

Cyngor Sir Gâr Carmarthenshire County Council

Archwiliad Mewnol Internal Audit

MWWFRS

Critical Operational Locations Surveys Grant

**Final Internal Audit Report
2023/24**

16th November 2023

CONTENTS	PAGE
1. Introduction Background Scope and Objectives Associated Risks	2
2. General Opinion	2
3. Assurance Rating	4
4. Summary of Recommendations	4
5. Key Findings and Action Plan	5
 Audit Assurance Ratings and Recommendation Priorities	 APPENDIX 1

Review reference:	9122014
Draft Report issued:	2 nd November 2023
Action Plan agreed:	15 th November 2023
Final Report issued:	16 th November 2023
Auditor(s):	Alexa Thomas, Senior Auditor Rhiannon Dafis, Assistant Auditor

1. INTRODUCTION

Background

An element of the Emergency Services Mobile Communication Programme (ESMCP) is to ensure mobile coverage is provided where it is operationally required. Part of the Critical Operational Locations (COLs) assessment includes the identification of locations which are deemed critical, and identifying whether mobile coverage is present. The development of the COLs list includes both outdoor and indoor locations of the 3 Emergency Services (3ES) and 3 non-Emergency Services estate. Grant funding directly to User Organisations will enable surveys to be undertaken to understand and consequently address coverage gaps at COLs.

A grant of £354,000 has been allocated by Welsh Government (WG), in relation to COLs survey resource costs, to undertake exercises in Wales to validate the COLs list in Wales. The funding relates to the period 1 April 2022 to 31 March 2023 and had to be claimed in full by 31 March 2023.

Scope and Objectives

The review was undertaken to ascertain the extent to which the aims and objectives of the grant have been achieved, the grant has been used for the purpose intended, and that grant terms and conditions and the Authority's Finance Policies are being fully complied with.

Associated Risks

The risks that were considered in the review are as follows:

- In-appropriate payments made;
- Mis-use of the grant;
- Non-compliance with the Authority's policies and procedures.

2. GENERAL OPINION

The ESMCP is a Home Office (HO) programme to identify, assess and deliver mobile communication coverage at COLs throughout the UK. It was, however, decided to fund the surveys regionally, and funding of £354,000 was allocated to WG for locations in Wales. The surveys are required to be undertaken to support the identification of coverage gaps which, without rectification, will have a direct impact on the 3ES ability to operate, their safety, and the safety of the public. Due to the sensitive nature and security constraints of the grant funding, certain documents in relation to COL locations were restricted; Internal Audit placed reliance, therefore, on summary reports collated by MWWFRS.

In Wales, the programme is managed by the Programme Manager – All Wales Communications Projects, based within Mid and West Wales Fire and Rescue Service,

on behalf of the Welsh Joint Emergency Service Group (JESG). Internal Audit has been advised that a full list of COLs has been validated by the JESG Strategy Group; the list is continuously updated and reviewed.

The grant offer letter received from WG, for the period 1 April 2022 to 31 March 2023, was dated 27th July 2022, and it was noted that the acceptance of the award of funding was signed within the specified timescale.

Emergency Services (ES) are expected to undertake surveys on their own locations. The funding allocation methodology and standard report template was agreed by the 'All Wales Coverage Group'. Each organisation was given a cost option, either to reclaim actual costs or to reclaim the specified £400 per survey completed. Internal Audit was advised that all methodologies were agreed in advance.

Testing of a sample of ten transactions that had been claimed during the 2022/23 financial year, found that nine of the transactions were eligible, funding had been spent exclusively against the progression of COL coverage assurance, and they had been appropriately approved. In four instances, there was no evidence provided to demonstrate that the appropriate checks had been undertaken, prior to payment, in accordance with the requirements of Financial Procedure Rules.

In one instance, income in relation to a transaction for £58k, included in the quarter 4 claim, had previously been received, in advance, from WG. The income was received from WG in 2021 for surveys that are yet to be undertaken and has, therefore, been accrued every year since; to include this transaction in the quarter 4 claim was inappropriate, and has resulted in an overclaim to WG of £58k. This was queried by Internal Audit. Finance staff have investigated this transaction and have notified WG of the overclaim. Remedial action has been agreed with WG, in September, to pay back £27,628 and to offset the remainder with an outstanding invoice that was agreed by WG as eligible expenditure.

The current review found that the grant in relation to COL's had been underspent by £161,723.58, however, approval had been obtained from the HO to carry forward funding to 2023/24. This was confirmed by the HO in their email of the 27th May 2022 which stated: *'Should all funds not be utilised the remaining balance will be made available by the Programme in FY23/24 under the same mechanisms. The expectation is this will be low level carry over if at all'*.

During testing, a transaction was identified, in relation to COLs surveys that had been attributed to Assurance Team expenditure.

The Assurance Team forms an integral part of the governance process for the ESMCP, and is required to facilitate the provision of sound advice to Welsh Ministers that the Emergency Services Network is safe, resilient and operationally fit for purpose. It also provides the operational assurances required around the Programme's transitional, operational evaluation and deployment work packages to delivery stage. Funding for the Assurance Team of £150,000 was allocated by WG for 2022/23.

The grant in relation to the Assurance Team was also underspent by £5,301.78. Due to the fact that the Assurance Team underspend could not be carried forward, a transaction of £800 in relation to COLs survey costs was adjusted, to be accounted and claimed for, in the Assurance Team claim. Internal Audit has been advised that this was done to maximise Assurance Team expenditure which was agreed verbally by WG; written confirmation for this re-allocation of costs was not available. Internal Audit enquired as to why the re-allocation of further costs was not actioned for the remaining Assurance Team underspend, in order to fully maximise grant income into the Authority, and were advised that this was not actioned due to time restrictions.

A review of the current position in relation to the target number of COL surveys required to be undertaken, has identified that the target was not met in 2022/23 but, as previously noted, the HO had agreed to carry the funding forward to 2023/24. It is acknowledged that progress reports are regularly provided to JESG, WG and the HO. In a JESG meeting in March 2023, it was reported that in the event that surveys are not concluded by Sept 2023, then it was assumed that the requirement to conclude this work would need to be met directly by the Welsh Emergency Services, with no supplementary funding provision. Internal Audit have been advised that all surveys had been completed by 17th September 2023.

3. ASSURANCE RATING

The post review assurance level for systems relating to the Critical Operational Locations Grant is categorised as follows:

Assurance Level	Description for Assurance Level
Acceptable	Moderate Controls, some areas of non-compliance with agreed controls. Medium / low risk of not meeting objectives. Medium / low risk of fraud, negligence, loss, damage to reputation.

4. SUMMARY OF RECOMMENDATIONS

The audit findings and recommendations are detailed in Section 5, together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below:

Priority	3*	2*	1*	Total
Number of recommendations	0	3	0	3

5. FINDINGS AND ACTION PLAN

Finding 1: Overclaim	
<p>Testing of a sample of ten transactions that had been claimed during the 2022/23 financial year identified one instance where income, in relation to an accrual transaction for £58k included in the quarter 4 claim, had previously been received, in advance, from WG. Accrual transactions in relation to the advance income receipt have been actioned as the respective surveys are yet to be completed. The accrual transaction has been included incorrectly in the quarter 4 claim, and has resulted in an overclaim to WG of £58k.</p>	
Recommendation 1	Priority level
<p>Claims should only include transactions that are eligible under the terms and conditions of the grant.</p> <p>The claim verification process should ensure that checks are undertaken to ensure the eligibility of transactions prior to submitting claims, to avoid any future overclaims occurring.</p>	<p>**</p>
Management Response 1	Responsible Officer
<p>The error has been corrected and discussed with WG. Funds to the value of £27,628 have been returned to Welsh Government (WG) and the remainder was attributed to an outstanding invoice that was agreed by WG as eligible expenditure.</p> <p>We will continue to monitor and check grant returns as appropriate and will pay particular attention to accruals to ensure that accrual reversals are matched off accordingly.</p>	<p>Grant Manager / Accountancy & Systems Manager</p>
	Implementation Date

Finding 2: Re-allocated Costs

Testing has identified one instance where a transaction for £800 has been claimed against the Assurance Team grant funding rather than the COLs grant funding. Internal Audit have been advised that WG verbally approved this re-allocation, however, there is no documentation available to support this approval.

Internal Audit enquired as to why a virement was not actioned to re-allocate costs for the remaining Assurance Team underspend in order to fully maximise grant income into the Authority; the explanation provided was that further costs were not re-allocated to maximise the grant funding, due to time restrictions.

Recommendation 2

Written approval should be sought and maintained for all instances where costs are re-allocated, in order to demonstrate that adequate approval has been agreed by WG.

Where it is appropriate to do so, with the correct approval in place, costs should be reallocated to maximise grant income for the Authority.

Priority level

**

Management Response 2

This relates to a recharge to the Service for 2 COL surveys undertaken by Service employees @ a cost of £400 per survey. Verbal confirmation was received by the Grant Manager that these charges could be charged to the Assurance grant. Written approval will be sought in the future.

We agree that where approval is in place, cost should be reallocated to maximise the grant income for the Authority. However, this is not always achievable owing to time constraints and organisations' differing end of year invoicing processes and timings.

Responsible Officer

Grant Manager / Accountancy & Systems Manager

Implementation Date

Immediate

Finding 3: Expenditure	
Testing of a sample of 10 expenditure transactions identified four instances where there was no evidence provided to demonstrate that the appropriate checks had been undertaken, in accordance with the requirements of Financial Procedure Rules.	
Recommendation 3	Priority level
In accordance with the requirements of Financial Procedure Rules, the specified checks should be undertaken prior to the invoice being processed and obtaining final approval. Evidence that the checks have been undertaken should be maintained.	**
Management Response 3	Responsible Officer
For non-PO invoices - following consolidation of COL's reported on the Home Office software system, progress reports are provided to the Grant Manager and expected invoice totals agreed with the other Services/Public bodies. This is copied to Finance. The other Services/Public bodies then raise the invoice and Finance follow the usual procedure of checking for accruals. Once the invoices are loaded to the Agresso approval workflow, the Grant Manager checks the invoice against the expected amount and approves only if it corresponds with the amounts expected (per the emails provided as evidence). A review of the procedure for non-PO invoices will be undertaken to ensure compliance with FPR's.	Grant Manager / Head of Finance
	Implementation Date
	31/03/2024

Audit Assurance Ratings

Assurance Level	Description for Assurance Level
High	Good controls consistently applied. Low risk of not meeting objectives. Low risk of fraud, negligence, loss, damage to reputation.
Acceptable	Moderate Controls, some areas of non-compliance with agreed controls. Medium / low risk of not meeting objectives. Medium / low risk of fraud, negligence, loss, damage to reputation.
Low	Inadequate controls. High Risk of not meeting objectives. High risk of fraud, negligence, loss, damage to reputation.

Recommendation Priorities

***** Priority 1 - Fundamental Weaknesses**

Control issues to be addressed as a high priority. These relate to issues that are fundamental and material to the system of internal control at a service level.

Recommendation should be introduced as a high priority.

**** Priority 2 - Strengthen Existing Controls**

Action required to avoid exposure to significant risks. These relate to issues that procedures do exist but require strengthening.

Implementation is strongly recommended.

*** Priority 3 - Minor Issues**

Action required which should result in enhanced control or better value for money. These are issues arising that would, if corrected, improve the internal control environment in general but are not vital to the overall system of internal control.

Implementation of recommendation is desirable to comply with best practice guidance.