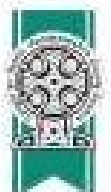




PARTNERIAETH INTERNAL AUDIT REPORT

2023 - 2024

GWEITHIO MEWN PARTNERIAETH I GYFLAWNI RHAGORIAETH I BAWB
PARTNERSHIP WORKING TO ACHIEVE EXCELLENCE FOR ALL



Introduction and Objective of Audit Review

Partneriaeth is a regional partnership arrangement providing professional learning and bespoke support to meet the needs of schools and educational settings across Carmarthenshire, Pembrokeshire and Swansea, and improve the outcomes of learners.

An Internal Audit review of Partneriaeth has been carried out as part of the 2023-24 Internal Audit Plan, as agreed by the Joint Committee on 06 October 2023.

The audit aims to provide assurance that Partneriaeth has adequate governance, internal control, risk management and financial management arrangements in place, which are operating effectively and assisting it to achieve its objectives.

Audit Scope and Methodology

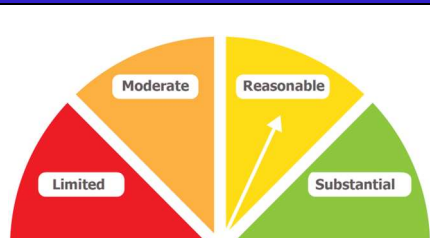
The scope of the audit review covered the following key areas:

- Follow up of Previous Internal Audit Recommendations and Annual Governance Statement actions.
- Governance arrangements, including compliance with the Legal Agreement; Meeting Schedule, Forward Work Programme and Meeting Attendance; Local Code of Governance; and Decision Making Protocol and Record of Decisions.
- Business Plan, including Approval and Implementation; Business Plan Objectives and Costing; and Business Plan Monitoring Arrangements and Progress Reporting.
- Financial Management arrangements, including Budgetary Control and Monitoring; Use of Journals; and Financial Sustainability.
- Grant Management, including Arrangements for Utilisation, Monitoring and Management of Grant Funding retained by Partneriaeth.
- Risk Management arrangements, including Risk Register Monitoring and Risk Scoring Methodology.

We took an evidence based approach to our audit review using interviews with staff, review of supporting documentation and sample testing to arrive at our opinion.

This audit review was performed following Internal Audit’s standard methodology, in conformance with the Public Sector Internal Audit Standards. It should be noted that all testing undertaken as part of this audit review was on a sample basis and therefore the results should be considered in this context. Internal Audit cannot provide absolute assurance of effectiveness.

Overall Assurance Rating



Reasonable: There is generally a sound system of governance, internal control, financial management and risk management 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.

Recommendations:

Priority	Number
Very High	0
High	2
Medium	1
Low	0

NB: Low level recommendations are reported directly to Services under review

Executive Summary

The 2022-23 Partneriaeth Internal Audit report included seven recommendations, of which, three have been completed, progress has been made against three, and work is still required on the remaining one. Two priorities for improvement were included in the 2022-23 Annual Governance Statement, of which one has been completed and one is in progress. Where applicable, outstanding actions have been incorporated into the recommendations made as part of this Internal Audit review.

Governance arrangements are in the process of being further enhanced, with a Local Code of Governance and a Scheme of Delegation drafted, which will be presented to Joint Committee on 05 July 2024. Testing of meeting frequency and quoracy did not identify any significant issues; one minor query regarding the Stakeholder Group's Terms of Reference was raised with Partneriaeth Officers and sufficiently resolved. Documented Service Level Agreements (SLAs) were in place for three out of seven instances where services were provided to Partneriaeth by partners, the remaining four were not, which could result in a lack of clarity between each party. Documented SLAs are not currently in place for services provided by Partneriaeth to two Councils which are not members of the partnership. Internal Audit was advised that these are under discussion with Legal.

A Business Plan is in place and was approved by the Joint Committee on 23 June 2023. Professional Learning Plans and Briefs underpin the Business Plan and include qualitative success criteria, as well as quantitative targets/plans. Monitoring updates have been provided to the Joint Committee on a regular basis. The Annual Report 2022-23 has been improved to include quantitative and financial data as well as qualitative evaluation, and a range of visual representations incorporated, which is an enhancement to the narrative-driven approach noted in the previous Internal Audit report.

Officers are working on the closure of accounts for 2023-24. Data currently indicates a Regional Consortia Grant underspend of £109k (1.6%). Internal Audit was advised that this underspend is expected to reduce during the course of closure. Improvements have been noted in aspects of financial management arrangements. The volume of journal adjustments has reduced to 42 during 2023-24, an improvement on the 54 in 2022-23. A Tracking Spreadsheet has been developed to support the costing of the Business Plan which is also used by the Senior Strategic Advisor to plan and monitor expenditure. Testing identified a small number of expenditure transactions had been omitted, which was resolved during the course of the audit.

Finance Officers maintain detailed budget review working papers, and meet regularly with Officers from Partneriaeth, as well as partner Local Authorities. Financial reports are also presented at each Joint Committee. However, weaknesses remain in other areas of financial management arrangements, for example, sample testing of 10 transactions identified that only one purchase order was raised in advance. Inconsistencies with accounting for VAT were also identified with three purchase card payments (out of 20 transactions), and 15 transactions were approved outside of the designated timescale. Sample testing of five Suppliers' accumulated expenditure balances in excess of £25k identified that signed Exception Reports were in place for two, but not the remaining three. Partneriaeth Officers have also not undertaken training on the refreshed Financial Procedure Rules, and arrangements in relation to conformance with Contract Procedure Rules and Financial Procedure Rules require strengthening. No issues were identified with the raising of sundry debts for SLAs and secondments.

Quarterly grant claims were submitted by Partneriaeth to Welsh Government in line with the required timeframes. Grant claim forms submitted quarterly by partner Local Authorities to Partneriaeth were held on file in all instances, although there were two instances of claim forms which did not include the two signatures required. These were however, retrieved during the course of the audit.

A Risk Register is in place documenting the key risks to achievement of Partneriaeth's objectives, and has been presented at each Joint Committee meeting and Scrutiny Councillor Group. A minor query was raised with Partneriaeth Officers in respect of the Principal Accountant being assigned as a risk owner however, this post has not been occupied since December 2022. Officers are in the process of considering this, with the Lead Officer.

Taking into consideration the above points, and based upon the detailed findings of the review, Reasonable assurance is placed on the arrangements in place for Partneriaeth. The recommendations arising from this review have been consolidated within the Findings and Action Plan.

Findings and Action Plan

1.0 Governance Arrangements

Issue:

The 2022-23 Partneriaeth Internal Audit review (Ref: 22078) identified that signed, documented agreements were not in place for all services provided to Partneriaeth by partner Local Authorities. Testing during the 2023-24 Internal Audit review identified that documented Service Level Agreements (SLAs) were in place for three (HR & Payroll, Procurement, and the Scrutiny Councillor Group) out of seven working arrangements where services were provided to Partneriaeth however, the remaining four were not. The Business Support Manager advised that these had been followed up, but had not been received. It was identified that signed, documented agreements were not in place for services provided to two Local Authorities (Ceredigion and Neath Port Talbot) who are not members of Partneriaeth, which was also a finding of the 2022-23 Internal Audit review. Officers have advised Internal Audit that these are under discussion with Legal. There remains a risk that there is a lack of clarity in relation to the services provided, and the roles and expectations of each party, where signed, documented agreements are not in place.

Recommendation:

Services provided to Partneriaeth by partner Authorities, and services provided to non-member Local Authorities by Partneriaeth should be formalised in signed documented agreements setting out the costs, expected provision and roles/responsibilities of each party.

Grading

Medium

Management Response:

All SLAs will be reviewed as part of the restructure of the organisation. This will be considered as part of the process.

Partner LAs outside Partneriaeth are invoiced annually and payment received in a timely fashion. Signed, documented agreement will be proposed by Partneriaeth and developed by the Monitoring Officer as part of Carmarthenshire’s SLA.

Responsible Officer:

Monitoring Officer / Lead Officer

Timescale for Implementation:

Autumn 2024

2.0 Financial Management – Processing of Transactions

Issue:

As identified in previous Internal Audit reviews, weaknesses remain in relation to the processing of transactions. Sample testing of 10 transactions made via eProcurement identified that only one purchase order was raised in advance of the invoice date. One was raised on the same date, and the remaining eight were raised in arrears, ranging between four and 57 days after the invoice date. This is a recurring finding of previous Internal Audit reviews, and presents a risk that budgets are not being appropriately committed in a timely manner, and invoices are being paid outside of the designated timeframe. Internal Audit was advised during the 2022-23 review that the Lead Officer/Strategic Advisers would be given the ability to approve high value expenditure however, this was not evident during testing. Of the 10 transactions, eight were approved by the Business Support Manager, and two were approved by the Deputy Chief Finance Officer.

Sample testing of 20 purchase card transactions identified inconsistencies with accounting for VAT for three payments (which is also a recurring issue identified in previous years), although these were not material in value (less than £50 in aggregate). It was also identified that 15 of the purchase card transactions were approved outside of the designated timescale, which is consistent with findings in previous years. Furthermore, eight of the purchase card transactions were approved by the Senior Strategic Adviser, with the remainder approved by the Procurement Purchase Card Officer. The Senior Strategic Adviser confirmed he had only recently gained access to the purchase card system.

A Tracking Spreadsheet has been developed to support the costing of the Business Plan which is also used by the Senior Strategic Advisor to plan and monitor expenditure. Testing identified a small number of purchase card transactions had been omitted which was resolved during the course of the audit. Separate, detailed budget review working papers are also maintained by Officers from Finance and used for formal budget monitoring however, as the Tracking Spreadsheet is used on a day-to-day basis by the Senior Strategic Advisor, omitted transactions may result in reliance being placed on inaccurate management information in terms of budgetary decision-making.

Recommendation:

All expenditure transactions must be processed accurately, and on a timely basis. Appropriate checks must be undertaken to ensure VAT is accounted for correctly, in all instances. Approval of transactions must continue to be improved upon, through Partneriaeth Officers reviewing and authorising transactions and in a timely manner.

Grading
High

Management Response:

It is pleasing to see recognition of the improved tracking implemented by the Senior Strategic Adviser in this area although the purpose is to support business planning as well as tracking spending.
This will be addressed through discussion and training with the Business Management team and Senior Officers in Partneriaeth to ensure errors are minimised.

Responsible Officer:

Lead Officer / Senior Strategic Adviser / Business Support Manager

Timescale for Implementation:

Summer 2024

3.0 Financial Management – Contract Procedure Rules & Financial Procedure Rules

Issue:

Sample testing of five Suppliers’ accumulated expenditure balances in excess of £25k identified that signed Exception Reports were in place for two, although one of these did not state the name of the Supplier within the Exception Report. Exception Reports (or tendering processes) were not in place for the remaining three Suppliers. This presents a risk of non-compliance with the Contract Procedure Rules.

As noted during the previous section (Issue 2.0), the timeliness of raising purchase orders ahead of receiving invoices is a recurring issue from previous years and also presents a risk of non-compliance with the Contract Procedure Rules.

Partneriaeth Officers have also not undertaken training on the Financial Procedure Rules which were refreshed during the first part of the 2023-24 financial year. This may also result in non-compliance with the Financial Procedure Rules.

Recommendation:

Compliance with Contract Procedure Rules requires strengthening, with additional support/training obtained from Partneriaeth’s Procurement Link Officer, where necessary. Financial Procedure Rules POD training must also be undertaken by Officers with financial/budgetary responsibilities, to ensure Officers are sufficiently informed when undertaking their duties.

Grading

High

Management Response:

Partneriaeth Officers will undertake all necessary training to ensure that there is full compliance.

Responsible Officer:

Business Support Manager / Lead Officer

Timescale for Implementation:

Summer 2024

Report Distribution

Ian Altman, Partneriaeth Lead Officer
 Martin Nicholls, Partneriaeth Lead Chief Executive
 Helen Morgan-Rees, Partneriaeth Lead Director
 Jon Haswell, Partneriaeth Section 151 Officer
 Linda Rees-Jones, Partneriaeth Monitoring Officer

Auditor

Siân Morris, Senior Auditor

Key Dates

Fieldwork Complete	07 May 2024
Draft Report Issued	10 May 2024
Management Responses Received	20 May 2024
Final Report Issued	22 May 2024

Acknowledgement

We would like to take this opportunity to thank all staff involved for their co-operation during the audit review.

Contact Details

If the Internal Audit Service can be of any further assistance please contact:

- Matt Holder, Partneriaeth Head of Internal Audit
- Charlotte Hodges, Partneriaeth Deputy Head of Internal Audit

Assurance Rating Descriptions and Report Circulation

Assurance Rating	Description	Report Circulation
Substantial	A sound system of governance, internal control, financial management and risk management exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Lead Officer / Lead Chief Executive / Lead Director / Section 151 Officer / Monitoring Officer Joint Committee
Reasonable	There is generally a sound system of governance, internal control, financial management and risk management 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.	Lead Officer / Lead Chief Executive / Lead Director / Section 151 Officer / Monitoring Officer Joint Committee
Moderate	Weaknesses or non-compliance were identified. Improvement is required to the system of governance, internal control, financial management and risk management to effectively manage risks to the achievement of objectives in the area audited.	Lead Officer / Lead Chief Executive / Lead Director / Section 151 Officer / Monitoring Officer Joint Committee
Limited	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, internal control, financial management and risk management is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Lead Officer / Lead Chief Executive / Lead Director / Section 151 Officer / Monitoring Officer Joint Committee

Recommendation Grading Descriptions

Recommendation Grading	Description
Very High	There is a serious risk to the organisation as a whole, or to the achievement of Strategic objectives through fundamental weaknesses in the control environment. Management action to implement the appropriate control is required immediately.
High	Remedial action is required urgently to improve the control environment so that objectives are not exposed to unacceptable risks through lack of or weakness in key controls.
Medium	Remedial action is required in a timely manner to improve the control environment so that objectives are not exposed to risks through weaknesses in controls.
Low	Remedial action is required as soon as practicably possible to enhance the control environment.