

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	11 FEBRUARY 2021
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 November 2020 to 31 January 2021.

2. WORK COMPLETED DURING THE PERIOD

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

Description	Number
Reports on Audits from the Operational Plan	3

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
Payments to Care Workers	Finance	Pensions and Payroll	High	Appendix 1
Council Tax Reduction Scheme	Finance	Revenues	High	Appendix 2
Arrangements for "Free School Meals"	Children and Family Support	Children and Families	High	Appendix 3

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.

3. WORK IN PROGRESS

3.1 The following work was in progress as at 31 January 2021:

- 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*)
- Post-16 Education Grant (*Education*)
- Street and Parking Enforcement (*Environment*)
- IT Security Systems (*Finance*)
- Lloyd George Museum (*Economy and Community*)
- STEM Gogledd (*Economy and Community*)
- Private Care Home Fees (*Adults, Health and Wellbeing*)

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 November 2020 to 31 January 2021, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

PAYMENTS TO CARE WORKERS

1. Background

1.1 The First Minister for Wales, Mark Drakeford, announced on 1 May that a payment of £500 will be made to over 64,000 workers in the care and social sector across Wales in recognition of their hard work over the challenging times of the pandemic. At the time. The First Minister stated that staff providing care in the home and at care homes often were at a higher risk and that the additional payments were to acknowledge such risk. At the beginning of June, the payment was extended to include kitchen staff and personal assistants in care homes, agency workers and care support workers.

In a statement, the UK Government stated that it had provided the Welsh Government with £2.3 billion to support people, businesses and public services during the pandemic, however, it was reported that the payments were to be employment-related and therefore subject to income tax and national insurance.

2. Purpose and Scope of the Audit

2.1 The purpose of the audit was to ensure that adequate arrangements were in place to administer payments made under the special payment scheme, namely the £500 paid to care workers, and also to ensure that the payments made were valid, accurate and correct and paid in a timely manner to ensure that repayments can be fully claimed from the Welsh Government. The audit also reviewed the appeal process and the arrangements for dealing with late applications.

2.2 To achieve this, the audit involved reviewing the arrangements for identifying, communicating and verifying payments, checking a sample of payments made to ensure eligibility, accuracy and timeliness, in addition to reviewing the appeal process arrangements, reporting to the Welsh Government and claim payments.

2.3 This audit is reported in two parts, the interim (November 2020) and the final (March 2021). The interim reports on the initial arrangements and the accuracy of the first claim and the final report will verify that monies have been claimed and received correctly and fully.

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 It was found that suitable arrangements are in place for administering and processing claims for payment to care workers, including appropriate information and instruction issued to all staff/managers, external providers and eligible individuals to verify eligibility by the Council.
- 4.2 Guidelines were received from the Welsh Government on how to administer applications for the special payments of £500 to care workers including internal applications, external providers, appeals and the arrangements for reclaiming the monies. However, the guidance did not include a deadline for submissions of applications and appeals. Since the commencement of the audit, confirmation was received from the Welsh Government that the closing date was 18 December 2020 and councils would only accept late applications in exceptional circumstances. It was informed that the claim submission deadline would be 16 March 2021. It was also highlighted that Data Wales will be conducting a verification exercise to identify and duplicate claims across the country in the near future. It is suggested that the Council should receive further instructions on arrangements if any duplicate payments are identified and how these should be treated so that there is no uncertainty on submitting the final claim to the Welsh Government and to ensure costs are fully recovered. The Project Manager agreed and indicated that she expected the Welsh Government to provide updates on the matter together with the deadline for receipt of appeals.
- 4.3 A sample of payments to external providers made in September and October 2020 were selected and it was found that full details had been provided to the Council in accordance with the guidelines.
- 4.4 Tests were conducted to identify any duplicate claim made from the sample of external providers and all in-house staff and it appears that the Council have conducted appropriate checks as no duplicate payments were identified.
- 4.5 The Project Manager stated that every effort had been made to identify duplicate applications across Gwynedd prior to payment.
- 4.6 A sample of 40 internal staff across the various payrolls who received a payment were selected and it was found that the forms completed were in accordance with the Welsh Government Guidelines for the Project Manager to administer. It also appears from the sample selected that the payments made were subject to tax and properly accounted for.
- 4.7 Payments made through the Council's ledger were reconciled to the October 2020 claim form and it appears that the claim is complete and accurate up to October 2020.
- 4.8 The first claim form (October 2020) submitted to the Welsh Government totalled £654,594 which includes payments to staff, pensions costs, NI and administration costs. The payment will be made to the Council's account with the balance of £987,436.76 to be claimed before the end of March 2021.
- 4.9 The audit will be completed when reviewing the final claim presented to the Welsh Government before the March 2021 deadline as well as ensuring that any monies due have been paid.

COUNCIL TAX REDUCTION SCHEME

1. Background

- 1.1 On 1 April 2013, as part of the Westminster Government's welfare reform programme, Council Tax benefit was abolished, and replaced with a Council Tax Reduction Scheme. In accordance with the Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013, each local authority must provide a plan to determine what reliefs will be available to help with paying Council Tax. Gwynedd Council's current local plan for 2020/21 was adopted by the Full Council on 19 December 2019.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that adequate arrangements were in place for processing the increasing number of claims for Council Tax Reduction submitted during the Pandemic, and arrangements are in place to ensure that only those eligible for the reduction received it. To achieve this, the audit encompassed selecting a sample of individuals who have been awarded a reduction in 2020/21, and verifying that the applications were valid and processed accurately and timely.

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 It was found that adequate arrangements were in place for processing Council Tax Reduction claims, but that some aspects need to be tightened in order to mitigate the risks identified.
- 4.1.1 The contribution towards the costs of the Council Tax Reduction Scheme is included in the local government grant settlement from the Welsh Government, with the Council funding any additional costs. £9.5 million was paid out on the Scheme for 2019/20, with £10 million paid to date for 2020/21 due to the increase in claims during the Pandemic. This figure is expected to rise following further lockdown periods due to the likelihood of several individuals having their employment terminated or a reduction in pay.
- 4.1.2 A sample of 40 eligible claims processed during March 2020 – September 2020 was selected and verified to ensure they were processed correctly and in a timely manner. For each claim in the sample, it was found that the expected evidence had been received to support the applications. The discount allocated was found to be correct, with the amount transferred immediately to the applicants' Council Tax bills.

- 4.1.3 It was seen that the average time to process applications, from date of application received to the award date was 27 days, with one application taking 226 days. It was found that this applicant had changed address in December 2019 but failed to inform the Benefit Service. A confirmation of her change in circumstances was received from the Department for Work and Pensions in January 2020, but despite several attempts by the Benefits Service to contact the applicant for further information, a response was not received until July 2020, with the application being processed in August 2020. The Benefits Manager confirmed that the Service had assessed the application form for the Council Tax Reduction in December 2019. Following the publication of the draft report it was confirmed that discussions had taken place to strengthen the arrangements for receiving similar claims, and revised guidance produced.
- 4.1.4 The Benefits Service and the Revenues Service are making every effort to inform the people of Gwynedd of the various exemptions, discounts, grants or benefits available to them during these uncertain times, and not only providing information on the support available by the Council, but also directing citizens to outside bodies that assist those in difficult financial circumstances.

5. **Agreed Actions**

The Benefits Manager has committed to implement the following to mitigate the risks highlighted:

- **Continue discussions to improve the process when receiving information.**

FREE SCHOOL MEALS ARRANGEMENTS

1. Background

- 1.1 Free school meals are available for Gwynedd school children if their parents or guardians receive certain benefits. During the COVID19 lockdown periods, and the relevant school holidays, the Welsh Government decided to continue to provide free school meals for eligible children, even when the schools were closed.

2. Scope and Purpose of the Audit

- 2.1 The purpose of the audit was to ensure that appropriate arrangements were in place to ensure that eligible vulnerable children received free school meals during the COVID19 pandemic. In order to achieve this, the audit encompassed reviewing the Council's arrangements to provide free school meals for eligible children while schools were closed, whether due to lockdowns, or over school holidays.

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 During an ordinary school term, eligible children receive their school meals free of charge. As schools closed over the COVID19 pandemic lockdown periods, the Welsh Government decided that the risk of the children missing out on meals was unacceptable so they decided to fund a scheme to continue to provide free school meals for eligible children while the schools were closed due to lockdown periods, or due to holidays until Easter 2022.
- 4.2 Due to the closure of the schools, alternative arrangements were required to fulfil this responsibility. The Welsh Government has published guidance, which includes the option of providing vouchers, direct payments and preparing packed lunches. Children who were eligible for free school meals were originally provided with a cold packed lunch to collect from their school. However, the number of children coming to collect the packed lunches from their schools was low compared to the number of children who were eligible.

- 4.3 After weighing up the various options, it was decided to send a weekly direct payment into the bank accounts of parents / guardians of children who qualify for free school meals. Unfortunately, there remains a risk that children will not receive a meal with this money after all, as it is entirely dependent on the parents spending the money on appropriate food for the children. However, for various reasons it is not possible to eliminate the risk of malnutrition by using the other options either, for example, pre-packed food packages may not be eaten by the children. Consideration must also be given to the implications of preparing packed lunches over lockdown or school holiday periods; the cost of the goods, preparation, travel, personal protective equipment, planning and employing staff etc. Consideration was given to using food vouchers for parents / guardians to spend in supermarkets but due to the rural nature of Gwynedd, it was felt that this would not have worked across the County as the vouchers were limited to large supermarkets.
- 4.4 The Education Department receives a weekly list from the Council's Benefits Service of those eligible for free school meals, before making payments. The payments made to the parents / guardians were reviewed and tests carried out to ensure propriety. Some irregularities were discussed with the Education Department.
- 4.5 During the first lockdown, the 'Neges' scheme provided food packages to vulnerable families in Gwynedd and Anglesey. This scheme encompassed a wider range of families than those eligible for free school meals, and was in addition to their care packages. Neges was administered by Môn Larder by agreement with Menter Môn, and provided by Dylan's. Gwynedd and Anglesey Councils supplied individuals and families to receive the food packages, which included homeless individuals in hostels, vulnerable adults without a care package, families on the safeguarding register etc.