

**SUBJECT: INTERNAL AUDIT  
Progress Report for Quarter 2 (2024/25)**

**DIRECTORATE: Resources**

**MEETING: Governance & Audit Committee**

**DATE: November 2024**

**DIVISION/WARDS AFFECTED: All**

## **1. PURPOSE**

To consider the adequacy of the internal control environment within the Council based on the outcomes of audit reviews and subsequent opinions issued to the 30<sup>th</sup> September 2024 (Quarter 2).

To consider the performance of the Internal Audit Section over the first 6 months of the current financial year.

## **2. RECOMMENDATION(S)**

That the Committee consider and note the audit opinions issued.

That the Committee note the progress made by the Section towards meeting the 2024/25 Operational Audit Plan and the Section's performance indicators at the 6 month stage of the financial year which are currently ahead of the profiled target.

## **3. KEY ISSUES**

- 3.1 Audit work has started in line with the 2024/25 agreed audit plan, considered and approved by the Governance & Audit Committee in April 2024.
- 3.2 This report gives brief details of the work undertaken in the year to date. The report also gives details of the Section's performance indicators for the 6 months to 30<sup>th</sup> September 2024.
- 3.3 The Public Sector Internal Audit Standards came into force in April 2013 (updated March 2017) which the Internal Audit team needs to demonstrate compliance with.
- 3.4 The new Global Internal Audit Standards (GIAS) were issued in January 2024. They will replace the International Professional Practice Framework, the mandatory elements of which are the basis for the current UK public sector internal auditing standards (the PSIAS). The

PSIAS are issued under the authority of the Relevant Internal Audit Standard Setters (RIASS). The RIASS have agreed to use the new GIAS as the basis for internal auditing for the UK Public Sector and have asked the UK Public Sector Internal Auditing Standards Advisory Board (IASAB) to carry out a review of the new standards with a view to identifying and producing any sector specific interpretations or other material needed to make them suitable for UK public sector use. Consultation is due to begin in September 2024.

The effective date of the new material developed by IASAB will be 1<sup>st</sup> April 2025. Until then, the existing PSIAS based on the old International Professional Practices Framework will continue to apply.

- 3.5 The year end opinion for 2024/25 will be based on the audit work undertaken during the year, cumulative audit knowledge from previous years on key financial systems along with any assurance gained from other parties where relevant.

#### **4. REASONS**

- 4.1 Since the start of the financial year, the Internal Audit Section has completed 23 audit jobs to draft stage from its 2024/25 Operational Audit Plan; 14 of these being opinion related and are shown in the table at Appendix 1.

- 4.2 In relation to audit opinion related reports, 8 had been issued in draft during the second quarter of the year;

1. School Improvement Grant - Unqualified
2. Housing Support Grant - Unqualified
3. Active Travel – Substantial Assurance
4. Rogiet Primary – Reasonable Assurance
5. Service Business Plans – Reasonable Assurance

- 4.3 Three 'unfavourable' audit opinions have been issued (for planned audit work) during Quarter 2.

6. Procurement Cards – Limited Assurance (Appendix 4)
7. Mardy Park Resource Centre – Limited Assurance (Appendix 5)
8. Facilities & Building Cleaning – Limited Assurance (Appendix 6)

The details and individual weaknesses of why these audit reviews were considered to be 'Limited Assurance' are included within Appendix 4-7.

- 4.4 One reactive unplanned review was completed during Quarter 2.

- Severn View Residential Home Imprest Bank Account - Limited Assurance (Appendix 7).

- 4.5 As detailed during the Quarter 1 progress report, 1 opinion job has been issued during the year which has been given a Limited audit

opinion and not yet reported to the Committee. This continues to be the case. After discussion with the Chair of the Governance & Audit Committee and the Deputy Chief Executive it has been agreed to delay reporting the findings of this review to the Committee. This is due to significant on-going work within the area in question, where the reporting of the findings may impact subsequent HR investigations and processes which are continuing.

A commitment has been made by the Acting Chief Internal Auditor to report the details of this audit and investigation to Committee as soon as possible. Consideration has been given to reporting these findings as a confidential paper, however, it was concluded that it would be in the public interest that the findings are shared fully upon the investigation conclusion.

- 4.6 Other audit work in line with the plan has started and site visits have been undertaken to a number of establishments. At the end of Quarter 2, 48% of the agreed audit plan has been deemed as being started or in progress.
- 4.7 An audit review of the Pupil Development Grant was planned during the year however, we were informed that certification by Internal Audit of the submission was not required by Welsh Government and this has therefore been removed from the 2024/25 audit plan.
- 4.8 Where reports had been issued in draft, but not finalised, by the 31<sup>st</sup> March 2024, work has continued during Quarter 2 to finalise these. As of the 30<sup>th</sup> September 2024, it is pleasing to note that all have now been successfully finalised.
- 4.9 Severn special investigations / reactive pieces of work have been undertaken during the first 2 quarters of the year. 5 of these have been closed / completed during the quarter, the other 2 remain outstanding and are subject to further investigation.
- 4.10 During the first quarter of the year the Acting Chief Internal Auditor was appointed as an independent investigating officer for 2 disciplinary investigations. These investigations have diverted internal audit resource away from planned audit work during the quarter. It is hoped that the investigation will be completed during the third quarter of the year.
- 4.11 Appendix 3 of the report gives details of the Section's performance indicators as at the 30<sup>th</sup> September 2024.
- 4.12 32% of the 2024/25 Audit Plan has been completed as at 30<sup>th</sup> September 2024. This is ahead of target (30%).

## **5. SERVICE MANAGEMENT RESPONSIBILITIES**

- 5.1 Heads of Service and service managers are responsible for addressing any weaknesses identified in internal systems and demonstrate this by including their management responses within the audit reports. When management agree the audit action plans, they are accepting responsibility for addressing the issues identified within the agreed timescales.
- 5.2 Ultimately, managers within MCC are responsible for maintaining adequate internal controls within the systems they operate and for ensuring compliance with Council policies and procedures. All reports, once finalised, are sent to the respective Chief Officers and Heads of Service for information and appropriate action where necessary.

## 6. FOLLOW UP AUDIT REVIEWS

- 6.1 Where 'unfavourable' (Limited Assurance / No Assurance) audit opinions are issued, they are followed up within a twelve month timescale to ensure that the agreed actions have been taken by management and that the internal control systems are improved.
- 6.2 No follow-up reviews have yet to commence during the year. The following reviews were subject to unfavourable audit opinions issued during the 2023/24 financial year and the table below indicates when the follow-up work will be conducted by the Internal Audit team. The findings from each of these reviews have already been presented to the Committee.

Year	Assignment	Opinion	Status
2023/24	Chepstow School	Limited	2024/25 – Q3
	Till Float	Limited	2024/25 – Q3
	Commissioning & Contracts	Limited	2024/25 – Q3
	Mileage	Limited	2024/25 – Q4
	General Expenses	Limited	2024/25 – Q4
	Children Looked After Savings	Limited	2024/25 – Q4
	Private Sector Leasing	Limited	2024/25 – Q4
	Democratic Services & Governance	Limited	2024/25 – Q4

- 6.3 The timing of a follow-up review is based on when the previous final report was issued plus enough time for management to successfully implement their management actions along with sufficient time to pass

to ensure the changes are fully embedded within the service. As the table details, this is a challenging programme to ensure all these reviews are completed during quarter 3 and especially quarter 4 of the year. The Audit Management team are planning workloads to ensure as much of these can be completed within the year as possible.

- 6.4 During the 2024/25 financial year the following unfavourable opinion has been issued which was previously reported to the Committee in September 2024. This review has not yet been followed up, this will take place during the 2025/26 financial year.

Year	Assignment	Opinion	Status
2024/25	Job Evaluation	Limited	2025/26

## 7. RESOURCE IMPLICATIONS

None.

## 8. CONSULTEES

Deputy Chief Executive / Chief Officer Resources  
Chair of Governance & Audit Committee

### Results of Consultation:

N/A

## 9. BACKGROUND PAPERS

Draft Operational Audit Plan 2024/25

## 10. AUTHORS AND CONTACT DETAILS

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## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

#### APPENDIX 1

Internal Audit reviews from the 2024/25 Draft Operational Audit Plan where fieldwork has been completed and/or final reports issued since 01/04/24 are listed in the table below.

Internal Control Opinions give the auditor's overall conclusion on the control environment operating in each system/establishment under review. Opinions range from Substantial Assurance through to No Assurance (Appendix 2).

Draft issued indicates that a draft report has been issued and a response is awaited from the client before the report can be finalised.

### Status of reports as at 30<sup>th</sup> September 2024

#### Internal Audit Services - Management Information for 2024/25 – Quarter 2

Opinion Summary	Number
Substantial Assurance	2
Reasonable Assurance	5
Limited Assurance	6
No Assurance	0
Unqualified	2
Qualified	0
<b>Total</b>	<b>15</b>

Job number	Directorate	Service	Job Name	Risk Rating / Priority	Final / Draft	Opinion given
P2425-43	Communities & Place	Enterprise and Community Animation	Homelessness Assessment & Prevention	High	Final	Substantial
P2425-52	Customer, Culture and Wellbeing - Mon Life	Environment & Culture	Active Travel	High	Draft	Substantial
P2425-12	Children & Young People	Achievement & Attainment	Flying Start	Medium	Final	Reasonable
P2425-16	Children & Young People	Primary Schools	Rogiet Primary	Medium	Draft	Reasonable
P2425-32	Social Care, Safeguarding & Health	Childrens Services	Youth Offending Service	Medium	Final	Reasonable
P2425-40	Communities & Place	Highways and Flooding	Car Parks	Medium	Final	Reasonable

## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

Job number	Directorate	Service	Job Name	Risk Rating / Priority	Final / Draft	Opinion given
P2425-60	People, Performance and Partnerships	Performance & Data Insight	Service Business Plans	Medium	Final	Reasonable
P2425-03	Resources	Finance - Revenues, Systems & Exchequer	Procurement Cards (2023/24)	Medium	Draft	Limited
P2425-20	Children & Young People	Secondary Schools	Caldicot School	Medium	Draft	Limited
P2425-29	Social Care, Safeguarding & Health	Adult Services	Mardy Park Residential	Medium	Draft	Limited
P2425-38	Communities & Place	Decarbonisation, Transport & Support Services	Facilities & Building Cleaning	Medium	Draft	Limited
P2425-57	People, Performance and Partnerships	Human Resources	Job Evaluation / Equal Pay	High	Final	Limited
U2425-01	Social Care, Safeguarding & Health	Adult Services	Bank Imprest - Severn View Residential	High	Draft	Limited
P2425-13	Children & Young People	CYP Finance & Support Services	School Improvement Grant	Medium	Final	Unqualified
P2425-42	Communities & Place	Enterprise and Community Animation	Housing Support Grant	Medium	Draft	Unqualified

## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

#### Non – opinion / Added Value Audit Work

<b>Job number</b>	<b>Directorate</b>	<b>Service</b>	<b>Job Name</b>
P2425-05	Resources	Resources General	Audit Advice
P2425-08	Law & Governance	Law & Governance General	Audit Advice
P2425-25	Children & Young People	CYP General	Audit Advice
P2425-35	Social Care, Safeguarding & Health	Social Care, Safeguarding & Health General	Audit Advice
P2425-46	Communities & Place	Communities & Place General	Audit Advice
P2425-55	Customer, Culture and Wellbeing - Mon Life	Customer, Culture and Wellbeing - Mon Life General	Audit Advice
P2425-62	People, Performance and Partnerships	People, Performance and Partnerships General	Audit Advice
P2425-68	Corporate	Corporate	Fleet Management Board
P2425-71	Corporate	Corporate General	Audit Advice



## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

#### APPENDIX 2

#### Internal Audit Opinions

Each report contains an opinion which is an overall assessment of the control environment reviewed.

OPINION	DESCRIPTION
SUBSTANTIAL ASSURANCE	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
REASONABLE ASSURANCE	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
LIMITED ASSURANCE	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
NO ASSURANCE	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

The table below summarises the risk ratings used during our audits:

RISK RATING	DESCRIPTION
CRITICAL	Major or unacceptable risk which requires immediate action.
SIGNIFICANT	Important risk that requires attention as soon as possible.
MODERATE	Risk partially mitigated but should still be addressed.
STRENGTH	No risk. Sound operational controls and processes confirmed.

**AUDIT COMMITTEE NOVEMBER 2024**

**INTERNAL AUDIT SECTION PROGRESS REPORT  
2024/25 – 6 MONTHS**

**For grant claim audits:**

**Unqualified** opinion - the terms and conditions of the grant were generally complied with;

**Qualified** opinion - the terms and conditions of the grant were not fully complied with; the identified breaches of terms and conditions will be reported to the grantor and internally to relevant Head of Service/Chief Officer.

## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

#### APPENDIX 3

#### Performance Indicators

	2023/24	Q1	Q2	Q3	Q4	Target
1	Percentage of planned audits completed	15%	36%	50%	82%	80% pa
2	Average no. of days from audit closing meeting to issue of a draft report	2	4	2.5	1.8 days	15 days
3	Average no. of days from receipt of response to draft report to issue of the final report	N/A	4.2	1.6	1.4 days	10 days
4	Percentage of recommendations made that were accepted by the clients	N/A	100%	100%	100%	95%
5	Percentage of clients at least 'satisfied' by audit process	N/A	100%	100%	100%	95%

	2024/25	Q1	Q2	Q3	Q4	Target
1	Percentage of planned audits completed	10%	32%			30% in Q2 80% pa
2	Average no. of days from audit closing meeting to issue of a draft report	2.7 days	1.7 days			15 days
3	Average no. of days from receipt of response to draft report to issue of the final report	N/A*	3.3 days			10 days
4	Percentage of recommendations made that were accepted by the clients	N/A*	100%			95%
5	Percentage of clients at least 'satisfied' by audit process	N/A*	100%			95%

\* These statistics are based on the conclusion of an audit review (final report stage). As at 30<sup>th</sup> June 2024, no 2024/25 audit review had been finalised.

## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

#### APPENDIX 4

#### SUMMARY OF WEAKNESSES – PROCUREMENT CARDS (2024/25)

The memorandum details the findings of an internal audit review of the Procurement Cards, focusing on a sample of transactions from April 2022 to January 2024 to ensure adherence to key financial and administrative controls within the Procurement Card Policy.

The audit uncovered several weaknesses, including improper use of procurement cards for staff meals, unclaimed VAT, missing VAT receipts, and inadequate documentation for gift vouchers and IT equipment purchases. A small number of transactions were deemed inappropriate, including purchases for team-building events and items that should have been procured through proper channels, highlighting the need for better controls.

The audit recommended a more comprehensive approach to reviewing transactions and updating the Procurement Card policy to include the advisory process, ensuring better compliance and monitoring.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	0
SIGNIFICANT	Important risk that requires attention as soon as possible.	10
MODERATE	Risk partially mitigated but should still be addressed.	3
STRENGTH	No risk. Sound operational controls and processes confirmed.	Not examined

Ref.	SIGNIFICANT
1	Procurement Cards were being used for the purchasing of staff and volunteer meals. In some instances, purchases had exceeded the maximum amount of meal allowance set by HMRC.
2	Full Safer Recruitment checks had not been documented for 2 Freelance workers who had contact with young people.
3	VAT had not always been re-claimed on vatable purchases.
4	The Unattainable VAT Receipt Form was not fit for purpose and was not always completed when receipts / VAT receipts were not submitted.
5	The distribution and receipt of 'gift' vouchers was not recorded and unused vouchers were not always stored appropriately.
6	For cardholders on long term absence the budget holder did not always notify the Procurement Card Administration Team.

## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

Ref.	SIGNIFICANT
8	Procurement cards have been issued without appropriately authorised Business Case Application Forms.
9	Transactions have been made where the use of a procurement card was inappropriate and/or spend was deemed inappropriate.
10	Monthly reviews of transactions were not comprehensive enough to appropriately highlight breaches of the policy.

Ref.	MODERATE
11	Some items were coded to incorrect account codes.
12	Invoices received for purchases showed invoice and/or delivery address as being non-Monmouthshire County Council locations.
13	Justification for the purchases made via procurements cards cannot be detailed within Business World to aid the Approver in their review of the transactions.

## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

#### APPENDIX 5

#### SUMMARY OF WEAKNESSES – MARDY PARK RESOURCE CENTRE (2024/25)

The audit was conducted as part of the 2024/25 Internal Audit Plan, focusing on the financial and administrative controls at Mardy Park Resource Centre. The audit aimed to evaluate the effectiveness of the governance framework using a risk-based approach. The audit identified significant gaps, weaknesses, and areas of non-compliance, resulting in a 'Limited' assurance.

Key areas examined included:

- Security controls for buildings, cash, equipment, and other assets.
- Lettings policy for land and buildings used by third parties.
- Income collection, banking, and reporting.
- Imprest transactions and compliance with financial instructions.
- Authorization and compliance of supplies and services.
- Health and safety compliance and staff training.
- Management of residents' monies and valuables.
- Budgetary control procedures.
- Administration of Amenity Funds

Significant issues identified included:

- Inadequate security protocols and lack of CCTV.
- No community lettings policy and no charges for third-party use of land and buildings.
- Poor inventory management and inappropriate access to the safe.
- Inadequate handling of residents' monies and valuables.
- Lack of proper documentation and approval for Amenity Fund transactions.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	2
SIGNIFICANT	Important risk that requires attention as soon as possible.	18
MODERATE	Risk partially mitigated but should still be addressed.	13
STRENGTH	No risk. Sound operational controls and processes confirmed.	16

## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

Ref.	CRITICAL
2.01	The Authority did not have appropriate arrangements with all organisations that used the land and buildings of Mardy Park.  As detailed in 2.01 a – e below.
2.01 (a)	There was no community lettings policy in place for the site.
2.01 (b)	Mardy Park did not charge third parties for using its lands or buildings.
2.01 (c)	There was no agreement in place between the Authority and 2 groups using the site.
2.01 (d)	A letting agreement was inadequate and had not been reviewed by the appropriate Council departments.  The agreement had not been appropriately authorised.
2.01 (e)	Documentation was not available to confirm that the Authority had approved the installation of equipment and buildings, such as shelters, polytunnels, sheds and pond, that third parties had placed on the site.
6.02	Risk assessments were not undertaken or were out of date.

Ref.	SIGNIFICANT
1.02	Appropriate security protocols were not in place to prevent unauthorised access to land and buildings:  As detailed in 1.02 a–f below.
1.02 (a)	There were various uncontrolled points of entry to the ground and to buildings.
1.02 (b)	Fire doors were identified as being left open.
1.02 (c)	The action plan from the May 2024 MCC Health & Safety visit raised issues around site access that were not yet fully addressed.
1.02 (d)	No CCTV was installed at site and the intruder alarm system was not working
1.02 (e)	There were door access code locks with infrequent or unknown updates.
1.02 (f)	Swipe cards automatically allowed access into all restricted areas of the building, were overissued and poorly tracked.
1.03	There was no inventory / asset register for the site.
1.04	Access to the safe was inappropriate.

## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

Ref.	SIGNIFICANT
1.05	<p>The content of the safe was inappropriate.</p> <ul style="list-style-type: none"> <li>• There was no safe content register.</li> <li>• Unrecorded monies belonging to third parties and members of staff was stored in the safe.</li> <li>• Some items belonging to service users appeared to have been stored for some time.</li> </ul>
1.06	Money was kept in the safe in excess of the Councils insurance policy.
1.07	A Gift & Hospitality register was not held. Gifts had been accepted when not appropriate.
3.05	Café price lists were inadequate. Staff were offered discounted meal rates without appropriate approval.
3.06	<p>No daily till reconciliation was produced.</p> <p>There was no formal cash handover process between members of staff.</p> <p>A till float of £30 had not been declared to Internal Audit. The cash float was kept in a lockable fridge, overnight.</p>
3.07	The site did not have a Point of Sale (PoS) System. Sales by type were not recorded or compared to inventory / stock control records for kitchen or catering activities.
4.02	The imprest account could not be balanced to the level held on Business World.
7.03	Residents' "Record of Monies" cards were not updated regularly. A small amount of residents' money was unaccounted for.
7.04	There were no procedures on how to handle money and valuables in the event of a death of a resident, or in the case of a resident leaving the home.
9.02	Cheque signatory arrangements for the Amenity Fund were unclear.
9.03	Record keeping for the Deri Wing Amenity Fund was inappropriate, untidy and difficult to follow. There was no recent cashbook maintained to show all cheques raised and income received which had been reconciled to the bank account monthly.
9.04	Amenity Fund expenditure lacked proper evidence and approval. Some items bought were eligible for VAT relief, therefore purchasing via the Amenity Fund increased the cost.
9.05	Amenity fund income was not banked intact. Receipts were not issued for all income received.
9.06	<p>There were missing amenity fund bank statements and the balance could not be confirmed as correct during these periods.</p> <p>There was a lack of regular checks on the cash in hand balance and no bank reconciliations had been completed.</p>
9.07	The Amenity Fund was not subject to an annual audit.



## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

Ref.	MODERATE
1.08	Technology such as video doorbells, was not in use which could help staff with identifying visitors at the foyer door during unsociable hours. An electronic visitor management system was not used by the site.
2.02	The Service Business Plans for Social Care, Health and Safeguarding has not included review of the flat facility at Lavender Garden to ensure it still met the needs that were identified in 2018.
3.08	Laundry income record keeping was untidy and did not confirm that the user's eligibility was being met.
3.09	Monmouthshire County Council receipt books were not being used.
4.03	Imprest reimbursement claims could not be agreed to the individual receipts.
4.04	An imprest cheque could be approved by a single authorised signatory. A staff member who had the debit card for the imprest account was absent from work due to long term illness and kept the card at home.
4.05	The sample included one imprest payment without a receipt and one payment with a receipt that did not match the amount recorded in the cashbook The imprest records did not clearly show who was reimbursed for spend and who authorised the spend.
5.05	Purchase orders were raised after invoice date in some cases.
5.06	For the sample tested, supplier invoices were not always paid in a timely manner.
6.03	Training records showed that for some members of staff, courses were recorded as expiring over 6 months ago.
8.03	The financial impact of some activities e.g. community cafe, Lavender Gardens, were not easily seen and accounted for within the overall budgets. It was not possible to ascertain whether the cafe and laundry service was making enough income to cover its costs.
9.08	It was not known whether the other bank accounts, besides the main one for Mardy Park Amenity Fund, were closed properly.
9.09	Cheque stubs from the Amenity Fund were not initialled confirming the details recorded on the stub were consistent with those shown on the signed cheque. Some cheque stubs lacked appropriate detail.

## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

#### APPENDIX 6

#### SUMMARY OF WEAKNESSES – FACILITIES & BUILDING CLEANING (2024/25)

The audit was conducted as part of the 2024/25 Internal Audit Plan, focusing on the financial and administrative controls within the Building Cleaning Service. The objective was to evaluate the effectiveness of the governance framework using a risk-based approach. The audit identified significant and moderate risks, resulting in a 'Limited' assurance rating.

Key areas examined included:

- Guidance and procedural frameworks for governance.
- Costing and management of internal and external clients.
- Staff recruitment, training, and management.
- Safeguarding of assets, hazardous chemicals, and vehicles.

Significant issues identified included:

- Lack of a proactive quality assurance framework.
- Inconsistent pricing and charges not covering service costs.
- Absence of formal agreements with various clients.
- Non-compliance with procurement rules.
- Incomplete compulsory training for staff.
- Inadequate documentation of staff inductions and timesheets.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	0
SIGNIFICANT	Important risk that requires attention as soon as possible.	18
MODERATE	Risk partially mitigated but should still be addressed.	5
STRENGTH	No risk. Sound operational controls and processes confirmed.	7

Ref.	SIGNIFICANT
1.02	No pro-active quality assurance framework was in place. Where a re-active quality review was undertaken records of the outcome were not maintained.
1.03	There was no central recording and monitoring of complaints received by the service.
1.04	The service remained heavily paper based and where standard computer packages are used there were a number of manual interventions, resulting in inefficiencies.
1.05	Risk Assessments were out of date and there was no evidence as to when the Method Statements / Standard Working Practices had last been reviewed.

## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

Ref.	SIGNIFICANT
2.02	The fees and charges did not cover the cost of providing the service.
2.03	No written agreements existed between the Authority and Town Councils, the Police or internal clients.
2.04	Goods and services have not always been procured in line with Contract Procedure Rules. No written agreement could be located for a third-party contractor appointed to clean one of the Authorities public conveniences.
3.03	The service advertised for jobs outside of the corporate arrangements and were recruiting directly after receipt of a CV.
3.04	There was no evidence that all staff have completed the necessary training required by the Authority for their roles.
3.05	Department inductions were not being undertaken with new starters.
3.06	Staffing needs were not regularly reviewed and recharges updated to reflect actual service delivery.
3.07	Timesheets had not been provided by employees and the current format used did not contain all the necessary information. No mechanism existed to ascertain that employees contracted hours were being worked.
3.08	No secondary checks were undertaken one payroll batches had been input.
3.09	It was not always evidenced that Return to Work and Attendance Management Review meetings were being undertaken, as required by the Attendance Management policy.
3.10	Staff were not requested to submit Employee Disclosure Forms to declare any secondary employment.
4.04	Daily defect reports have only been compiled for 65% of days the vehicles have been used for.
4.05	Keys were not managed in a secure manner.
4.06	No inventory was maintained of stock or equipment.

Ref.	MODERATE
1.06	The Service did not have an office or procedural manual which outlines the mechanics of the services and the processes involved in service delivery.
2.05	Information in relation to 'who to bill' and in some cases the cost centre was missing from the budget spreadsheet.
2.06	The Building Cleaning Budget (D050) needed reprofiling, as the service was operating in a surplus despite contract amounts not meeting the cost of providing the services.
2.07	Schools' SLA agreements had been incorrectly re-charged.
3.11	Staff were paid for untaken holiday entitlement. This had not been approved by the Head of Service.

## AUDIT COMMITTEE NOVEMBER 2024

### INTERNAL AUDIT SECTION PROGRESS REPORT 2024/25 – 6 MONTHS

#### APPENDIX 7

#### SUMMARY OF WEAKNESSES – SEVERN VIEW IMPREST ACCOUNT (2024/25)

The audit was conducted to review the management and administration of the Imprest Account at Severn View Care Home, which had recently moved to a new site in April 2024. The audit identified several control weaknesses and resulted in a 'Limited Assurance' rating, indicating significant gaps, weaknesses, or non-compliance.

Key findings included:

- Inaccurate signatory records: The banking team's records included former officers, causing delays and increasing the risk of fraud.
- Improper control of the debit card: The card's PIN was shared, and it was used for purchases instead of just cash withdrawals.
- Excessive cash on site: The amount of cash held exceeded insurance guidelines, increasing the risk of loss.
- Operating above approved levels: The Imprest account had a surplus amount not reflected in the Authority's accounts.
- Lack of prior approval for purchases: Purchases were sometimes made using personal cards, and reimbursements were delayed.
- Inadequate receipts and documentation: Receipts were often missing or lacked necessary information for VAT reclaim.
- Inappropriate purchases: Some purchases should have been made through established suppliers or using procurement cards.
- Inaccurate cash fund reconciliation: Discrepancies were found in the reconciliation of multiple funds.

RISK RATING	DESCRIPTION	TOTAL IDENTIFIED
CRITICAL	Major or unacceptable risk which requires immediate action.	0
SIGNIFICANT	Important risk that requires attention as soon as possible.	8
MODERATE	Risk partially mitigated but should still be addressed.	0
STRENGTH	No risk. Sound operational controls and processes confirmed.	Not examined

Ref.	SIGNIFICANT
1.	The banking team's authorised signatory records included former officers and did not align with the information provided by the establishment.
2.	The Imprest Account's debit card was not properly controlled. The PIN was shared, and there seemed to be no restrictions on online purchases.
3.	The amount of cash held on site exceeded the limits recommended by the insurance guidelines.

## AUDIT COMMITTEE NOVEMBER 2024

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Ref.	SIGNIFICANT
4.	The Imprest account was operating above its approved level. Claims were not always timely and sometimes amounted to more than the funds approved level.
5.	Purchases did not demonstrate prior approval processes in place. Purchases were sometimes made using personal credit / debit cards and reimbursements were not always in a timely manner.
6.	Appropriate receipts / vouchers were not always retained to support the items purchased. The records sometimes lacked the necessary information to support the reclaim of VAT.
7.	Purchases made through the Imprest account were not always suitable and could have been procured using other avenues such as a purchase order, procurement card, or fuel card.
8.	The imprest cash fund could not be reconciled to the supporting cash book. Not all transactions / fund transfers appeared to be documented.