

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	30 NOVEMBER 2020
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 31 OCTOBER 2020
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES

1. INTRODUCTION

1.1 The following report summarises the work of Internal Audit for the period from 1 April 2020 to 31 October 2020.

2. WORK COMPLETED DURING THE PERIOD

2.1 The following work was completed in the period to 31 October 2020:

Description	Number
Reports on Audits from the Operational Plan	6
Reports on Audits from the Operational Plan 2019/2020	2
Other Reports from the Operational Plan	1

Further details regarding this work are found in the body of this report and in the enclosed appendices.

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 31 October 2020, indicating the relevant assurance level and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Pupil Development Grant	Education	Resources	High	Appendix 1
Regional Consortia School Improvement Grant	Education	Resources	High	Appendix 2
Harbours Statement of Accounts 2019/2020	Finance	Accountancy	High	Appendix 3
Joint Planning Policy Committee Statement of Accounts 2019/2020	Finance	Accountancy	High	Appendix 4
North Wales Economic Ambition Board Statement of Accounts 2019/2020	Finance	Accountancy	High	Appendix 5
Supporting People Grant	Housing and Property	Homelessness and Supported Housing	High	Appendix 6
ARFOR	Economy and Community	Business Support	High	Appendix 7
Plas Gwilym	Adults, Health and Wellbeing	Residential and Day	Satisfactory	Appendix 8

2.2.2 The general assurance levels of audits fall into one of four categories as shown in the table below.

LEVEL OF ASSURANCE	HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.
	SATISFACTORY	Controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.
	LIMITED	Although controls are in place, compliance with the controls needs to be improved and / or introduces new controls to reduce the risks to which the service is exposed.
	NO ASSURANCE	Controls in place are considered to be inadequate, with objectives failing to be achieved.

2.2.3 In addition to the above, work was undertaken on the audit of "Employment Statements". The purpose of the audit was to verify that a clause regarding statutory training such as safeguarding had been included in the employment statements of all council staff in order to reinforce the importance that the accountability applies to everyone. A sample of 40 staff across the Council who were new to their job since January 2020 were selected and their employment statements and training records checked. It was found that the clause was not included in any of the selected statements of employment. Following consultation with the Human Resources Service (Corporate Support Department), the Human Resources Advisory Services Manager confirmed that no work had been done to include the clause as Covid-19 had impeded in achieving this requirement. To this end, it has been decided not to allocate a category in respect of assurance level, but Internal Audit intend to revisit the area in the near future.

3. WORK IN PROGRESS

3.1 The following work was in progress as at 31 October 2020:

- Climate Change (*Corporate*)
- Safeguarding Arrangements (*Corporate*)
- Business Arrangements as a result of Covid-19 (*Corporate*)
- Supply Chain Risks (*Corporate*)
- Home Working Arrangements (*Corporate*)
- Proactive Prevention of Fraud and Corruption and the National Fraud Initiative (*Corporate*)
- Payments to Care Workers (*Finance*)
- Council Tax Reduction Scheme (*Finance*)
- Welsh Government Business Support Grants (*Finance*)
- STEM Gogledd (*Economy and Community*)
- Business Units (*Economy and Community*)
- Arrangements for Free School Meals (*Children and Supporting Families*)

4. RECOMMENDATION

- 4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 1 April 2020 to 31 October 2020, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

PUPIL DEVELOPMENT GRANT

1. Background

- 1.1 The purpose of the Pupil Development Grant is to improve outcomes for learners eligible for free school meals and looked after children. It is intended to overcome the additional barriers that prevent learners from disadvantaged backgrounds from achieving their full potential.
- 1.2 The grant is delegated to Schools / early years settings with the exception of the 'Looked After Children' element and is managed regionally by the Local Education Consortium, GwE. GwE is also responsible for ensuring that the schools meet the grant requirements and support them to this end. Gwynedd Council is the grant lead authority on behalf of the northern authorities.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to confirm the accuracy of the Audit Certificate, which is the Authority's statement of expenditure for the 2019/20 grant, and confirmation that internal systems and controls are in place to ensure that the grant is used for the appropriate purposes. In addition, it was confirmed that the grant had been delegated directly to schools and that there were appropriate arrangements for monitoring the grant and claiming the funding from the Welsh Government.

3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.

4. Main Findings

- 4.1 Appropriate arrangements were seen to be in place for administering the Pupil Development Grant. Expenditure on the Audit Certificate was reconciled with the ledger and the expenditure appears to be appropriate and in line with the grant objectives.

REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT

1. Background

1.1 On 1st April 2015, The Education Improvement Grant (EIG) was created after the Welsh Government joined the following grants:

- Foundation Phase
- 14-19 Learning Pathways
- School Effectiveness Grant (GEY)
- Welsh in Education Grant
- Minority Ethnic Achievement Grant
- Education of Gypsy Children and Traveller Children
- Induction of Newly Qualified Teachers
- Higher Level Teaching Assistants
- Lead and Emerging Schools
- Support for Reading and Numeracy Tests
- Funding for Band 4 and 5 Schools

1.2 The EIG has now been incorporated into a new 'Regional Consortia School Improvement Grant (RCSIG)'. The purpose of the grant is to improve educational outcomes for all learners and reduce the impact of deprivation on learner outcomes.

1.3 The core principle of the grant is that the vast majority is used for front-line provision with the terms and conditions of the 2019-20 grant stating that a minimum of 80% of the total (RCSIG) is devolved directly to schools. Gwynedd Council is the host authority for RCSIG and the Local Education Consortium, GwE is responsible for ensuring that schools meet the grant requirements and support the schools to this end.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that there were appropriate internal controls in place for the administration of the 2019-20 RCSIG, in order to mitigate risks in accordance with the terms and conditions of the grant. To confirm the figures presented on Gwynedd Council and GwE's expenditure statements in relation to the grant, by tracing the figures to their source to confirm their accuracy and propriety.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.

4. Main Findings

- 4.1 Assurances can be expressed in the accuracy of Gwynedd Council and GwE's expenditure statements in relation to the Regional Consortia School Improvement Grant. A sample of figures were traced back to the Council's financial ledger, and found to be accurate, reasonable and in line with the objectives of the grant.
- 4.2 Good arrangements appear to exist for the administration of the RCSIG. It was seen that the appropriate percentage of gross funding had been delegated directly to the schools and that the appropriate percentage of grant funding had been retained for the purpose of administration in accordance with the terms and conditions of the grant.

HARBOURS STATEMENT OF ACCOUNTS

1. Background

- 1.1 The Harbours Act 1964 requires that Gwynedd, as a harbour authority, prepares an annual statement of accounts relating to Pwllheli, Porthmadog, Abermaw and Aberdyfi harbour activities.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to confirm the accounts on the Harbours' annual statement for the 2019/20 financial year, as well as to confirm that appropriate internal controls were in place.

3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.

4. Main Findings

- 4.1 Assurance can be given that the Harbours' accounting statement for the 2019/20 financial year was accurate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that the internal controls could be relied upon to achieve their objectives. Appropriate accounts have been kept and bank reconciliations are made as part of Council wide bank reconciling.
- 4.2 Based on the tests carried out it was seen for a sample of payments selected, including petty cash payments, that they were supported with appropriate invoices or receipts, and that value added tax had been dealt with appropriately. There was also an appropriate trail for a sample of other transactions made through internal transfers.
- 4.3 Staff costs are administered through Gwynedd Council's Payroll Unit where PAYE and National Insurance requirements have been applied appropriately. These costs are appropriately accounted for in the statement and a sample of these officers' employment contracts were reviewed.
- 4.4 The fixed asset figure on the accounting statements is supported by an asset register.
- 4.5 As part of the 2019/20 internal audit plan, the Harbours were visited as part of a 'Harbours' Health and Safety' audit, which encompassed reviewing risk assessments. It was seen that appropriate arrangements were in place for drawing them up and that they were reviewed annually or more frequent.

**JOINT PLANNING POLICY COMMITTEE STATEMENT OF ACCOUNTS
(GWYNEDD AND ANGLESEY COUNCILS)**

1. Background

- 1.1 The Joint Policy Committee is a joint committee established in accordance with Section 101 of the Local Government Act 1972 by Gwynedd Council and the Isle of Anglesey County Council. Separate accounts are required for joint committees. As Gwynedd Council is the lead council in respect of the finance and accountancy service for the joint committee, it is Gwynedd Council's responsibility to complete the financial statements.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure the accuracy of the accounts on the Committee's annual statement for the 2019/20 financial year, as well as to confirm that appropriate internal controls were in place.

3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.

4. Main Findings

- 4.1 Assurance can be given that the Joint Planning Policy Committee's accounting statement for the 2019/20 financial year was appropriate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that internal controls could be relied upon to achieve objectives. Appropriate accounts have been kept and bank reconciliations are held as part of activities across the Council.
- 4.2 Based on the tests carried out it was seen that the sample of payments selected had been supported with invoices relevant to the period in question, and that value added tax had been dealt with appropriately. There was also an appropriate audit trail for a sample of other transactions made through internal transfers.
- 4.3 Staff costs are administered through Gwynedd Council's Payroll Unit where PAYE and National Insurance requirements have been applied appropriately. These costs are appropriately accounted for in the statement and a sample of these officers' employment contracts were reviewed.
- 4.4 Other payments include transport, other service supplies, scheme development costs and central support costs.

NORTH WALES ECONOMIC AMBITION BOARD STATEMENT OF ACCOUNTS

1. Background

1.1 The North Wales Economic Ambition Board is a collaborative group of private and public organisations committed to promoting economic growth in Anglesey, Conwy, Denbighshire, Flintshire, Gwynedd and Wrexham. The key objectives include encouraging business investment in North Wales, helping local companies take advantage of supply chain opportunities, and encouraging work-related skills in the region.

2. Purpose and Scope of the Audit

2.1 The purpose of the audit was to confirm the accounts on the Board's annual statement for the 2019/20 financial year, as well as to confirm that appropriate internal controls were in place.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.

4. Main Findings

- 4.1 Assurance can be given that the North Wales Economic Ambition Board accounting statement for the 2019/20 financial year was appropriate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that the internal controls could be relied upon to achieve their objectives. Appropriate accounts have been kept and bank reconciliations are made as part of Council wide bank reconciling.
- 4.2 Based on the tests carried out it was seen for a sample of payments selected that they were supported with invoices relevant to the period in question, and that value added tax had been dealt with appropriately. There was also an appropriate trail for a sample of other transactions made through internal transfers.
- 4.3 A risk register was presented to the Board on the 12th of April 2019 which focuses on programme risks arising from the initial work programme submitted to the Board on the 1st of February 2019. Risks are added to the register during the year.
- 4.4 Staff costs are administered through Gwynedd Council's Payroll Unit where PAYE and National Insurance requirements have been applied appropriately. These costs are appropriately accounted for in the statement and a sample of these officers' employment contracts were reviewed.

SUPPORTING PEOPLE GRANT

1. Background

1.1 A grant in excess of £5 million was allocated to Gwynedd Council by the Welsh Government during 2019/20 as part of the Supporting People scheme. The scheme commissions and funds a number of providers to offer support to vulnerable individuals to retain their tenancy and avoid homelessness, with the aim of enabling individuals to live independently through the provision of housing related support services. The service can be provided at the home of the individual or in a hostel, sheltered homes, or any supported housing. The scheme provides support to a wide range of people, such as older people, people with domestic violence problems, people at risk of homelessness, people with mental health problems, substance misuse as well as learning disabilities.

2. Purpose and Scope of the Audit

2.1 The purpose of the audit was to certify the Supporting People grant's audit certificate for the 2019/20 financial year, by reviewing the costs claimed, as well as ensuring that the Service had complied with the conditions of the grant offer letter.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.

4. Main Findings

4.1 Assurance can be given that the Supporting People grant audit certificate for the 2019/20 financial year was appropriate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that the internal controls could be relied upon to achieve their objectives.

ARFOR

1. Background

- 1.1 The ARFOR programme operates across Gwynedd, Anglesey, Ceredigion and Carmarthenshire. The programme is intended to support the creation of more and better jobs in the areas that are strongholds of the Welsh language while supporting its continuity and growth. The Welsh Government's Economy Minister confirmed that a £2 million budget is available to the four councils for the programme which will run from the start of the 2019/20 financial year to the end of 2020/21.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable governance arrangements were in place to achieve the objectives of the ARFOR programme. The audit covered checking the controls in place in Gwynedd, as the lead authority, to govern the programme, mitigating the risks relating to the project.

3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.

4. Main Findings

- 4.1 The leaders of the four Local Authorities have been meeting regularly over the last year in order to discuss priorities for the programme. An Arfor programme board has been established which includes the Leaders of the four authorities with Welsh Government commentators present. At a meeting of the programme board, Gwynedd Council was asked to act as a lead body for the four counties and co-ordinate the relationship with Welsh Government. A statement of purpose is set out in the ARFOR Board Terms of Reference (adopted on 26 November 2018): 'To work in partnership to establish a framework where economic development and linguistic planning will be interlinked'. The Board's responsibilities include ensuring implementation and monitoring all projects as well as scrutinising progress reports and authorising changes to the programme. The board consists of the leaders of the four Local Authorities and representatives of the Welsh Government and WLGA. The individual members are all responsible for reporting back to their organisations on the progress of the programme. The ARFOR board meet quarterly and they were seen to complete what is required of them when looking at the notes of their meetings. The officers Group which reports to the board every 2 months. There is representation from all counties, WLGA and the Welsh Government. The Gwynedd Steering Group meets every 2 months. This Group oversees Gwynedd projects in detail at county level. There are Gwynedd officers who run the projects, an Economy and Community Cabinet member and a Language Cabinet member in this Group. Each authority has an equivalent group that achieves the same purpose.

- 4.2 At its 16 July 2019 meeting the Cabinet decided to authorise the Head of Economy and Community in consultation with the Head of Legal Services to agree to complete an agreement between an appropriate authority. An appropriate IAA (Inter Authority Agreement) document has been sent to the councils involved in the ARFOR project (Anglesey, Carmarthenshire and Ceredigion County) project. An email was sent on 24 January 2020 from Gwynedd Council's Property, Contracts and Procurement Lawyer to representatives from each council involved in the ARFOR scheme. The IAA agreement has been attached and councils have been asked to approve, sign and seal before forwarding.
- 4.3 Risk registers are completed and updated every time a claim is made. The Gwynedd Rural Development Programme Manager is responsible for compiling and updating the risk register. The content of the risk registers were reasonable. There was responsibility, likelihood, impact and operations for each listed risk. The need for a lessons learned register for the project was discussed with the Gwynedd Rural Development Programme Manager who expressed that no register existed at the time of the audit because the project was still in the early days. It was confirmed that one will be created when more information is available.
- 4.4 The Development Programme Manager for Rural Gwynedd stated that project expenditure was discussed at the Steering Group meetings. Evidence of budget discussions for each of the Gwynedd projects was seen in the notes of the Steering Group meetings. He also expressed that official meetings were held with companies. The budget for the whole plan is checked in the form of profiles before each claim by comparing the actual expenditure with the budget. This budget is set out in the offer letter and incorporated in the brief which was approved by the board on 26 November 2018.
- 4.5 There are 4 projects taking place in Gwynedd: Llwyddo'n lleol, Enterprising Communities Challenge, Support for Enterprise and FFIWS. The arrangements were checked to assess applications and the scoring matrix were used to determine merit and it was observed that appropriate checks had been carried out where the applications were expected.

PLAS GWILYM

1. Background

1.1 Plas Gwilym residential home in Penygroes offers care for up to 27 residents.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the management and maintenance of Plas Gwilym Residential Home is appropriate and in accordance with relevant regulations and standards.

2.2 In order to achieve this, the audit included verifying that the Home's arrangements were sufficient in terms of administration and staffing, budgetary control, procurement of goods and receiving income, health and safety, and performance monitoring along with ensuring that service users and their property were protected.

3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
SATISFACTORY	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	2
LOW	0

5. Main Findings

5.1 A sample of 10 members of staff was selected and their training records were checked using the training data and the Staff Development Module. Training in areas such as manual handling and safeguarding was seen to be adequate for the individuals in the sample. The DBS status for each of these 10 staff members was also up to date at the time of the audit.

5.2 Payment arrangements as well as the home's income arrangements were checked. An adequate record was kept in the home and invoices and income forms verified as part of the sample were completed correctly.

- 5.3 During the visit, it was observed that there were strong controls in place in relation to medication. The sample of MAR records was in line with the home's other records and the number of medication stored. The room was secure with all permanent staff with access using a code to open the door. The fridge and room temperature records were recorded twice a day and checked on a monthly basis.
- 5.4 Quarterly supervision is required by RISGA (2017 draft). The Manager expressed that these are held as individual or group supervision. There was no evidence of quarterly supervision in the files of the staff in the sample selected. This control can be improved by ensuring that records of supervision are kept on file for all members of staff.
- 5.5 The most recent check date on the home's property register was May 2016. Properties were checked against the register during the visit and minor updates such as a television were not undertaken. It would be good control to check the register per room annually.
- 5.6 The home's time management was effective but there was a complex routine with different staff working on a different length rota (3 or 4 weeks). This meant that more of the deputy's time was spent verifying timesheets than what would normally be required. The Manager expressed an impending IT system is to be developed for the purpose of staff time management at the home.

6. Actions

The Manager has committed to implementing the following steps to mitigate the risks highlighted.

- **Ensuring that records are maintained for all staff supervision**
- **Ensure that the asset register is checked and updated annually.**