

**CENTRAL SOUTH CONSORTIUM
REPORT FOR JOINT COMMITTEE**

18TH MARCH 2021

JOINT EDUCATION SERVICE

**REPORT OF THE MANAGING DIRECTOR – 2020/21 INTERNAL AUDIT
REPORT**

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1. PURPOSE OF REPORT

- 1.1 To consider the Internal Audit report issued by Rhondda Cynon Taf County Borough Council's Internal Audit Service to the Central South Consortium during 2020/21.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review the Internal Audit Report issued during 2020/21 and determine whether there are any matters of governance or an internal control nature that require further action or attention.

3. BACKGROUND INFORMATION

- 3.1 The Central South Consortium is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of those functions.
- 3.2 One aspect of governance is the system of internal control and Rhondda Cynon Taf County Borough Council's Internal Audit Service undertake audit work each year to independently assess the adequacy of this area from a financial administrative perspective. This work is undertaken in line with the Legal Agreement for the Central South Consortium.

- 3.2 Members will be aware the Central South Consortium is also responsible for undertaking an assessment of its governance arrangements each year, including the system of internal control, the findings from which are set out in an Annual Governance Statement (AGS). The conclusions from Internal Audit's work during 2020-21 will form part of the AGS for this period (with the AGS being reported to the 20th May 2021 Joint Committee meeting).

4. INTERNAL AUDIT REPORT ISSUED IN 2020/21

- 4.1 For the 2020/21 financial year, Rhondda Cynon Taf County Borough Council's Internal Audit Service reviewed one core financial system in line with its approved Annual Audit Plan. Details of the outcome of the review are set out in Table 1 and a copy of the full report is included at Appendix 1.

Table 1 – Internal Audit Report Issued in 2020/21

Internal Audit Report Issued	Conclusions	Number of Recommendations Reported	Number of Recommendations Implemented
General Ledger	Effective	0	0

5. CONCLUSIONS

- 5.1 Internal Audit play an important role in providing independent assurance on the systems of internal control operating within the Central South Consortium.
- 5.2 Based on the work undertaken by Rhondda Cynon Taf County Borough Council's Internal Audit Service during the year, no recommendations for improvement were deemed necessary in respect of the Consortium's internal control arrangements.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

18th MARCH 2021

CENTRAL SOUTH CONSORTIUM JOINT COMMITTEE

List of background papers

Freestanding matter

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Rhondda Cynon Taf CBC
Internal Audit Final Report

**CSC - GENERAL LEDGER
2020-21**

MANAGEMENT IN CONFIDENCE

Date of Audit:-	February 2021
Auditor(s):-	Huw Griffiths - Auditor Lisa Cumpston - Review Manager
Report Distribution:-	Craig Flynn – Senior Accountant Alyson Price – Business Manager (Also see distribution List at Section 3)
Date of Issue:-	2nd March 2021

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1. INTRODUCTION

- 1.1 The Central South Consortium Joint Education Service (CSC) has been set up by the 5 Local Authorities of Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and Vale of Glamorgan, working in partnership to deliver ambitious new arrangements for school improvement.
- 1.2 The Consortium went into operation with effect from September 2012, and covers the needs of all schools and pupils in the region. The purpose of the Consortium has been defined as to raise standards and build upon success through purposeful collaboration between Local Authorities, effective partnership with schools and a rigorous pursuit of excellence.
- 1.3 This Internal Audit review focused on the General Ledger.
- 1.4 The purpose of the General Ledger is to record all financial transactions and provide information for the preparation of Management Accounts, Final Accounts and Financial Returns. In order to maintain proper financial control and protect the integrity of the Ledger, it is essential that adequate accounting routines are in operation.

2. SCOPE & OBJECTIVES

- 2.1 The checklist for the General Ledger comprises of 30 standards. Audit testing was carried out on these standards for a sample of transactions undertaken in 2020-21.
- 2.2 Internal Audit testing was undertaken remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documentation.
- 2.3 The primary purpose of the audit review was to provide management with an opinion on the adequacy and effectiveness of the internal control systems operating within the General Ledger. The objective of the review was to:
 - Assess the standards set out in the checklist and conclude on the adequacy and effectiveness of the controls in operation.

3. AUDIT APPROACH

- 3.1 Having agreed the objectives, fieldwork took place.
- 3.2 A draft report was prepared and provided to management for review and comment with an opportunity given for discussion or clarification if required.
- 3.3 This final report has been issued electronically to the following Officers:
 - Managing Director (Central South Consortium)
 - Deputy Managing Director (Central South Consortium)
 - Director of Finance & Digital Services (Rhondda Cynon Taf County Borough Council).
 - Service Director – Finance & Improvement Services (Rhondda Cynon Taf County Borough Council)
- 3.4 The Internal Audit report should be presented to the Central South Consortium Joint Education Service Committee.

4. AUDIT OPINION

- 4.1 Overall the control environment for the CSC General Ledger and Accounting framework is considered effective with Civica Financials being used which meets statutory, management accounting and reporting requirements.
- 4.2 Civica Financials is able to provide revenue, capital and joint committee accounts as required by statute.
- 4.3 The budget for 2020-21 was agreed by the Joint Committee on 21st January 2020 which is later than normally required. However, this delay was in part due to the British Government calling a General Election in December 2019 and consequently the Joint Committee agreed that approval of the 2020-21 budget be deferred until January 2020.
- 4.4 Civica Financials was updated with the agreed budgets to enable accurate budget monitoring to take place. The finalised budget was not uploaded to Financials until September 2020 (core budget) and mid January 2021 for the grants budget, as a number of amendments were required to the original budget (these were reported to the Joint Committee in September 2020) hence the delay in being uploaded.
- 4.5 Ledger input / output is controlled, secure, timely and appropriate to the needs of all users. In particular, Feeders and Journal Transfers are promptly and accurately actioned by officers with delegated responsibility and evidence to support these transactions was always retained.
- 4.6 All transactions in Civica Financials have a clear audit trail, which highlights for each transaction a unique reference number, date / time, and the identity of the individual who carried out the transaction.
- 4.7 Civica Financials is able to apply its own validity tests on data received from feeder systems to ensure codings are correct. Any invalid codes entered into Civica Financials are promptly investigated and rectified from suspense codes by authorised officers to ensure that the budgetary information in the system is accurate and up to date.
- 4.8 There are no findings or recommendations contained in this report.

ACKNOWLEDGEMENTS

A number of staff gave their time and cooperation during the course of this review. Internal Audit would like to record its thanks to all individuals concerned.