

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

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

**COMMITTEE:**

**AUDIT COMMITTEE**

**30<sup>th</sup> October 2014**

<b>Item No. 5</b>
<b>Finalised Audit Assignments 2014/15</b>

**REPORT OF:-**

**GROUP DIRECTOR, CORPORATE 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 1<sup>st</sup> September and 14<sup>th</sup> October 2014.

**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 1<sup>st</sup> September and 14<sup>th</sup> October 2014.
- 3.2 I have provided Members with the Auditor's stated opinion regarding the system or service examined and have summarised the high priority recommendations made together with the management response and the anticipated implementation date for each agreed recommendation.
- 3.3 Members will note that, of the 12 completed assignments; 3 resulted in at least one high priority recommendation being made.

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

- CREDITORS
- LEGAL SERVICES - CHILDCARE

**EDUCATION & LIFELONG LEARNING**

- CATERING SERVICES
- CWMLAI PRIMARY SCHOOL
- FERNDAL COMMUNITY SCHOOL
- LLANILLTUD FAERDREF PRIMARY SCHOOL
- PUPIL ABSENTEEISM
- Y PANT COMPREHENSIVE SCHOOL (follow-up)
- YG RHYDYWAUN
- CARDINAL NEWMAN ROMAN CATHOLIC COMPREHENSIVE SCHOOL

**ENVIRONMENTAL SERVICES**

- LEISURE ESTABLISHMENT REVIEW - RHONDDA
- LLWYDCOED CREMATORIUM
- PARKING SERVICES

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**  
**30<sup>th</sup> October 2014**

**Report of the Group Director for Corporate Services**

Author: Marc Crumbie (Operational Audit Manager).

<b>Item</b>	<b>File Ref:</b>
5. Finalised Audit Assignments 2014/15	IA / MC
Contact Officer: Marc Crumbie Operational Audit Manager Bronwydd House Porth CF39 9DL Tel. No. (01443) 680779	



## APPENDIX 1

## FINALISED AUDIT ASSIGNMENTS

## CORPORATE SERVICES

## CREDITORS

Date: 11/09/2014

## INTRODUCTION

The overall responsibility for Creditors lies with the Group Director, Corporate Services and is managed by the Senior Team Leader - Payments, reporting to the Head of Service, Pensions, Payroll and Payments. Many of the system functions have been de-centralised with approximately 117 active 'user sites' across the Council. Creditor payments are made via the Civica Financials System, either via the invoice-order matching process, if ordered through the e-procurement module or via the batch payment method.

## AUDIT OPINION

Changes to Creditor Account Information

The control environment relating to the processing of changes to creditor customers account details is considered to be effective. Given the potential risks involved with this area and in light of numerous high profile attempts by fraudsters submitting correspondence to neighbouring Councils, thorough checking processes must be (and are) in place.

The Creditors Team are the only section who can make changes to Creditor accounts and they have introduced an effective system of control with all possible checks made to ensure that any requests to alter any details on a creditor's account are checked directly with the company / individual (to ensure legitimacy) prior to making any alterations. The processes in place are considered robust and effective. These processes were put into practice in July 2014 when a fraudulent attempt by a third party was identified by the Creditors Team and all necessary checks were followed prior to processing any changes. This information was shared with other appropriate/concerned parties.

Duplicate Payments

The control environment surrounding the identification and prevention of duplicate payments is considered to be effective with the opportunity for improvement. The Creditors Team have in place a dedicated software package which allows all invoices processed to be analysed using relevant fields i.e. invoice numbers and amounts, and compares them to previous/historic data. Where duplicate entries are identified, a report is generated and sent to the Creditors Team for review. Any inappropriate duplicates are then cancelled or stopped prior to them actually being processed and this has helped reduce the number of duplicate payments requiring recovery action. It is noted that the data used for this review also includes payments to incorrect suppliers.

The Creditors system has many built-in internal control mechanisms, one of which generates an error/warning message when a 'potential duplicate payment' is being made. However, this message can be easily overridden by the user by selecting the 'YES' option which will allow them to continue to input the invoice for subsequent authorisation. From the testing undertaken it is likely that staff are either ignoring or not reading the message correctly hence contributing to the number of duplicate payments processed. It was noted that whilst the Team has a complete set of guidance notes, at the time of the review, the Council's intranet site (Inform) was being redesigned and much of the information contained thereon was unavailable. Inform was recently re-launched, the Creditors Team can take this opportunity to update (if necessary) their suite of guidance documents and should at the earliest opportunity ensure that their documents are available on Inform and issue a global e-mail to all users to inform them of this.

**No High Priority Recommendations Made**



## LEGAL SERVICES - CHILDCARE

Date: 01/10/2014

### INTRODUCTION

The objective of the service is to provide an effective and comprehensive legal service to the Council, its elected members and staff, ensuring that the Council carries out all aspects of its functions lawfully and to provide assistance in achieving the Council's policies/aims. The responsibility for the service lies with the Legal and Democratic Services Division and is delivered operationally by the Principal Solicitors reporting to the Director of Legal and Democratic Services.

For some of the services provided, officers may be required to handle clients' monies, in the form of fees incurred by the instructing department, and the purchase of Council assets. In some other cases, the service may be required to take receipt of bond money.

### AUDIT OPINION

Overall, the control environment in relation to the management of clients' fees and income received is considered to be effective with opportunity for improvement.

Testing was undertaken on 27 client files (10 Litigation, 9 Planning and 8 Property files) which had been closed in 2013/2014 and 2014/2015 to ascertain the appropriateness of the records relating to clients' monies and legal fees.

Evaluation and testing was also undertaken on the following areas:

- central income records;
- opening of mail;
- logging income;
- security of income received;
- coding of income;
- banking protocols; and
- income reconciliation.

The process for opening the mail and logging cheques received via a cheque logging database was found to be robust. Cheques were issued with a unique reference number and receipted via Case Management and Webpaystaff.

Banking protocols were also found to be fit for purpose, with banking undertaken at appropriate intervals, depending on the volume and value of payments received and urgency of banking required.

The process for coding income was also found to be appropriate.

**No High Priority Recommendations Made**





## EDUCATION & LIFELONG LEARNING

### CATERING SERVICES

Date: 22/09/2014

#### INTRODUCTION

Primary School Meals are provided by the Council's Head of Catering Services & Schools Facilities Services under the governance of the Director of Education and Lifelong Learning.

In some cases, meals are prepared at a central kitchen and delivered to Schools, and in other cases meals are prepared in kitchens at the School itself. In either event the School will place an 'order' with the Catering Service for the number of meals required on any given day.

School-based staff are responsible for collecting and banking income into the Council's bank account.

The Council reimburses the Catering Service via the Main Accounting System for the value of meals ordered.

Meal numbers, together with other key information, are recorded by Catering Officers and School Staff via the 'PSM 3' form and the SIMS system respectively, which are considered as the prime documents of the process.

There are 11 kitchens that produce approximately 233,000 meals per year in total and deliver them to 24 Primary schools. There are 100 Primary schools with kitchens at the school that produce approximately 1,709,000 meals per year.

The Council receives approximately £2.2m Primary School Meals income per year.

#### AUDIT OPINION

The overall assessment is that the process of recording Primary School Meals is effective with opportunity for improvement.

The recording process itself remains fit for purpose. However, whilst there is no compulsion to change the process, the option of upgrading the Saffron system should be considered. In practice, an upgrade would mean that prime data (meal numbers) would be provided directly by Catering Direct, and from the sample tested in this review, assurance can be given that meal numbers are being accurately recorded / reported by Cooks, and consequently could be relied on to provide accurate input to the Saffron system.

We found that every variance between Client / Contractor numbers - however small - was investigated.

The current practices are well understood, however they have not been formally documented and issued as guidance to Officers. Documenting the system will formalise the process and can also provide an opportunity to review any tolerance levels, trigger points and actions required by Officers responsible for monitoring meal number submissions.

Recommendations made within the Internal Audit report are of a 'housekeeping' nature, including incomplete returns, details omitted from PSM3 forms and/or discrepancies between numbers supplied via different channels. Notwithstanding the low value of some variances, this is an opportune time to confirm what information is required, and in what format it should be recorded, and to remind Officers of the need to complete returns in full.

**No High Priority Recommendations Made**



## CWMLAI PRIMARY SCHOOL

Date: 29/09/2014

### INTRODUCTION

The self-evaluation process is designed to help and advise Headteacher's and support staff to evaluate the effectiveness of their financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Cwmlai Primary School was last subject to an internal Audit Review in April 2010, and this was 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 and governance arrangements is considered to be effective.

Although the School has developed a Child Protection policy, it was not evident whether it has been reviewed or presented to the Governing Body for several years. Training undertaken in respect of Safeguarding was evident on an individual basis but the School are advised to develop a central, collated record. A record of DBS checks was in place but requires minor amendments to reflect recent staffing changes. The EVOLVE system is used to document and authorise all planned trips.

Records in respect of the School Private Fund demonstrated the account is well administered. The Treasurer maintains detailed records, and all income and expenditure transactions had an adequate audit trail. The account is regularly reconciled and income is banked promptly. 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.

The maintenance of the budget on SIMS is generally good, and notwithstanding some minor delays in updating the system on some occasions, the system accurately reflects all income due and expenditure incurred. The School have established a virement record that is used to document all amendments to the budget, which is countersigned by the Headteacher.

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 and retained.

**No High Priority Recommendations Made**



## FERNDALE COMMUNITY SCHOOL

Date: 23/09/2014

### INTRODUCTION

Ferndale Community School is an English Medium 11-18 school of 625 pupils, of whom 125 are in the sixth form. It takes pupils predominantly from the Rhondda Fach Valley. The percentage of pupils claiming free school meals is 36%.

The total budget for the School for the current financial year is £3,213,798.65. Ferndale Community School was last subject to a routine audit visit in May 2011.

### AUDIT OPINION

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

#### Governance & Safeguarding

School Governance was effective with no issues noted. The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body and its sub committees have the requisite number of members and quorate levels for meetings are achieved. All statutory policies are present and have been formally approved.

Good practice is noted in that the School has established relevant Safeguarding Policies and our audit testing has confirmed that no staff commence employment at the school prior to the completion of pre-employment checks. However, the School should develop a central training record to demonstrate the date and levels of Child Protection training received by all School staff.

#### School Income & Hire of Facilities

The control environment relating to the operation of the swimming pool is insufficient and requires improvement. There is a lack of control in respect of the collection of income, monitoring of non-payment of gym membership fees and pool parties. This requires immediate improvement.

Whilst the tasks undertaken by individual members of the Finance team are on the whole effective, there is inconsistency in managing the hire of School facilities.

In accordance with the system intended by the school, it is imperative that for each School letting (including the pool), an official Booking Form is completed by the hirer and authorised by the Headteacher in order to improve the control environment.

#### School Private Fund

This report highlights a need to promote consistency amongst teaching staff in relation to the maintenance and retention of School Trip records. In order to improve the control environment further, a standard trip procedure should be established, and all staff should be reminded of the importance of retaining all records whilst ensuring that School trips are paid in full and refunds are made in accordance with the School Private Fund Regulations.

#### Petty Cash

The control environment in the administration of the Petty Cash Account is effective, with high level risks being adequately controlled. However, there is the exception that purchases made by one department exceed the expenditure limit set by the School each time a reimbursement claim is made. Management should either consider increasing the Petty Cash limit or consider alternative arrangements for the department to facilitate these types of purchases.

The implementation of the recommendations made within the Internal Audit report will enable the Headteacher to enhance the standard of administration at the School.

Ref. No.	High Priority Audit Recommendations made & Agreed by Management	Agreed Implementation Date
5.1.1	<p><b>AGREED RECOMMENDATION</b></p> <p>The School should review the practices in place at the pool immediately.</p> <p>The 'Hire of Premises Policy' which has already been introduced at the school and which includes all Terms and Conditions of hire and payments should be updated to include provision for the Swimming Pool.</p> <p>A formal record should be introduced to document all agreed hires. This should also reflect actual usage and (where applicable) facilitate the billing process.</p> <p>Formal income records should be introduced which should be reviewed by someone independent of the receipting process and reconciled to the income banked.</p> <p>A system should be introduced which records all gym members and membership fees paid which can then be used to monitor on a monthly basis.</p> <p>It should also be ensured that Management at the school regularly review the processes and records held at the Swimming Pool.</p> <p><b>MANAGEMENT RESPONSE</b></p> <p>The 'Hire of Premises policy' is in the process of being updated to include provision for the swimming pool.</p> <p>Management will ensure that formal records for pool hire are completed, which includes formal application forms.</p> <p>Payment in full must also be made prior to the booking taking place.</p> <p>The monitoring of gym membership payments has been considered but due to the lack of active members is currently not a priority. However, this will be addressed when resources become available.</p> <p>The monitoring of pool processes and records will be undertaken regularly by the Finance staff in line with all other forms of income at the school and a file to demonstrate this will be held centrally in the finance office.</p>	31 December 2014

## LLANILLTUD FAERDREF PRIMARY SCHOOL

Date: 02/09/2014

### INTRODUCTION

The self-evaluation process is designed to help and advise Headteacher's and support staff to evaluate the effectiveness of their financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Llanilltud Faerdref Primary School was last subject to an internal Audit Review in July 2008, and this was 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 considered to be effective.

The school has devised the relevant Safeguarding policies which are reviewed on an annual basis. All staff members have received relevant training for Child Protection and all staff received DBS checks prior to commencing employment. Although school trips are routinely updated onto the Evolve system there was one exception to this where a school trip was undertaken without the Headteacher's authorisation on the Evolve system.

The School Private Fund was well run and administered and the annual certificate has been completed and sent to Education Finance. Bank statements are being received at the school on a monthly basis and are reconciled to the subsidiary records. Banking of income is undertaken regularly and recorded appropriately. Expenditure is being incurred solely for the benefit of the school.

The Purchase Card records are updated as soon as a purchase is made so the transaction log is kept up to date. All expenditure incurred through the Purchase Card is in line with the Cardholder Manual and all receipts are retained.

Dinner money is banked promptly and securely retained at the school. The school pursues all dinner money arrears and a return of all pupils in arrears is submitted to Catering Finance every half term. Free school meals are only being provided to pupils who have been given confirmation of eligibility which is retained at the school.

All purchase orders are raised prior to the receipt of goods. All copy orders are signed and dated and with invoice details recorded.

**No High Priority Recommendations Made**





## PUPIL ABSENTEEISM

Date: 22/09/2014

### INTRODUCTION

The Attendance and Wellbeing Service provides support to Schools, Pupils and their families to ensure regular attendance and address any difficulties relating to absenteeism. It provides a link between home and school to ensure pupils benefit from the education available to them. The Service also acts on behalf of the Council in its statutory enforcement capacity.

Schools have responsibility to monitor individual attendance rates weekly and use their own intervention methods to tackle individual pupil attendance where the rate is 86% and above. A referral to the Attendance and Wellbeing Service is required from the school when an individual's attendance falls to 85% or below over a six week period and there is no exceptional reason for this.

### AUDIT OPINION

The audit review concludes that, in respect of the objectives examined, the control environment is effective with opportunity for improvement.

Each of the Schools visited during the review had their own established intervention methods to address attendance concerns on an individual pupil basis. While there were minor differences in their format and delivery, they were all documented via their School policies and ultimately had the same aim to improve attendance with a clear escalation process prior to referral.

The average attendance percentage at the point of referral for those sampled during testing was 72.1%, compared to the 86% advised referral threshold, with examples at all Schools of sub 86% pupils who were yet to have been referred. On the whole, where the sampled Schools had not yet referred a pupil, or were 'late' in doing so, the level of contact and/or nature of absences which meant that a referral had not been an appropriate course of action at that time was evident. While the Attendance and Wellbeing Service advise that referrals are not always necessary where there are 'genuine and exceptional' circumstances, they currently lack a formal process to regularly identify and challenge Schools on the timeliness of their decision to refer (or not). This means opportunities to seek assurance on guidance interpretation and intervention methods, as well as identifying pupils who require assistance, may be missed.

Upon receipt into the Attendance and Wellbeing Service, referrals are allocated to an Officer and all details of the case are recorded via established workflows on the Tribal system. Sample testing of cases allocated to four Officers identified minor issues in relation to the accuracy and completeness of case information on the system (such as more than one 'live' referral and/or intervention), as well as the need to ensure all relevant documentation is attached as required. These were not considered to be indicative of overall control weaknesses.

For a number of those sampled cases, there were examples noted where the due dates for the completion of a specific workflow step were being exceeded, or were recorded as having started and ended on the same day (where this would not have been possible). While it is accepted that the nature of the work to engage with people does not always follow the desired pattern, the extent to which Officers documented the rationale for slippage/adjustment of dates was inconsistent and therefore the legitimacy of some delays could not be easily established.

The report recommends that Management consider developing a formal, regular supervision process, where case progress can be discussed and administrative 'housekeeping' issues can be identified and addressed with individual Officers. This will facilitate a structured assessment of current case management in order to promote continuous development and re-iterate requirements to staff on a regular, rather than reactive or ad-hoc, basis.

**No High Priority Recommendations Made**

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Y PANT COMPREHENSIVE SCHOOL		
Date: 29/09/2014		
<p><b>INTRODUCTION</b></p> <p>Y Pant Comprehensive School was last subject to a routine Internal Audit visit in February 2013. Following the presentation of the report to Audit Committee on the 29th July 2013, a follow-up review, to ascertain whether recommendations made at the time have been successfully implemented, was requested.</p>		
<p><b>AUDIT OPINION</b></p> <p>This follow up review has identified that the overall control environment in relation to the School's financial arrangements is insufficient and continues to require improvement; despite assurances that all of the previous recommendations had been implemented.</p> <p>It is accepted that the School has shown commitment to addressing the recommendations raised during the previous review. Whilst some steps to address the issues have been noted, further work is required to strengthen the control environment.</p> <p>Audit testing confirmed no examples of staff commencing in post prior to the completion of pre-employment checks and no staff have been in receipt of salary / loans through the School Budget. The School Child Protection Policy has been reviewed. Notwithstanding this, not all staff have completed formal Safeguarding training.</p> <p>The school continues to be over reliant on one member of staff and financial control may not be maintained in his absence, thus leaving the school in a vulnerable position with financial systems not adequately safeguarded.</p> <p>The same member of staff responsible for undertaking bank reconciliation should not be responsible for the banking of income nor the processing of receipts.</p> <p>As reported previously, a review of the responsibilities of the administrative / finance staff currently employed at the school should be undertaken to ensure that an adequate division of duties exists.</p> <p>The current office arrangements for the administrative staff restrict their ability to work cohesively and share information consistently. The Headteacher should seek to identify alternative accommodation that will allow the team to work together.</p> <p>Since the previous review, the responsibility for the administration of the School Private Fund has been delegated to a member of the Support Staff, whilst there is an improvement in the administration of the fund, this review has identified many of the same / similar issues that were reported to and agreed by management previously.</p> <p>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 Fund Treasurer should familiarise himself with the document to ensure that he is aware of the procedures to be followed on a daily basis and to adhere to them. The School are reminded that in the event of any uncertainty, help and advice should be sought.</p> <p>Implementation of the recommendations contained in the report will assist the Headteacher in improving the current distribution of roles and responsibilities and in doing so, enhance the standard of financial administration at the school.</p>		
Ref. No.	High Priority Audit Recommendations made & Agreed by Management	Agreed Implementation Date
5.1.1	<p><b>AGREED RECOMMENDATION</b></p> <p>As a minimum, Level 1 Safeguarding training should be arranged for all 56 staff as soon as possible.</p> <p><b>MANAGEMENT RESPONSE</b></p> <p>A level 1 safeguarding staff training event has recently been held in school.</p>	31 October 2014

Ref. No.	High Priority Audit Recommendations made & Agreed by Management	Agreed Implementation Date
	There are currently 11 members of casual staff who will be trained in an event scheduled for October.	
5.1.11	<p><b>AGREED RECOMMENDATION</b>  A statement of account should be prepared detailing income received and expenditure incurred at the conclusion of each trip and passed to the Fund Treasurer for retention.  The statement should be signed and dated by the Trip organiser as confirmation of the amounts involved.</p> <p><b>MANAGEMENT RESPONSE</b>  Trip organisers have been reminded of their responsibility to submit a statement of account at the conclusion of each trip.</p>	Implemented
5.1.9	<p><b>AGREED RECOMMENDATION</b>  In accordance with the School Private Fund Regulations, all items of expenditure must be supported by a relevant receipt / invoice / voucher, as proof of payment.  Where, due to exceptional circumstances, such documents cannot reasonably be provided the Treasurer must record the details of the purchase on a 'Record of Expenditure Made Without Receipts Form', which must be signed by the member of staff who incurred the expenditure.  An example of this form is included within the School Private Fund Regulations, Appendix 8.</p> <p><b>MANAGEMENT RESPONSE</b>  The Clerical Officer has issued instructions to all staff to ensure that all expenditure is supported by a receipt.  In the event that expenditure can not be supported by a receipt, budget holders are required to complete the expenditure made without receipts form or provide full details of the expenditure in an e-mail to the Fund Treasurer for retention on file.</p>	Implemented

## YG RHYDYWAUN

Date: 01/10/2014

### INTRODUCTION

The purpose of this audit was to help and advise the school in achieving general standards of good practice in financial administration and governance. The audit also aimed to provide the school with a framework to evaluate the effectiveness of its financial administration.

Ysgol Gyfun Rhydywaun is an 11-18 Welsh medium School located in the Cynon Valley, which also serves pupils in Merthyr Tydfil County Borough. There are 978 pupils at the School, including 195 in the sixth form. The proportion of pupils entitled to free school meals currently stands at 13%. The total budget for the School for financial year 2014/15 is in excess of £4 million.

The School was last subject to a routine audit review in May 2011.

### AUDIT OPINION

Overall, the control environment relating to the school's financial and governance arrangements is considered to be effective with opportunity for improvement.

Of the areas examined, the School Private Fund is in most need of improvement, specifically in relation to the administration of School trips. Records examined for three trips identified inconsistencies in the format, quality and accuracy of information recorded. A standardised procedure should be implemented, and expectations in respect of record keeping communicated to all Staff. The absence of any reconciliation of trip records at their conclusion means that there are currently no means of identifying inaccuracies/errors in recording. One of the sampled trips, Risoul 2014, requires attention, as a definitive amount collected and banked could not be determined during audit fieldwork.

The School Governing Body meetings are clerked by the Governor Support Service, ensuring that statutory requirements in respect of proceedings are met. Governors are in receipt of regular, detailed financial information and all declarations of Business Interests have been received and compiled. The report recommendations focus on the School committees, which are clerked 'in-house'. The format of recording attendees, ensuring statutory signing requirements are met and the need to achieve quorate levels require attention. The lack of a policy review schedule was also identified.

The School have devised their 'Safeguarding Children' policy, but it should be ensured that this is subject to annual review and endorsement by the Governing Body. Training undertaken on an individual and whole School basis was evident, although it was not collated in a central record. The School have an established trip planning procedure, and the EVOLVE system is used to record all offsite visits.

The School have four purchase cards which were, on the whole, used in line with guidance issued by Procurement, although some minor 'housekeeping' issues were noted in respect of reconciliation and receipting of purchases. Of most importance is for the School to ensure that cashbook journals are promptly performed on SIMS to ensure the budget is wholly reflective of expenditure incurred.

Purchase card testing also identified several examples of expenditure which are considered unnecessary expenses in light of the current financial climate and the fact that the School are currently in a budget deficit situation. The nature of expenditure incurred should be subject to ongoing challenge by the Headteacher and Head of Finance to ensure that value for money can be demonstrated.

The Petty cash account was examined and again, only minor issues were noted. Records maintained were detailed and accurate, and typically supported by valid VAT (where applicable) receipts.

Ref. No.	High Priority Audit Recommendations made & Agreed by Management	Agreed Implementation Date
5.1.1	<p><b>AGREED RECOMMENDATION</b>  Decision making in committee meetings where quorate levels have not been achieved is not permitted.  On such occasions, the meeting should be rescheduled until such time that sufficient Governors can convene.</p> <p><b>MANAGEMENT RESPONSE</b>  The Headteacher will write to all members of the Governing Body to remind them of the need to attend sub-committee meetings.  We will cancel meetings if not quorate.</p>	31 October 2014
5.3.5	<p><b>AGREED RECOMMENDATION</b>  The School Private Fund Committee should scrutinise the records maintained in respect of the Risoul trip, in order to ascertain the definitive sum received from pupils that was subsequently passed to the office and banked.  All records should be subject to review to identify the discrepancies detailed and any remedial actions necessary to ensure all monies are accounted for correctly.  As the trip has concluded, a statement of account should be prepared.</p> <p><b>MANAGEMENT RESPONSE</b>  The School Private Fund Committee will review the Risoul Trip when it meets in the Autumn term to establish the correct amounts.  As recommended all records will be subject to review to ensure all monies are accounted for correctly, and a statement of account will now be prepared at the end of each trip in a timely and accurate manner.</p>	31 December 2014
5.4.5	<p><b>AGREED RECOMMENDATION</b>  Purchases such as those identified should, in future, be avoided.  All potential expenditure should be subject to challenge by the Headteacher to ensure that the School can demonstrate value for money and that funds have been utilised in a prudent manner.</p> <p><b>MANAGEMENT RESPONSE</b>  On a few occasions, meetings were held at The Village Hotel, Cardiff in connection with literacy and numeracy. As such money was set aside out of the Seg / Weg / PDG funding to pay for these, as it has sometimes been very difficult to hold them on school premises, but essential to move the school forward.  We can assure you that following these comments, there will be no further meetings undertaken at other venues.  Whilst we aim to demonstrate value for money, especially within the present climate, we will ensure that all funds are utilised in a prudent manner in the future.</p>	31 October 2014

## EDUCATION & LIFELONG LEARNING

### CARDINAL NEWMAN ROMAN CATHOLIC COMPREHENSIVE SCHOOL

Date: 05/09/2014

#### INTRODUCTION

Cardinal Newman Roman Catholic (RC) Comprehensive school is an English-medium 11-18 mixed school serving Catholic and other communities of the central valleys of south-east Wales.

There are 558 pupils in years 7 - 11, with a further 177 students in the sixth form.

The total budget for the School for the financial year 2013/2014 was in excess of £2.8m.

Cardinal Newman RC Comprehensive School was last subject to a routine Audit review during December 2010.

#### AUDIT OPINION

Based on the audit testing undertaken, the School's internal control environment relating to its financial and governance arrangements is considered insufficient and requires improvement.

This report has identified weaknesses in five of the six areas examined.

On examination of the Governance processes at the school, it was established that they are in the greatest need of improvement. Consideration should be given to contacting the Council's Governor Support Service to help alleviate many of the issues identified within this report. Issues arising include the Terms of References for Committees not always being determined, Finance Committee meetings are occasionally being merged with other Committees and there is no separation between the Staff and Pupil Disciplinary Committees.

When income is transferred from staff/pupils to the Finance Office, only the Officer receiving the income is signing to confirm the amount passed over, thus increasing the risk to them should any discrepancies occur. Additionally, it was found that the Annual Certificate for the Private Fund was not completed until the Fund had been endorsed by the Governing Body.

It was also found that the Child Protection Policy is not being endorsed annually.

SIMS is not being used to raise external invoices.

The implementation of the recommendations made within this report will enable the Headteacher to enhance the standard of administration at the School.

Ref. No.	High Priority Audit Recommendations made & Agreed by Management	Agreed Implementation Date
7.1.1	<p><b>AGREED RECOMMENDATION</b>  Terms of Reference for all Committees should be determined which specify responsibilities, membership and quorate levels. These should be agreed on an annual basis and minuted during the first Governing Body meeting of the academic year.</p> <p><b>MANAGEMENT RESPONSE</b>  Two of the five committees have adopted their terms of reference and the remainder will do so at the first meeting in the new academic year.</p>	Implemented
7.1.2	<p><b>AGREED RECOMMENDATION</b>  Only those Committees whose composition and terms of reference (see 7.1.1) have been formally agreed by the Governing Body are permitted to convene.  Committee meetings should not be merged or replaced.</p> <p><b>MANAGEMENT RESPONSE</b>  Governor Committee groups composition will be agreed at the first meeting in September. Their meetings will be dated in the school planner and they will not merge.</p>	Implemented
7.1.3	<p><b>AGREED RECOMMENDATION</b>  The Clerk to the Governing Body should no longer be named as a member of the Finance, Staffing and Premises Committees. Should the Clerk's attendance be required in her capacity as School Bursar, then the Minutes should distinguish between those who are full voting members of the Committee and those who are in attendance for the purposes of observing or presenting information.  Alternative arrangements should be made for the Clerking of all the Committees.</p> <p><b>MANAGEMENT RESPONSE</b>  This was implemented following verbal feedback from audit and it will be identified in the minutes that the clerk will attend meetings by invitation. A member of the Governing Body will take the minutes of the meeting.</p>	Implemented
7.1.5	<p><b>AGREED RECOMMENDATION</b>  In order to adhere with statutory requirements, the Governing Body should establish:</p> <ul style="list-style-type: none"> <li>• A Staff Disciplinary and Dismissal Committee</li> <li>• A Staff Disciplinary and Dismissal Appeals Committee</li> <li>• Pupil Discipline and Exclusions Committee</li> </ul> <p>All Committees should have their composition and Terms of Reference (as per 7.1.1) agreed by the Governing Body on an annual basis.</p> <p>It should be ensured that, as per Section 55 of the Government of Maintained Schools (Wales) Regulations 2005, 'the Staff Disciplinary and Dismissal Committee must include not less than three governors. The Disciplinary and Dismissal Appeals</p>	Implemented



Ref. No.	High Priority Audit Recommendations made & Agreed by Management	Agreed Implementation Date
	<p>Committee must include no fewer governors than the Staff Disciplinary and Dismissal Committee the decision of which is subject to appeal.'</p> <p><b>MANAGEMENT RESPONSE</b></p> <p>Committees will be set up at the next meeting of the Governing Body.</p>	
7.1.6	<p><b>AGREED RECOMMENDATION</b></p> <p>Discussions relating to any Staff disciplinary issue should be restricted to members of the Staff Disciplinary and Dismissal Committee (which must be established as per 7.1.5).</p> <p><b>MANAGEMENT RESPONSE</b></p> <p>Agree with the recommendation and Governors to be reminded of this resolution.</p>	Implemented
7.2.1	<p><b>AGREED RECOMMENDATION</b></p> <p>As per the Locally Administered Funds (LAF) guidelines, the invoicing facility within SIMS should be used to raise debtor invoices to ensure that all of the School's financial administration is operated and accounted for through the SIMS package. This will alleviate the need for manual invoices to be produced and will allow income received to be directly matched to the invoice within the system.</p> <p>Copies of authorised SIMS invoices should be retained at the School and the person responsible for raising invoices should not be the same person who is subsequently responsible for matching up the income received to the outstanding invoice and receipting the income.</p> <p><b>MANAGEMENT RESPONSE</b></p> <p>While the school was following advice received from finance section, the school will implement the recommendation of Audit.</p>	Implemented
7.4.1	<p><b>AGREED RECOMMENDATION</b></p> <p>It should be ensured that the Private Fund is fully audited prior to the Annual Certificate being fully completed with signatures and dated prior to it being present to the Governing Body.</p> <p><b>MANAGEMENT RESPONSE</b></p> <p>Agreed and will be implemented at the appropriate date.</p>	31 October 2014
7.4.2	<p><b>AGREED RECOMMENDATION</b></p> <p>When income is passed to the office for banking, details of the handover should be supported on the income record by the signature of both the persons depositing and receiving cash, as evidence of the amount involved.</p> <p><b>MANAGEMENT RESPONSE</b></p> <p>The method of recording income has now been fully implemented.</p>	Implemented



## ENVIRONMENTAL SERVICES

### LEISURE ESTABLISHMENT REVIEW - RHONDDA

Date: 05/09/2014

#### INTRODUCTION

The purpose of the audit review is to help and advise the establishment in achieving general standards of good practice in financial administration.

The Council provides a range of leisure and recreation facilities within its eight Leisure Centres and three dedicated Swimming Pools. These Centres provide a range of indoor activities and courses such as swimming, fitness suites, fitness classes, squash, badminton, 5 a-side football to name a few. Tonyrefail Leisure Centre was last subject to audit review in January 2009.

#### AUDIT OPINION

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

13 areas of administration were reviewed, 8 are considered well managed - Purchase Card, Room Hire, Purchasing, External Invoices, VAT on income, Vending, Security & Data Protection, Resalable Items - with findings related to issues of a house keeping nature.

Management will need to remind staff on the appropriate procedures for processing cash and card transactions, along with the process of recording this at the end of each day.

The maintenance of the Inventory can be improved by introducing and maintaining a 'Disposals register' to support the process of maintaining an up to date inventory of assets.

A number of block booking groups were late in paying their annual booking fee.

The least effective area was Cancellations & Dishonoured Bookings where expected procedures of writing to users who have failed to attend a booked session were not being followed, and no record made of subsequent income received.

**No High Priority Recommendations Made**



## LLWYDCOED CREMATORIUM

Date: 17/09/2014

### INTRODUCTION

Llwydcoed Crematorium is managed and administered by the Llwydcoed Crematorium Joint Committee, under the Local Government (Wales) Act 1994. The Committee is made up of nine members, five from Rhondda Cynon Taf CBC and four from Merthyr Tydfil CBC. In 1996 Rhondda Cynon Taf County Borough Council became the host authority for the Joint Committee.

Llwydcoed Crematorium is considered to be an area of low risk and as such is incorporated into the Audit Plan on a periodic basis, previously subject to an Internal Audit review in June 2005.

### AUDIT OPINION

The overall control environment at Llwydcoed Crematorium is considered to be effective with the opportunity to improve.

#### Invoices

Requests for payment from funeral directors is made outside of the RCT's debtor system - using the BACAS system. Llwydcoed has experienced some issues when using BACAS to raise invoices, as an interim measure, they are generating invoices from Excel. However, these invoices do not contain the sufficient level of detail such as date of issue, payment due date (payment terms) and variable items.

Whilst electronic copies of the invoices are retained, no log or database is in place to act as a summary record of all invoices issued – i.e. when payment is due along with reminder details. This would allow staff to quickly identify the status of each invoice, whether it is paid and whether a reminder needs to be issued.

#### Collections & Deposits

Assurance is given that income has been recorded, receipted and banked appropriately via secure collection. The central income record however needs amending so that additional banking details can be recorded / entered.

#### Purchase Card

Whilst the service maintains an up to date transaction log, there is no provision to show the breakdown of VAT incurred on purchases, and the insertion of a new column in the log will address this matter.

**No High Priority Recommendations Made**



## **PARKING SERVICES**

**Date: 16/09/2014**

### **INTRODUCTION**

In August 2012 Rhondda Cynon Taf Council became responsible for the enforcement of the majority of on-street and off-street parking regulations across the County Borough under a scheme called Civil Parking Enforcement. Civil Parking Enforcement encompasses all off-street car parks currently managed by the Council, as well as on-street traffic regulation order lines and signs - e.g. double-yellow lines, residential parking bays and school clearways (zig-zag markings).

RCT employs Civil Enforcement Officers (CEOs) that patrol highways within the County Borough, and issue Penalty Charge Notices (PCNs) to drivers who park their vehicles in breach of car park and traffic regulations.

Merthyr Tydfil CBC are contracted to accept payment of PCNs, to process challenges against PCNs and, where appropriate, to refer unpaid PCNs to debt recovery agents.

The recovery process - from the original issue of a PCN through to the ultimate enforcement action of bailiff referral - is prescribed by the Traffic Enforcement Centre (TEC).

Members of the public, and other agencies, can report alleged parking violations to the Parking Services Team via telephone, letter, e-mail and via the Council's website. This review covered the compliance with enforcement procedures and management of public referrals.

### **AUDIT OPINION**

The Overall control environment in relation to the processing and escalation of non paid Penalty Charge Notices (PCNs) is considered effective.

The Parking Gateway electronic database has been specifically designed to manage this process. The system has been programmed so that a number of key functions are automated and as a result the progressions through the stages of the process are guaranteed to be undertaken. The Gateway system is used to store all necessary documentation generated by the system and documents received from 3<sup>rd</sup> parties (letters and other forms of correspondence from offenders). Thus, all documentation relating to each PCN is stored on the Gateway system. Working through the system for testing purposes, no discrepancies were noted with the system displaying an up-to-date status for the sampled cases. All relevant and required correspondence issued and received was present on the Gateway system.

The second area reviewed covered the receipt and management of reports/referrals from members of the public. The overall control environment is again considered effective.

Reports of alleged parking violations can be reported to Parking Services via a number of methods i.e. e-mail, letters, telephone calls and the Council's website. All reports received are logged onto a database including the details such as location, nature of potential offence, outcomes of the CEO's visit to the locations in question and any vehicles issued with a PCN.

The information examined in this review was clear, a minor 'housekeeping' issue was noted relating to the information captured when CEO's visit sites to review reported 'offences' from members of the public however; this does not impact upon the level of assurance provided.

**No High Priority Recommendations Made**

