addressed immediately. Inconsistencies were noted between the Nurseries in respect of the Unofficial Fund. Whilst there is no fund in operation at Aberaman, and, the funds are not widely used, where they are being used, they are not always being used for their intended purposes. At 2 locations, some items of expenditure were deemed inappropriate and would be more appropriately financed from the budget account in future (items associated with the garden and items purchased from supermarkets to support daily activities). Each of the nurseries has one Purchase Card in use, which are used as the main method of purchasing. Overall, there is a sufficient audit trail in respect of the Purchase Card transactions made; however there are inconsistencies in respect of the controls in place at each Nursery; for example, there is no formal Transaction Log being maintained in 2 Nurseries and the Transaction Log is not being completed in a timely manner in another. Finally, 4 of the 5 Nurseries are now regarded as a Flying Start provision whereby grant funded daily childcare for 2.5 hours per day 5 days per week, 42 weeks per year is provided to children age 2 to 3 from the Flying Start eligible areas. Hence the number of fee paying places and children attending has reduced. Penygawsi Nursery is not located in a Flying Start area and as such relies solely on fee paying children attending. Implementing the recommendations contained in the report will further enhance the current levels of control. **No High Priority Recommendations Made**

## TRANSITION PLANNING

Date: 10/03/2015

### INTRODUCTION

In the context of this review, transition is the term used to describe the process of children moving to adulthood. This sees individual's move from Children's Services to Adult Services and from Schools or residential schools to further education, residential colleges, day services or employment.

The Council has recently revised its existing Transition Protocol, which details the necessary planning processes to be followed from Year 9 (academic year of a child's 14th Birthday) to Year 14 (or equivalent age). A transition plan should be established which draws together information from a range of individuals within and beyond School in order to plan coherently for the young person's transition into adult life.

### AUDIT OPINION

Overall, the control environment is considered to be effective with opportunity for improvement.

Since the previous audit review, the Transition Protocol has been reviewed and updated. Improvements include enhancing the referral documentation to incorporate Parent/Carer sign-up and defining timescales for the completion of necessary steps in the transition process.

Examples of the implementation of the Protocol in our sample were limited, given that the new document has only been operational for a short period of time. While some examples of the new referral paperwork were noted, they were completed in respect of young people whose referrals ought to have been completed prior to the introduction of the new Protocol. Delays in the completion of referrals since the new Protocol were also evident, with only 8 of the 40 young people who turned 14 or 16 in this period, having been referred to Adult Services. Management should consider how best to address the backlog in referrals, to help ensure that the timescales defined in the Transition Protocol can be better observed.

Systems to record and track referral information had been established by both the Disabled Children's Team and the Adult Locality Team visited during fieldwork. As at the time of review, the eligibility for Adult Services of all the young people who will turn 18 during 2015 had already been determined. Mechanisms such as the quarterly strategic and operational transition meetings are also in place.

Although the operational transition panel has been established, the role and remit of this function has not been formally documented. Management should consider developing terms of reference to ensure the Panel's responsibilities are defined. Similarly, the arrangements for monitoring the implementation of the protocol have not been agreed. The extent, frequency and responsibility for monitoring should be formalised in order for the effectiveness of the Protocol to be assessed on a periodic basis.

**No High Priority Recommendations Made**

## CORPORATE & FRONTLINE SERVICES

### DISPOSAL OF LAND & PROPERTY

Date: 30/03/2015

#### INTRODUCTION

The responsibility for the Disposal of Land and Property lies with the Group Director, Corporate and Frontline Services. It is administered within the Corporate Estates Division and is delivered operationally by the Head of Corporate Asset Management and Support Services.

When a site / property has been identified for disposal, the disposals team comprising of 3 officers has to decide on the preferred method of disposal.

In the period April 2014 to January 2015, 46 sites have been completed which amounted to £2,936,850 with a further 14 sites nearing completion.

#### AUDIT OPINION

Overall, the control environment in relation to the disposal of land and property is considered to be effective.

With regards to the specific objectives examined, although there was a comprehensive Property Disposal Procedures Manual in place which had been amended by the current Acquisitions and Disposals Manager in August 2014, it was established that:-

- The manual does not always contain key features or processes, for example when disposing of a site at auction, it does not refer to the setting of a reserve price or which Auction House to use.
- The manual requires further details to assist each case officer when disposing of a site, for example, specific details as to where the signboards are held, within how many days the administration assistant should be made aware of an Open Market sale and the commission charged by the auction houses.

For a sample of sites it was established that case officers are following the manual; however minor issues of non compliance were identified. Typically records are being marked to indicate tasks being completed, however the case / authorising officers are not always completing the full dates or signing to indicate the task being undertaken or approved.

Implementation of the recommendations contained within the report will enhance the management controls already operating.

**No High Priority Recommendations Made**



## EDUCATION & LIFELONG LEARNING

### HAWTHORN PRIMARY SCHOOL

Date: 09/03/2015

#### INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of the financial and governance arrangements in place at the school. The process requires primary schools to complete a self-evaluation checklist against expected controls.

#### AUDIT OPINION

Overall, the control environment relating to the School's financial administration is considered to be effective with opportunity for improvement.

While the School has a Child Protection policy in place, it has been over 12 months since its last review and it could not be evidenced that it had been endorsed by the Governing Body. A record of DBS checks was in place and the School use the Evolve system to document and authorise all planned trips.

Dinner money is updated to SIMS and banked promptly, and the School have established arrears procedures in conjunction with the half termly reporting process to Catering Finance. Testing identified that free school meals were only provided to those for whom eligibility had been confirmed. Notwithstanding this, there were issues identified in regards to the number of meals ordered to meals served, which could be attributed to the initial completion of the class registers and recording of late pupils.

Records in respect of the School Private Fund indicate the account is well administered. The Treasurer maintains detailed records, and all income and expenditure transactions had an adequate audit trail. The account is reconciled and income is banked promptly. All expenditure apart from one transaction (£20.00) is deemed for the benefit of the pupils.

The school have one Purchasing Card in use, which is used regularly. There was a sufficient audit trail in respect of Purchase Card transactions, and the records kept were evidently reconciled upon receipt of the bank statements.

In regards to purchasing, all procedures are administered appropriately and in accordance with guidance. The only issue found was in regards to leases, whereby the school are unsure whether authorisation for the two leases they are committed to was obtained from Education Finance beforehand.

Implementing the recommendations contained in the report will further enhance the current levels of control.

**No High Priority Recommendations Made**

## LLWYNCRWN PRIMARY SCHOOL

Date: 11/03/2015

### INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of the financial and governance arrangements in place at the school. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Llwyncrwyn Primary School was last subject to an Internal Audit Review in November 2009, and this is the third cyclical visit made to the school to examine progress made under the self-evaluation process.

### AUDIT OPINION

Overall, the control environment is considered to be effective with opportunity for improvement.

The School have a Safeguarding and Child Protection policy, which is reviewed annually. Testing identified that all staff received the appropriate clearances before commencing duties in their posts. However, whilst it was established that Safeguarding and Child Protection training for the whole school was undertaken in February 2014 there is uncertainty as to the level of training that was received as no formal certificates had been provided by the Course Administrator. Therefore, the School should seek to establish the levels of training that staff received and assess whether this is adequate. If deemed inadequate, further Safeguarding Training sessions should be arranged with the Council's Safeguarding Officer. Following this, the School are advised to collate details of all training undertaken and develop a central training record to ensure that training requirements are reviewed on a regular basis i.e. annually.

There is inconsistency in the completion of the income records associated with the School Private Fund as the Treasurer does not always record details of all income received. All expenditure transactions have an adequate audit trail and all expenditure incurred is solely for the benefit of the pupils. The only issue noted relates to a fund auditor being appointed as a cheque signatory, which is not permitted.

There are 2 Purchase Cards at the school, and receipts were present to support all items of expenditure examined. However, although a Transaction Log is in place, the log currently in use is not in the recommended format included within the Purchase Card notes of guidance. Similarly, where the Purchase Cards are shared between other members of staff, the logs currently in use are not in the recommended format.

In terms of the School Purchasing system, the school has recently given up its chequebook status and payment of invoices is now made via Education Finance based at the Council's Bronwydd site.

Dinner money is updated to SIMS and banked promptly, and the School manage their arrears in line with the Catering Finance School Meal Protocol.

Testing identified that free school meals are only provided to those for whom eligibility has been confirmed and retained.

Implementing the recommendations contained in the report will further enhance the current levels of control.

**No High Priority Recommendations Made**

## PARCLEWIS PRIMARY SCHOOL

Date: 09/03/2015

### INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of the financial and governance arrangements in place at the school. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Parc Lewis Primary School was last subject to an Internal Audit Review in February 2010, and this is the third cyclical visit made to the school to examine progress made under the self-evaluation process.

### AUDIT OPINION

Overall, the control environment relating to the School's financial administration is considered to be effective with opportunity for improvement.

The School has a Child Protection policy in place which is reviewed annually, and endorsed by the Governing Body. Training undertaken in respect of Safeguarding was evident. A record of DBS checks was in place and the School use the Evolve system to document and authorise all planned trips.

In regards to Purchasing, procedures are generally administered appropriately and in accordance with guidance. However the school were unsure of how purchase orders and non-orders should be administered on SIMS, on occasions instances were noted where orders were not raised on SIMS or authorised by the Headteacher until after the goods and invoice were received. The school are also unsure whether they sought prior approval from Education Finance for the three current leases they are committed to.

Records in respect of the School Private Fund indicate the account is well administered. The Treasurer maintains detailed records, and all income and expenditure transactions had an adequate audit trail, although there are occasions whereby income records are not signed or dated to confirm the handing over of income to the clerk. The account is reconciled regularly and income is banked promptly. Based on our sample, all expenditure incurred is solely for the benefit of the pupils.

The school have one Purchasing Card in use, which is used regularly. There was a sufficient audit trail in respect of Purchase Card transactions and the card is reconciled on a monthly basis; however it was found that the manual purchase log maintained by the clerks was not up to date and did not detail recent purchases which appeared on the Purchase Card system.

Dinner money is updated to SIMS and banked promptly, and the School have established arrears procedures in conjunction with the half termly reporting process to Catering Finance. Testing identified that free school meals were only provided to those for whom eligibility had been confirmed.

Implementing the recommendations contained in the report will further enhance the current levels of control.

**No High Priority Recommendations Made**

## PENRHIWCEIBER PRIMARY SCHOOL

Date: 11/03/2015

### INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of the financial and governance arrangements in place at the school. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Penrhiwceiber Primary School was last subject to an Internal Audit Review in June 2010, and this is the third cyclical visit made to the school to examine progress made under the self-evaluation process.

### AUDIT OPINION

Overall, the control environment is considered to be effective with opportunity for improvement.

The School have a Safeguarding and Child Protection policy, which has recently been subject to review and revision. Testing identified that all staff received the appropriate clearances before commencing in their post. It was indicated that training for the whole school was undertaken in May 2013 although this was not evident and the School are advised to develop a central, collated training record following this review. The school used the Evolve system to document and authorise all school trips within our sample.

Testing of the School Private Fund identified that despite there being uncertainty as to whom had been appointed as Auditors, overall, sufficient audit trails were evident for all income and expenditure transactions. Notwithstanding this, some items of expenditure were deemed as inappropriate and would be more appropriately financed from the budget account in future. (Costs associated with grass cutting, floor polish, weed killer, garden equipment and travel expenses for the Headteacher).

Dinner money is updated to SIMS and banked promptly, and free school meals are only provided to those for whom eligibility has been confirmed.

The school have one Purchasing Card in use. There was a sufficient audit trail in respect of all Purchase Card transactions, and the card is reconciled monthly.

Finally, although the School are a non-chequebook school and all invoices are sent to and paid via the School Support team in Bronwydd, it was established that following advice provided by the Procurement Unit, the School no longer use SIMS or any other method to record orders. With no formal record of any orders available at the school, the School are unable to demonstrate that orders have been properly authorised by the budget holder, or cross-reference items received.

Implementing the recommendations contained in the report will further enhance the current levels of control.

**No High Priority Recommendations Made**

## RHIGOS PRIMARY SCHOOL

Date: 10/03/2015

### INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of the financial and governance arrangements in place at the school. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Rhigos Primary School was last subject to an Internal Audit Review in October 2010, and this is the third cyclical visit made to the school to examine progress made under the self-evaluation process.

### AUDIT OPINION

Overall the control environment at the school is effective with opportunity for improvement.

The school has a Child Protection Policy that is reviewed annually, and the school have adopted the RCT staff disciplinary procedures, which have been agreed by Governors. All staff have appropriate DBS checks.

There are 2 members of staff at the School who have undertaken Level 3 Child Protection and Safeguarding training and Level 1 training was provided to all staff in October 2013. There is a whole school certificate at school from this training, with a record held detailing each member of staff who attended.

The Evolve system was used to document and authorise all school trips within our sample.

The School Private Fund requires improvement.

The School Private Fund Regulations have been developed with the intention of guiding and protecting the individuals involved when administering the School Private Fund. The recently appointed School Clerk should familiarise herself with the document to ensure that she is fully aware of the procedures to be followed on a daily basis and to adhere to them, such as introducing a formal Private Fund Ledger, at the start of each academic year and updating it as and when a financial transaction takes place and completing a formal Bank Reconciliation exercise at the end of each month. Furthermore, care should also be taken to ensure that banking of Private Fund income is undertaken frequently, in accordance with the recommendations contained within the document. The School are reminded that in the event of any uncertainty, help and advice should be sought.

There is a sufficient audit trail in respect of evidence being available that supports expenditure via the Purchase Card. However, no formal Transaction Log is being maintained to record details of all purchases made on an ongoing basis.

Records in respect of School Dinner money indicate the system is well administered, free school meals are only provided to those for whom eligibility has been confirmed and SIMS is updated with dinner money payments on a timely basis. However, banking of dinner money should be undertaken weekly rather than monthly and management should address the lack of an independent check of the dinner money records by an independent member of staff.

The weekly banking returns should be examined and certified by the Headteacher to demonstrate that an independent check has taken place in future.

Implementing the recommendations contained in the report will enhance the current levels of control.

**No High Priority Recommendations Made**

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