

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2015/16

COMMITTEE:

AUDIT COMMITTEE

3rd May 2016

Item No. 3
Finalised Audit Assignments 2015/16

REPORT OF:-

GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

Author: Marc Crumbie (Operational Audit Manager)

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1. PURPOSE OF THE REPORT

This report provides Members with a summary of audit assignments completed between 12th March 2016 and 15th April 2016.

2. RECOMMENDATIONS

It is recommended that Members review the information contained within the report and:

- 2.1 Seek clarity and explanation where there are areas of concern.
- 2.2 Identify further action to be taken where deemed necessary.

3. BACKGROUND

- 3.1 In line with agreed procedures, I attach at **Appendix 1** a summary of audit assignments completed between the period of the 12th March 2016 and 15th April 2016.
- 3.2 I have provided Members with the Introduction, Scope & Objectives, Auditor's stated opinion along with a summary of all recommendations made for each audit review completed to final report stage within the stated period.
- 3.3 Members will note that 4 audit assignments have been finalised in the period.

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 2015/16.

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

3rd May 2016

Report of the Group Director, Corporate & Frontline Services

Author: Marc Crumbie (Operational Audit Manager).

Item	File Ref:
3. Finalised Audit Assignments 2015/16	IA / MC

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APPENDIX 1 – FINALISED AUDIT ASSIGNMENTS

COMMUNITY & CHILDREN'S SERVICES
AUDIT NAME: SEXUAL VIOLENCE & DOMESTIC ABUSE
DATE FINAL REPORT WAS ISSUED: 08/04/2016
<p>INTRODUCTION</p> <p>The Government defines Domestic Abuse as any incident or pattern of incidents of controlling, coercive, threatening behaviour, violence or abuse between those aged 16 or over who are or have been intimate partners or family members regardless of gender or sexuality. Reducing domestic abuse and sexual violence, and supporting victims is one of the Council's key priorities.</p> <p>The responsibility for the Service lies with the Group Director, Community & Children's Services. It is administered within the Public Health & Protection Division and is delivered operationally by the Partnership Commissioning Manager.</p> <p>There is no obligation for anyone to engage with the service, it is pro-active and based on the choice of the individual. The Oasis Centre provides a domestic abuse specialist service with a Manager overseeing the running of the Centre. The Domestic Abuse Co-ordinator is also located at the Oasis Centre, though is managed by the Partnership Commissioning Manager.</p> <p>A multi agency approach to the success of this work is vital, the following risk was included within the Council's Strategic Risk Register during 2015/16: <i>"If Partners do not buy in and agree a new Cwm Taf Collaborative Arrangement for Sexual Violence and Domestic Abuse then the ability to tackle domestic violence effectively will be compromised."</i></p>
<p>SCOPE & OBJECTIVES</p> <p>In accordance with the Internal Audit Plan for 2015/16, agreed by Audit Committee, a review of the Domestic Abuse & Sexual Violence Service was undertaken to determine how the operational and strategic management of the service is currently operating to manage the strategic risks.</p>
<p>AUDIT OPINION</p> <p>The recently introduced collaborative arrangements for tackling sexual abuse and domestic violence on an operational and strategic level are considered to be effective, with opportunity for improvement considered likely as the service develops and meets new demands.</p> <p>During 2014/15 partners met and agreed to undertake a strategic review of the delivery model for tackling sexual violence and domestic abuse. Whilst the review reported that there was an adequate process in place for the service on an operational level, through the Sexual Abuse & Domestic Violence Forum, it identified a gap in the strategic approach for service delivery. As a result the Cwm Taf Sexual Violence & Domestic Abuse Executive Group was established. The role of this Group is to ensure that there is a coherent vision and provide direction to the operational forum both in respect of the service delivery and any legislative changes which may affect service provision.</p> <p>The Executive Group has since commissioned an outside body (Safe Lives) to look at the existing provision of services in RCT. This is a nationally</p>

recognised body who lead on domestic abuse and the role of the strategic group is to oversee the implementation of any recommendations that arise from this review and steer the operational group on any legislative changes which may affect service delivery. In effect there is now a coordinated, two tier, integrated approach to the management of the service.

The Executive Group meet every other month. Good progress has been made and the findings of this group provide direction to the work carried out on an operational level.

The work of the Executive Group provides direction towards the strategic goals being achieved and the integration of key processes. As a result of this group and the operational work that takes place, the strategic risk referred to within the Introduction of this report has been removed from the Council's Strategic Risk Register. No findings have been raised within this report although it is recommended that close monitoring of the new collaborative working arrangements should continue to ensure that as the service moves forward and meets new challenges, a coherent vision is maintained.

No Recommendations Made

AUDIT NAME: SUBSTANCE MISUSE

DATE FINAL REPORT WAS ISSUED: 08/04/2016

INTRODUCTION

The responsibility for Substance Misuse in RCT lies with the Group Director, Community & Children's Services. It is administered within the Public Health & Protection Division and is delivered operationally by the Partnership Commissioning Manager.

The staff in the Substance Misuse Team are employed by the Council, however they undertake their duties on behalf of the Cwm Taf Substance Misuse Area Planning Board (known as the APB). Substance Misuse can affect people of all ages, their families and the communities in which they live and protecting people from harm and tackling anti social behaviour is one of the Council's key priorities.

The Substance Misuse Team has a number of key roles and functions aimed at reducing the harm to individuals of their own alcohol and substance misuse as follows:

- Provides financial management of the Cwm Taf allocation of the Welsh Government Substance Misuse Action Plan (SMAP Fund)
- Employs the Lead Officer for Cwm Taf APB who provides the interface between the Area Planning Board and Welsh Government

The Lead Officer also co-ordinates the partnership activities of the APB. The Substance Misuse Team undertakes all the commissioning activities of the APB, a member of the team leads on service user involvement across all substance misuse agencies and an officer co-ordinates harm reduction activities across Cwm Taf.

The following risk was included within the Council's Strategic Risk Register during 2015/16:

"If secondary and specialist services for Substance Misuse are not reconfigured appropriately with Partners then the ability to deliver a service that suits the needs and citizens across the Cwm Taf region may be compromised."

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for 2015/16, agreed by Audit Committee, a review of the Substance Misuse Service was undertaken to determine the current position in respect of reconfigured partnership working.

AUDIT OPINION

The current progress made in respect of partnership working is considered to be effective, with further opportunity for improvement considered likely as the process becomes fully operational and the impact on the success of the reconfigured services becomes measurable.

Substance Misuse is primarily a service funded by Welsh Government although the funding streams and commissioning of services by partners has until now not been strategically aligned with no integrated approach to the provision of services.

The Business Planning process for the Council identified that better value for money could be achieved through establishing joint commissioning arrangements between Partner Organisations or even across Area Planning Board areas, allowing a single, more coordinated approach to the commissioning of secondary care services.

The process of consultation has taken almost two years as it is essential that funding providers and partners are consulted throughout any service change

to ensure that the service continues to meet its objectives, and where issues are identified, appropriate safeguards and reassurances are put in place to alleviate these.

The Partnership and Commissioning Manager has now reached a stage whereby the importance and benefits of change have been agreed by all partners and providers. The rationale for a single approach to the commissioning of services will aim to provide better value of money, allow for more effective contract monitoring and ensure duplication or gaps in service are identified.

The Partnership and Commissioning Manager has written a paper for presentation to the Area Planning Board on the implementation of the newly agreed reconfigured service. Management has considered that due to the volume of work that has taken place and the current position this is no longer a strategic risk to the Council and it has been removed from the Council's risk register.

At this point in time it is not possible to fully assess the impact on residents of the revised service provision and no findings have been made within this report. It is however recommended that close monitoring of the delivery of the reconfigured service going forward is undertaken to ensure that it continues to meet the needs of service users.

No Recommendations Made

CORPORATE & FRONTLINE SERVICES

AUDIT NAME: PENSIONS

DATE FINAL REPORT WAS ISSUED: 15/03/2016

INTRODUCTION

The responsibility for the RCT Pension Fund lies with the Group Director, Corporate & Frontline Services. It is administered within the Financial Services Division and is delivered operationally by the Pensions Administration Manager.

Rhondda Cynon Taf County Borough Council is the administering authority for the RCT Pension Fund. The Fund consists of over 40 employers ranging from the 3 unitary authorities Rhondda Cynon Taf, Merthyr Tydfil and Bridgend as well as other bodies including colleges and other employers who work closely with local government.

The Service is also responsible for the interpretation of all LGPS Pensions legislation, the creation and maintenance of records, calculation and payment of benefits and the provision of information to employers, employees and other relevant bodies.

One of the other main functions of the service is to prepare and issue to all 19,000+ members their Annual Benefit Statement (ABS) each financial year. This is a significant task and all data which is received from 40+ employers is checked for accuracy and then uploaded into the system to generate the annual statement.

In order to comply with the timescale set out in section 14(5) of the Public Service Pensions Act 2013, regulation 89 of the LGPS Regulations 2013 requires that an administering authority 'must issue an annual benefit statement to each of its active, deferred, deferred pensioner and pension credit members' and that this must be issued 'no later than five months after the end of the Scheme year to which it relates'. Under this regulation, annual benefit statements should therefore be issued to all members by the end of 31st August.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for financial year 2015/16, agreed by Audit Committee, a review of the preparatory process (using a test programme) of generating the Annual Benefit Statements was undertaken, to provide Management with an opinion on whether this process is operating effectively.

The accuracy testing covered a varied range of Statement elements, including: Personal data, breaks in service, new CARE pay along with pre-2014 Final Salary benefits, members purchasing additional benefits / membership, nomination details, pensions input amount (annual allowance), service transferred in and death benefits.

AUDIT OPINION

The process of checking Annual Pension Statement data received from pension scheme member employers is considered to be effective.

Although this process is only undertaken on an annual basis it is a key task and the process of checking / verifying the data received is essential to ensure that the data is accurate and correct, as it is then uploaded into the pensions system (Altair) to produce the actual statements. These provide all pension

fund members with an accurate, on-going appraisal of their personal pension fund as it currently stands and future projections of their pension benefits. From a review of a sample of 54 members from a random selection of salaries, employers, part time, full time staff etc, it was found that on manually undertaking the verification process using the prescribed series of calculations, that the data compiled and provided was accurate and assurance can be given that the process in place is sufficiently robust and covers all elements of the annual pension statement.

It was noted that the RCT Fund issued its Annual Benefits Statements for the 2014/15 Scheme year prior to the new statutory deadline of 31st August 2015, and as such did not incur a reporting breach under the Pension Regulator's new 'Code of Practice' for Public Sector Pension Schemes.

No findings were identified during this review.

No Recommendations Made

EDUCATION & LIFELONG LEARNING

AUDIT NAME: CARDINAL NEWMAN RC COMPREHENSIVE

DATE FINAL REPORT WAS ISSUED: 17/03/2016

INTRODUCTION & SCOPE

Cardinal Newman RC Comprehensive School was last subject to a routine Internal Audit visit in February 2014.

Prior to the last review in 2014, all fundamental financial and governance systems in operation at the School were considered and an assessment carried out in consultation with the Headteacher and Chair of Governors to identify those areas representing the highest risk to the school and therefore necessitating review.

On the basis of this risk assessment, audit work was carried out on the following areas of administration:

- Governance;
- Safeguarding;
- School Income;
- School Private Fund; and
- Purchase Card.

Following the presentation of the final report to Audit Committee, a follow-up review was requested, to ascertain whether the recommendations made at the time have been successfully implemented.

AUDIT OPINION

This follow up review now concludes that the control environment at Cardinal Newman RC Comprehensive is effective with opportunity for improvement.

Of the 26 recommendations made at the time of the last review, all but 3 have been fully implemented and 1 is new to the reporting process.

It is therefore acknowledged that the School has demonstrated a clear commitment to addressing the findings contained within the 2014 audit report.

School Governance

All recommendations made in respect of School Governance have been addressed. The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The delegated authority for the Headteacher to commit the School to expenditure has been documented and agreed by Governors and any additional attendees to Governing Body meetings are now listed in the Governing Body minutes as guests.

Safeguarding

Good practice is noted in that the School has established relevant Safeguarding Policies and audit testing has confirmed that no staff commenced employment at the school prior to the completion of pre-employment checks.

Whilst details of all child protection training undertaken by staff is maintained on a training record, it was identified that no casual members of staff have undertaken child protection training and neither have 3 members of staff (who were absent from school on the day training took place).

It was also noted that whilst school trips are entered onto EVOLVE, routine off-site visits such as sporting fixtures are not. Although the document 'Planning

and Approval Procedures for Educational Visits' states that Schools can determine their own planning and approval requirements for School trips, it also states that Schools are strongly advised to use the EVOLVE system.

School Income

Improvements have been made in terms of School Income. The invoicing facility within SIMS is now being used to raise debtor invoices and copies of authorised SIMS invoices are retained at the School. An arrears policy for unpaid invoices has also been developed.

However, the same member of staff responsible for raising debtor invoices is currently the same member of staff who is also responsible for receipting the income received to the outstanding invoice. Although it was noted that prior to the income being entered on to SIMS the income is 'matched' by the School Bursar; the School Bursar is responsible for undertaking the Bank Reconciliation of the School Budget account. This report recommends that the person responsible for raising invoices should not be the same person who is subsequently responsible for matching and receipting the income received to the outstanding invoice.

School Private Fund

All recommendations in respect of the School Private Fund have been addressed. The School Private Fund is well run, with detailed records that provide an adequate audit trail for all income and expenditure transactions. When income is passed to the office for banking, details of the handover are now supported on the income record by the signatures of both the persons depositing and receiving cash, as evidence of the amount involved.

Where fund raising activities / school trips are organised, Statements of Account are now prepared detailing the amount of income received and the expenditure incurred, and these are signed by the staff members involved. Furthermore, in the event a profit on the trip accrues, where feasible, it is divided equally and paid back to each paying pupil.

Purchase Card

There is a sufficient audit trail in respect of evidence being available that supports expenditure via the School Purchase Card.

There was only one finding contained within the previous report which has been addressed. Audit testing confirmed that the Purchase Card Bank statements are now being signed and dated following the reconciliation exercise.

Implementing the recommendations contained within this report will ensure that the current levels of control are further enhanced.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
4.1.1 Medium	<p><u>Governance</u> Examination of the Governing Body structure revealed that there are currently five vacancies for Foundation Governors. It is acknowledged that the School have actively sought to fill these vacancies, but with little success to date.</p>	<p>Appointments to the Governing Body to fill these vacancies should be carried out immediately, and if unsuccessful, the school should continue to actively canvas for these positions on a regular basis in order to appoint the vacant</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		positions as soon as possible.
4.1.2 Medium	<p>Safeguarding Section 3.16 of Safeguarding Children in Education: The role of Local Authorities and Governing Bodies under the Education Act 2002 (WAG circular 005/2008) states that: <i>'Governing Bodies should ensure that the Headteacher and all other permanent staff and volunteers who work with children undertake appropriate training to equip them to carry out their responsibilities for child protection'</i>.</p> <p>Although the School have developed a training record, which captures the date and level of training received by staff, examination of the record identified that no casual examination invigilators or the casual caretaker have undertaken child protection training and neither have 3 permanent members of staff who were absent from school when training took place.</p> <p>NB. It is acknowledged that 1 member of staff has only recently commenced employment at the School.</p>	As a minimum, Level 1 Safeguarding training should be promptly arranged for the staff identified.
4.1.3 Medium	<p>Although the document 'Planning and Approval Procedures for Educational Visits' states that Schools can determine their own planning and approval requirements for School trips, it also states that Schools are strongly advised to use the EVOLVE system.</p> <p>Whilst school trips are entered onto EVOLVE, routine off-site visits such as sporting fixtures are not.</p>	<p>In addition to manual risk assessments, EVOLVE should be used to document all off-site visits, including those in relation to sporting fixtures/tournaments etc.</p> <p>If deemed appropriate, where these activities are pre-arranged at the start of the school year, a block entry could be entered onto EVOLVE and then changed if fixtures/ events get cancelled or rearranged.</p>
4.1.4	<p><u>School Income</u> Following the previous Audit review, the Office Manager is now using SIMS to generate Sundry Debtor</p>	The person responsible for raising invoices should not be the same

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Medium	<p>invoices.</p> <p>However, this post holder is also responsible for receipting the subsequent income received onto SIMS. Although it was noted that prior to the income being entered onto SIMS, the income is 'matched' by the School Bursar, the School Bursar is responsible for undertaking the Bank Reconciliation of the School Budget account.</p>	<p>person who is subsequently responsible for receipting the income received to the outstanding invoice.</p>