

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	29 JUNE 2009
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF THE INTERNAL AUDIT SECTION FOR THE PERIOD TO 31 MAY 2009
AUTHOR	DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK
ACTION	TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE RECOMMENDATIONS THAT HAVE ALREADY BEEN PRESENTED TO SERVICES FOR IMPLEMENTATION

1. INTRODUCTION

- 1.1 The following report summarises the work of the Internal Audit Section for the period from 1st March 2009 to 31st May 2009.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following audit work was completed in the 3 months to 31st May 2009:

Description	Number
Formal Reports on Planned Audits	18
Responsive Audit	1
Other Reports (memoranda etc)	9
Follow-up Audits	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 31st May 2009, indicating the relevant opinion category and a reference to the relevant appendix.

DEPARTMENT	SERVICE	TITLE	OPINION	APPENDIX
Finance	Accountancy	School Funding Formula	B	Appendix 1
Finance	Revenue	Cash Collection Systems	B	Appendix 2
Provider and Leisure	Community Care	Home Carer Wages Control	B	Appendix 3
Provider and Leisure	Residential and Day	Day Centres and Learning Disabilities Workshops Arfon Area	B	Appendix 4
Democracy and Legal	Democracy	Members' Expenses	B	Appendix 5
Customer Care	Information Technology	Software Licensing Management – Corporate	B	Appendix 6
Customer Care	Information Technology	Exchange of Information	B	Appendix 7
Customer Care	Information Technology	Software Licence Management – Schools	C	Appendix 8
Customer Care	Information Technology	Citrix Users and Applications Management	B	Appendix 9
Social Services	Across the department	Social Services Grants	B	Appendix 10
Social Services	Adults	Management of the Meals in the Home Contract	C	Appendix 11
Social Services	Adults	Learning Disability Register - controls for ensuring completeness	B	Appendix 12
Social Services	Adults	Physical Disability - Joint Store Service Contract	C	Appendix 13
Social Services	Children and Families	Children - Out-of-County Placements	B	Appendix 14
Highways and Muncipal	Highways Works	Use of Sub-contractors, Highways Works Unit	C	Appendix 15
Regulatory	Transportation and Street Care	“Arrive Alive”	B	Appendix 16

DEPARTMENT	SERVICE	TITLE	OPINION	APPENDIX
Regulatory	Transportation and Street Care	Transport Fee Income	B	Appendix 17
Regulatory	Transportation and Street Care	On-Street Structures Licences	C	Appendix 18

2.2.2 The opinion categories within the reports affirm the following:

- Opinion “A” Assurance of financial propriety can be expressed as the controls in place can be relied upon and have been adhered to.
- Opinion “B” Controls are in place, and partial assurance of financial propriety can be expressed as there are aspects where some procedures can be strengthened.
- Opinion “C” Assurance of financial propriety cannot be expressed as the controls in place cannot be relied upon, but losses/fraud due to these weaknesses were not discovered.
- Opinion “CH” Assurance of financial propriety cannot be expressed as acceptable internal controls are not in place; losses / fraud resulting from these weaknesses were discovered.

2.2.3 In addition to the above the following audit was undertaken. In this case, a memorandum was produced, rather than a full report:

- Corporate Contracts Register
- Lists of Approved Contractors
- Contracts: Retention Money
- Contract Management: Reporting on Overspends
- Contracts - Exception Checking
- ICT: Anti-Fraud Work
- Overview of General Travelling
- Galw Gwynedd Contact Centre
- Integrated Children's System

2.3 Follow-up Audits

2.3.1 The following table summarises the follow-up work completed during the period:

TITLE	DEPARTMENT	SERVICE	FOLLOW-UP OPINION
Manual Workers Health & Safety	Highways and Municipal	Highways Works	Acceptable
North Wales Trunk Road Agency			Acceptable
Management of Corporate Procurement Contracts	Corporate		Acceptable

2.3.2 The conclusion of follow-up work is placed in one of four categories:

Excellent – all recommendations implemented as expected.

Acceptable – most recommendations, including the majority of “essential” recommendations, implemented as expected.

Unsatisfactory – several recommendations not implemented.

Unacceptable – most recommendations (including essential recommendations) not implemented, and no evidence of efforts to improve internal controls.

2.3.3 The list below shows the ‘C’ or ‘CH’ opinion category reports presented to the Audit Committee as appendices to the quarterly reports, where a report to the Committee regarding the follow-up remains outstanding. The list shows the target completion date for each of these follow-up audits:

Completion Target: Quarter ending 30 June 2009

Stand-alone Computers
Debtors System - Invoice Suppression
Gifts to Staff at Residential Homes
Use of Sub-Contractors

Completion Target: Quarter ending 30 September 2009

On-Street Structure Licence
Management of the Meals in the Home Contract

Completion Target: Quarter ending 31 December 2009

Software Licensing in Schools

Completion Target: Quarter ending 31 March 2010

Joint Store Service Contract

2.4 Responsive Audits

2.4.1 A responsive audit was undertaken on discovery that members of the Council’s had received an overpayment of travelling allowances. The executive summary of the audit report that was produced has been included as Appendix 19.

3 WORK IN PROGRESS

3.1 The following work was in progress as at 1st June 2009.

3.2 Draft reports released

- Efficiency of the Coding Structure (*Finance*)
- File Transfers from schools' financial systems (*Finance*)
- Land Maintenance (*Highways and Muncipal*)
- Anti-Malware Software (*Customer Care*)
- Configuration Management (*Customer Care*)
- Budgetary Control in Primary Schools (*Education*)
- Learning Disabilities - Private Day Care (*Social Services*)
- Food Purchasing and Stock Control (*Provider and Leisure*)
- Corporate Governance - Officer Authorisation Arrangements (*Corporate*)
- Arrangements for Commencing, Revisions and Terminating Employees (*Finance*)

3.3 Work in progress

- Contribution to Preparation of the Annual Governance Statement (*Corporate*)
- Contract Management - Site Visits (*Corporate*)
- Contract Management - Performance Bonds (*Corporate*)
- Contract Terms and Tendering Documents (*Corporate*)
- Public Footpaths (*Regulatory (Planning,Transportation and Public Protection)*)
- School Buildings Improvement Grant (*Education*)
- Collection of Social Services Data for Performance Management purposes (*Social Services*)
- Research Project Output (*Strategic and Improvement*)
- Discretionary Payments (*Finance*)
- Council Tax - exemptions, empty properties etc (*Finance*)
- Insurance Arrangements (*Finance*)
- NFI (National Fraud Initiative) (*Corporate*)
- Communities First Programme (*Economy and Community*)
- Planning - Enforcement (*Regulatory (Planning,Transportation and Public Protection)*)
- Governor Duties (Primary Schools) (*Education*)
- Primary Schools Lettings (*Education*)
- Arfon Leisure Centre, Caernarfon (*Provider and Leisure*)
- Arfon Tennis Centre (*Provider and Leisure*)
- Penllyn Leisure Centre, Y Bala (*Provider and Leisure*)
- Control of Unofficial Funds (*Provider and Leisure*)
- Provider Services Properties - Commissioning of work (*Provider and Leisure*)
- Children - Adoption, Residential Order and Special Guardianship Allowances (*Social Services*)
- Health and Safety of Care Staff (*Social Services*)
- Gwynedd Training Administration and Management (*Economy and Community*)
- Security of Assets and Stores (*Highways and Muncipal*)
- Fleet Management (*Highways and Muncipal*)
- SBIG Contracts (*Corporate*)
- Bangor Railway Station Project (*Gwynedd Consultancy*)
- Council Housing Maintenance - Workflows (*Housing*)
- Follow-up - Debtors System - Invoice Suppression (*Finance*)

4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 1st March 2009 to 31st May 2009, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

SCHOOL FUNDING FORMULA

Finance

Purpose of The Audit

To ensure the factors that make up the schools' funding formula are up-to-date, realistic and correct, that the formula has been calculated correctly as well as verifying that the Assembly's post-16 grant has been correctly allocated to the relevant secondary schools.

Scope of the Audit

Audit a sample of factors used to calculate the primary, secondary and special need schools' funding formulas for 2007/08 and 2008/09 for the areas with the greatest allocations, and other factors in the sample, as well as the allocation of the Assembly's post-16 Education Grant for 2007/08 and 2008/09.

Main Findings

Audit tests were undertaken on 5 internal controls. The tests showed that good internal controls existed in 3 of these areas.

The formula had been calculated correctly. However, the 'Explanation of Primary Schools Allocation' was difficult to follow and there was no evidence that random checks took place on the accuracy of the formula's calculations.

Audit Opinion

(B) The audit opinion is that partial assurance can be placed upon the procedures in place for the 'School Funding Formula' as there are controls in place, but there are aspects that need to be improved. The recommendations in the report are as follows:

- **The necessary information should be included in the 'Explanation of Primary Schools Allocation' sheet, or it should be simplified, so that Teachers without financial background can use the information to ensure that their school has received the correct amount.**
- **Random checks on the calculations of school allocations should take place and evidence on what has been checked should be recorded and signed by the relevant officer.**

CASH COLLECTION SYSTEMS

Finance

Purpose of the Audit

The purpose of the audit is to ensure that appropriate controls are in place for accepting payments in the Councils cash offices, along with accepting payments over the internet and telephone. Further, to ensure that there are appropriate procedures in place for reconciling expected income as shown on the Council's systems with the income that is received in the bank.

Scope of the Audit

Conduct discussions with the relevant officers and then test, evaluate and validate the processes and procedures in place.

Main Findings

Tests were undertaken on 18 areas of internal controls. The tests showed that 14 of these areas had good controls in place, 3 were satisfactory and 1 was weak.

It was seen that current procedures of accepting payments from the public were recorded in the Council's payments collection system. It was also seen that procedures for reconciling expected income along with bank statements were in place and any differences would be identified.

Validation checks should be carried out on the invoices received from the Council's bank, which give details of the cost of receiving payments by debit card in the cash offices. Doubts were also raised about the accuracy of the invoices with regards to the costs of unsecure payments, and discussions should therefore take place with officers of the bank and the software suppliers to investigate the problem.

Audit Opinion

(B) The auditors opinion is that partial assurance can be placed upon the procedures in place for the Council's accepting payments system as there are controls in place, but there are aspects that need to be improved. The main recommendations noted in the action plan that need attention as follows :-

- **The Chief Cashier should review reports which detail the refunds that are completed during the day on a daily basis to ensure there is no overuse of this method.**
- **Contacts with the bank and the software suppliers should continue in order to solve problems concerning unsecure payment costs and that the Council receives the appropriate refund from the bank.**
- **The Senior Control Technician should agree with the Chief Cashier procedures for informing him of the total value of the income that is received during the month, to allow reconciliation with the bank's invoice.**
- **The Office Facilities Manager should arrange that security systems within the cash offices be tested periodically.**

HOME CARER WAGES CONTROL Provider and Leisure

Purpose of the Audit

The audit concentrates on verifying the operation of the expected controls when completing and entering timesheets into the Home Carer system.

Scope of the Audit

Review the timesheets and the controls over inputting and transferring data into the payroll system and Home Care database.

Main Findings

The present procedure of paying Home Carers has been in place for many years. However, some deficiencies were highlighted in the procedure, especially where there is a need for authorised officers to sign timesheets and travelling claims. It was also noted that there is a need to ensure that CRB forms are sent promptly so that they are returned as soon as possible. There is also a need to run the exception report regularly to ensure the home carers are claiming the correct number of hours.

Audit's Opinion

(B) The audit opinion is that partial assurance can be placed upon the procedures in place for controlling Home Carers' Wages as there are controls in place, but there are aspects that need to be tightened. The main recommendations in the operating scheme that are designated "essential" and need attention are as follows:-

- **Every effort should be made to ensure that clients sign the timesheets to confirm that they have received the service, or where this is not possible a reason for this is noted on the timesheet.**
- **Arfon and Dwyfor areas should ensure that all timesheets have an authorised officer's signature to confirm that the timesheet has been checked and approved for payment. There should be a procedure in place to ensure that another officer is available in the absence of the usual authorised officer.**
- **The exceptions report should be run regularly e.g. every two to three weeks.**
- **An appropriate officer should sign travelling claims to confirm that it has been checked and certified.**
- **The Line Manager (Supervisor) should sign the line marked 'Details Checked' and the Deputy area Manager should sign the space for 'Certifying Officer' of travel claims.**
- **Any mistakes found should be noted on the batch totals form to ensure that they are correct and match the report.**

**DAY CENTRES AND LEARNING DISABILITIES WORKSHOPS
ARFON AREA
Provider and Leisure**

Purpose of the Audit

To secure adequate internal controls in the arrangements of Day Centres and Learning Disabilities Workshops in the Arfon Area.

Scope of the Audit

The main financial aspects of the establishments were audited in accordance with the records in the 2007/08 ledger as well as relevant Health & Safety rules. The audited sample was selected by analysing income & expenditure headings per establishment and comparing between establishments in order to concentrate on the relevant aspects in each individual establishment and in different regions.

Main Findings

Audit tests were completed on 54 areas of internal control. The tests showed that good internal controls were present in 41 of these areas.

Audit's Opinion

(B) The audit opinion is that partial assurance can be placed upon the procedures in place for the management of day centres and learning disabilities workshops in the Arfon area as there are controls in place, but there are aspects that need to be tightened. The main recommendations in the operating scheme that are designated "essential" and need attention are as follows:-

- **The workers salary rate should be reviewed and authorised annually.**
- **The client register at Melin Glanrafon should either be sent via email by an authorised officer or sent by post, signed by an authorised officer, to the administrative officer at Canolfan Segontium.**
- **The sheets in the log book should be checked thoroughly and signed to confirm that checks have been undertaken. Checks should take place that the mileage reconciles with the mileage on the vehicle.**
- **The Arfon Area Managers, together with Arfon Case Managers and Social Services, should arrange that an assessment for charging transportation costs on service users should be held so that contributions are fair and consistent across the County.**
- **The imprest bank account must always be in credit, and any unpaid claim should be followed up as soon as possible.**
- **Should consider marking property by using 'selectmark'.**
- **Staff should receive regular Police Checks.**

MEMBERS' EXPENSES

Democracy and Legal

Purpose of Audit

The purpose of the audit was to ensure that the payments of members' expenses were correct and appropriate and in accordance with the Council's rules, as well as ensuring that appropriate controls exist for providing equipment to members.

Scope of Audit

To review the instructions provided to members on claiming expenses and confirm that they are clear and easily followed. A sample of travelling and subsistence expenses were chosen to confirm that the forms had been appropriately completed and authorised and that records in the financial systems were correct. The ICT equipment list was reviewed to identify which members / former members have equipment, and check if it was used appropriately.

Main Findings

Audit tests were conducted on 23 areas of internal controls. The tests showed that good internal controls were present in 8 of these areas.

It was seen that an error had occurred with the rates used to pay travelling costs. This matter has been the subject of a separate audit, and will not be included in the scope of this report and its opinion.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be place upon the process of administering members expenses as there are controls in place, but there are elements where some arrangements could be tightened. The report's main recommendations are as follows:

- **Members should be reminded of the need to complete claim forms correctly, clearly and in full so that the travelling and subsistence allowance can be paid to them.**
- **Appropriate checks should be conducted on the claim form details to ensure that there were no mistakes.**
- **A clause should be added to the "Members Allowances' Guidelines", on how to claim travelling and subsistence allowances' for informal internal meetings.**
- **Members expenses forms should be checked to attendance sheets whenever possible.**
- **Appropriate checks should be held on subsistence expenses to ensure that payments made are correct.**
- **Appropriate checks should be made on receipts and tickets before inputting the sums into the Puma system.**
- **Members should be reminded of the need to present claims on a monthly basis and to emphasize that claims which are older than two months will not be paid without special permission.**
- **Arrangements should be put in place to ensure that former members return any ICT equipment to the Council.**
- **Members should use the Councils e-mail system for official Council business only.**
- **The accounts of former members should be disabled on the system.**

SOFTWARE LICENCE MANAGEMENT - CORPORATE Customer Care

Purpose of the Audit

To evaluate the controls in place in relation to the management of records relating to software licences.

Scope of Audit

The audit included a review of the controls over deployment of software on the Authority's workstations as well as the controls to record and maintain installed software licence details and to detect unlicensed software.

Main Findings

Although the controls in place for maintaining records are relatively informal, a recent audit undertaken by Microsoft showed a very high level of compliance with software licences. However, the preparatory work required for collating the information for review was substantial, as details from paper documents had to be electronically recorded. Since this time, the records have not been updated. In addition, no records have been recorded for non-Microsoft products. In order for licence records to be maintained and periodically verified, it would be beneficial to denote the specific responsibility to an official.

For a considerable number of years, users have had administrative access to their workstations which has allowed them to install any software they wish. It is expected that a desktop policy will be implemented during 2009/10 which will take away this privilege as well as locking access to disk drives. The expected result of this will be that no software will be installed without the knowledge and assistance of the IT & C Unit.

The IT & C Unit have obtained a configuration manager tool which has the ability to collect hardware and software details. This information will have to be linked with the licence records.

Audit Opinion

(B) The audit opinion is that partial assurance can be placed upon the management of software licence records as there are controls in place and compliance has been shown in a recent Microsoft software audit; however there are aspects which need to be improved. The main recommendations in the Action Plan are as follows:

- **The Council should consider allocating responsibility for software licensing to a single person. This person should co-ordinate the work of recording purchase records and performing software.**
- **The IT & C Unit should investigate:**
 - **If it is possible to automate the input of software purchase records to TopDesk, by using the electronic procurement system.**
 - **Whether it is possible to build a link between the TopDesk records and the data produced by the configuration management system.**

EXCHANGE OF INFORMATION

Customer Care

Purpose of Audit

The purpose of the audit was to review the procedures in place for information sharing, be that internally (i.e. between Council units or establishments) or externally (i.e. with other authorities or organisations).

Scope of Audit

The Council's situation in regard to information sharing was assessed by reviewing the procedures in place at specific business units which hold the largest databases of sensitive information and comparing those procedures with the best practice established in the field by recognised bodies. Particular attention was given to the units which process personal information because failings in those fields would result in the most damage to individuals, the responsible staff (as they might face personal criminal or civil charges) and the Council's reputation. Procedures in other units who share information as part of their duties were also looked at. In addition, the guidelines, policies and training issued to staff were reviewed, as well as protocols and agreements set up between the Council and other establishments for the purpose of information sharing. This work did not include all means relating to data losses (e.g. working off-site or the use of transferrable media).

Main Findings

During the audit, a number of examples of good practice in relation to information sharing were seen, but the following points which require attention were also noted:

- Consideration needs to be given to the information which is sent through public postal services, by ensuring that the minimum amount of information for the specified purpose is sent by this method. Cases were seen where personal and sensitive information were sent through the post where, in the opinion of the auditors, the Council does not need to subject itself to the risks if those documents were lost.
- Some information collecting forms need to be reviewed in order to establish if there is sufficient notice that the Council could share that information for specified purposes.
- Because of the need to establish appropriate high level leadership in relation to processes and decisions regarding information sharing, the training needs of senior officials in this field needs to be reviewed.
- As part of the Council's plan to join the Government's network for information sharing, the staff who will use it will need to be aware of the requirements relating to document classification ('restricted' or 'confidential') and how to appropriately deal with those documents.

Audit Opinion

(B) The audit opinion is that partial assurance of propriety can be placed in the field of information sharing because there are controls in place. Some aspects which need attention were noted. The recommendation within the action plan are as follows:

- **The specific documents used by the Council for data collection should be reviewed by considering if sufficient notice is included that the personal information collected could be shared with other establishments for appropriate specified purposes, and any documents which fall short of the requirements should be amended.**
- **The need for training for senior officials in the field of providing leadership relating to sharing information should be assessed, and consideration**

should be given to establishing a new course or amending a current course (e.g. data protection) if necessary.

- In order to comply with CoCo requirements to join the GCSx and to comply with the ISO27001 standards, the Council should establish a procedure for classifying documents appropriately (i.e. 'restricted' or 'confidential' etc.), and there will be a need to demonstrate that the various classification of documents are processed accordingly and appropriately.
- The nature of documents sent through the public postal service should be assessed by balancing the risk of losing the data with the costs of establishing a more secure method of transferring information.
- When sharing information with others, it should be ensured that the minimum amount of data required for the specified purpose is transferred.

Bibliography

Data Sharing Review Report by Richard Thomas a Mark Walport (July 2008)

Review of information security at HM Revenue and Customs report by Kieran Pointer (June 2008)

Data Handling Procedures in Government report by Gus O'Donnell (June 2008)

SOFTWARE LICENCE MANAGEMENT - SCHOOLS

Schools

Purpose of the Audit

To evaluate the controls in place in relation to the management of records relating to software licences at Gwynedd's schools.

Scope of Audit

The audit included a review of the controls over deployment of software on the Authority's workstations as well as the controls to record and maintain installed software licence details and to detect unlicensed software. The audit method included a discussion with an IT officer at Cynnal as well as issuing all schools with a questionnaire in relation to their management of software licence records.

Main Findings

It should be noted that only a relatively small number of schools responded to the auditor's request for information in regard to their management of software licences, however a distinct pattern did emerge in the replies received. Although some schools did claim to have their own complete records and to be fully compliant with software licence agreements, most responses were that the schools did not keep their own records in regard to software licences, stating that Cynnal was responsible for all of their purchases and therefore responsible for maintaining their records. None of the nine primary schools who responded claimed to have auditable software licence records. In terms of IT, Cynnal are a procuring and supporting body for schools, and although they may have a role to play in assisting schools maintain their records, subject to the terms of the service level agreement, they are not responsible for maintaining their records. In addition, staff at schools have administrative access to the workstations, and are therefore able to install software as they wish, including potentially unlicensed software. While this cannot be controlled, it would be necessary to implement detective controls in order to identify the software installed on school computers. Relatively inexpensive software can be obtained to scan computers and produce a snapshot of all the software installed at that time. This information could be used as a baseline for a comparison with software licence information available, and give a reasonable assessment of the school's standing in terms of compliance. Guidance, advice and good practice needs to be issued to staff in schools so that their actions do not put their school in a vulnerable situation in regard to non-compliance.

Internal Audit have prepared a list of principles, issued as an appendix to this report, and it is understood that the Schools Service plan to amend its content to produce a model set of principles to be adopted by all schools. It is intended that the adopted principles are adhered to, in effect ensuring that all software installed after the adoption date is in accordance with appropriate licences. It is envisaged that this will be done with the agreed co-operation of Cynnal. It should be noted that this proposed plan of action will not mitigate the risks relating to unlicensed software which may have been installed prior to the adoption of the newly-drafted principles.

Audit Opinion

(C) The audit opinion is that full assurance cannot be placed upon the management of software licence records at all schools and assurance of full compliance with software licence clauses cannot be given. The main recommendations in the Action Plan are as follows:

- **A Software Licences Principles and Good Practice guide (such as the document attached as Appendix A of this audit report) should be sent to the staff responsible for IT at each school so that their responsibilities are**

made clear and so that any deficiencies can be rectified prior to an organisation contacting regarding a software audit.

- The principles within the good practice guide in relation to software licence management, issued by Internal Audit, should be noted and adhered to.
- Software licence details should be documented and maintained for school records at time of installation by Cynnal.
- Where schools have not maintained a record of software installed in the past, or for those who wish to verify their records, an inexpensive application should be obtained and deployed to scan and build-up a comprehensive snap-shot of the software installed on each of the school's computers.

CITRIX USERS AND APPLICATIONS MANAGEMENT

Customer Care

Purpose of the Audit

To evaluate the controls in place to manage access to the applications in the Citrix server farm.

Scope of Audit

The audit included a review of the Citrix console and the facilities available to administrators as well as tests on the current users and configurations.

Main Findings

The audit found that the overall security controls are to a high standard with multiple layers of criteria which a user needs to meet in order to access the applications in the Citrix farm, including two-factor authentication (the usual username and password as well as a specific code generated by special devices), access is controlled via group membership, and end point checking for updated anti-virus software is undertaken on the user's hardware.

There are minor issues which have arisen during the audit which, while not posing immediate risks, need to be addressed by the Citrix Administrators.

Audit Opinion

(B) The audit opinion is that partial assurance can be placed upon the management of Citrix as there are controls in place, however there are aspects which need to be improved. The main recommendations in the Action Plan are as follows:

- **The Citrix administrators should consider monitoring security advisory resources for any un-patched vulnerabilities in the presentation server software.**
- **The number of Citrix administrator accounts should be reduced to one per user.**
- **The IT & C Unit should review the lists of token holders provided by Internal Audit, cancel any accounts no longer required, and recover tokens from remote users where appropriate.**

SOCIAL SERVICES GRANTS

Social Services

Purpose of Audit

To ensure that the applicant presents a fully completed application form that is assessed fairly by the department, that only valid projects are financed, that a letter is sent to the applicant detailing the grant conditions, that the project complies with all grant conditions, that the grant is calculated correctly, that proper verification and certification arrangements are in place and that the grant is paid, that the Financial Ledger has the correct information, and that monitoring arrangements are in place.

Scope of Audit

Applications and payments were checked for the current financial year and for the last full financial year.

Main Findings

The audit found examples of good practice within Social Services grant administration. However, weaknesses were found in some areas where arrangements need to be tightened. Tests showed that certain steps were not taken when processing some grants and that Social Services did not have a Service Level Agreement in place with the service providers.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be placed upon the administration of Social Services grants as there are controls in place, but there are elements where some arrangements could be tightened. The reports main recommendations are as follows:

- **The Learning and Physical Disability Service Manager should inform the Social Workers and Team Leaders of the importance of sharing information i.e. change in tenancy, costs, payment rates etc. with the officer who is responsible for processing payments.**
- **The “Goods Received” box on the TR252 coding slip should be signed by the officer who is responsible for ensuring that the service provided had taken place.**
- **The payments should be certified by the budget holder.**
- **Social Services should have a Service Level Agreement in place with every service provider.**
- **The Mental Health and Therapy Service Manager should sign the “Goods Received” box on the TR252 coding slip and another certified officer should sign the “Payment Certified By” box.**
- **Officers should ensure that the correct code is used when processing payments to Creditors.**

MANAGEMENT OF THE MEALS IN THE HOME CONTRACT

Social Services

Purpose of the Audit

To secure adequate internal controls for the contract between the provider and Gwynedd Council.

Scope of the Audit

Audit the current arrangements, paying particular attention to the contents of the contract, payments to suppliers and the quality of service received.

Main Findings

Audit tests were completed on 37 areas of internal control. The tests showed that good internal controls were present in 23 of these areas.

Audit Opinion

(C) The audit opinion is that financial assurance cannot be given to the management of the meals in the home contract, as the controls that are in place cannot be relied upon. The main recommendations in the **Action Plan** that requires attention are as follows:

- The situation regarding losses should be discussed the next time a contract is drawn to reduce the risk of financial loss to the Authority.
- A clause should be included into the contract identifying how profit or loss should be allocated.
- It must be ensured that the provider has sufficient guidelines in relation to receiving and handling complaints.
- The provider should have insurance cover when providing the service.
- There is a need to ensure that the monthly budgetary reports are accurately verified to ensure that the information is correct.
- The provider should be asked for the addresses of the failed deliveries to allow further investigation.
- A monthly record of who has the food preparation equipment should be kept, to verify the invoices and make sure the correct payments are made.
- Payments should be made within a month of receiving an invoice in accordance with the Financial Procedure Rules.
- The weekly lists should be verified to ensure that the invoices reconcile with this information.
- The details on the invoices should be reconciled with the Council's records of who receives the equipment.
- Procedures must be in place in order to measure the value of service received.
- Different methods of promoting the scheme effectively should be considered.
- The Council should ensure that it receives confirmation from the provider that Police Checks has been performed on each and every member of the supplier's staff that works with vulnerable individuals.
- The Council should ensure that it receives confirmation that at least two acceptable references have been received for every member of staff that works with vulnerable individuals.

LEARNING DISABILITY REGISTER – CONTROLS FOR ENSURING COMPLETENESS Social Services

Purpose of the Audit

To ensure the Learning Disability Register is complete, accurate and current by concentrating on the following objectives:

- Ensuring that everyone who receive services related to learning disability are on the register on the RAISE system,
- That information on clients are accurate and current on RAISE,
- Ensuring the computer system is being operated in accordance with approved operational means,
- The system is being operated in accordance with the Data Protection Act 1998.
- Changes/inputs to the system and the data have been authorised,
- There is a trail in the system when data is inputted
- Only authorised officers have access to data.
- There are controls over the creation, gathering and retention of computer print outs.
- It is possible to re-create the system and data if a disaster occurred.

Scope of the Audit

Examine a sample of clients who have been referred for the service by focussing on the computer system, RAISE.

Main Findings

During the audit, several examples of good practice were seen. However, examples were found where there were no adequate controls, such as there being no independent copy of the Register. From looking at the unofficial lists it was seen that there was no method of reconciling between the lists. There is also a need for staff to be aware of the Data Protection Act 1998 and to have attended the relevant course. It should also be ensured that the Register is complete on RAISE.

Audit's Opinion

(B) The audit opinion is that partial assurance can be placed upon the procedures for ensuring completeness of the learning disability register as there are controls in place, but there are aspects that need to be tightened. The main recommendations in the operating scheme that are designated “essential” and need attention are as follows:-

- **All clients should be on the RAISE system.**
- **There should be a formal procedure to ensure that all forms are received to allow prompt follow up on those that are lost.**
- **The Learning Disability Register needs to be current. Cases should be closed promptly and the relevant officers should be contacted so that they can do so. A form that is the same across Gwynedd should be used which contains the details for closing a client's case so it can be possible for an officer to sign and date to confirm that the details have been inputted. This can highlight any cases that haven't been closed on RAISE.**
- **All effort should be made to ensure that officers within the Learning Disability Team receive training on the Data Protection Act 1998 and that a record of the training is held.**
- **It is suggested that the full back up of the system is kept in a fireproof safe.**

PHYSICAL DISABILITY – JOINT STORES SERVICE AGREEMENT

Social Services

Purpose of the Audit

Ensuring the Joint Stores Service is in accordance with the Joint Stores Service Agreement by concentrating on the following audit objectives:

- There is a formal agreement between the Council and the Health Authority.
- There are adequate budgetary controls in place.
- Implementation is in accordance with the contract's requirements.
- There is a record of the equipment received from the service, and a procedure for returning and receiving credit for the equipment.
- Prices from the Joint Stores are compared with other suppliers where possible.
- There is a procedure for ordering, confirming the arrival of the equipment and of checking the invoice from the Health Authority in place.
- Ensuring that there are procedures in place for the security of the clients.

Scope of the Audit

The scope of the audit was to ensure the procedures were in accordance with the contract, and to inspect the ordering and pricing procedures as well as the audit trails of the equipment.

Main Findings

By reviewing the current procedures in place, it was noted that there are examples of good practices. However, there were also examples where the relevant controls were not in place. The most evident being the need to be able to check the accuracy of the invoices before paying them and the importance of receiving the itemised list showing the individual orders enabling the officers to do so. There is also a need for the supplier to inform the Council of when the equipment is delivered straight to the client's home and when the client contacts them directly to return the equipment.

Audit Opinion

(C) The audit is of the opinion that assurance of propriety cannot be given to 'Physical Disabilities – Joint Stores Service Agreement' as the controls that are in place can not be relied on. The main recommendations in the action plan are as follows:

- **A member of the Occupational Therapy Team should be available to receive the equipment when delivered to the local store.**
- **There should be an up to date stock book in each local store listing the equipment for officers to sign and date to confirm that they are returning or taking equipment.**
- **A relevant officer should ask the supplier to send a copy of the issue note when delivering equipment straight to the client's home.**
- **A relevant officer should ensure that the supplier informs the Council when a client returns any equipment themselves.**
- **It should be ensured that the Council receives a monthly itemised list of the equipment delivered and returned.**
- **Prices should be compared occasionally with other suppliers (where possible) in order to ensure the Council receives a competitive price.**
- **No invoice should be paid unless it has been possible to check that the details are correct and the price has been checked against the itemised list.**

CHILDREN – OUT OF COUNTY PLACEMENTS Social Services

Purpose of the Audit

To ensure that appropriate internal controls exist for the administration of the out of county children's placements' service.

Scope of the Audit

The scope of the audit includes the following aspects:

- That appropriate arrangements are in place for assessing children.
- That the children are placed in suitable locations.
- That appropriate review arrangements are in place.
- That appropriate procedures exist for the ordering, receiving and payment for goods and services.
- That adequate budgetary controls exist.

Main Findings

Audit tests were undertaken on 21 internal controls. The tests showed that good internal controls existed in 17 of these areas. Every year, there is significant over-expenditure on the budget of the out of county placements. However, the main findings of the audit was that every application for a placement outside Gwynedd that was audited had been presented to the Placement Commissioning Panel and that statutory requirements had been adhered to. The main weakness was the lack of the completeness of the information on the RAISE system.

Audit Opinion

(B) The audit opinion is that partial assurance of propriety can be given in the administration of the out of county children's placements' service as controls are in place, but there are aspects that need to be tightened. Recommendations in the report are as follows:

- **Every visiting form should be signed by the relevant Team Leader as confirmation that they have reviewed the record of the visit.**
- **The details of every statutory review should be filed on the child's file.**
- **The service should continue with the arrangements for inputting statutory reviews on the RAISE system.**
- **Invoices should be paid within a month of the date received so that the Council can avoid having to pay interest on late payments.**

THE USE OF SUBCONTRACTORS, HIGHWAYS WORKS UNIT

Highways and Municipal

Purpose of the Audit

The purpose of the audit was to ensure that the Highways Service Unit are appointing sub-contractors in accordance with Gwynedd Council's Procedures Rules and best practice.

Scope of the Audit

The scope of the audit was to assess the procedure of using subcontractors by the Highways Service Unit by reviewing relevant files to ensure that evidence existed to show that work was let according to the Procedures.

Main Findings

The main findings of the audit were that the Highways Service Unit does not have any procedures in place to appoint subcontractors in accordance with the construction industry best practice and Gwynedd Council's Contracts Rules of Procedures.

It was seen that the Highways Service Unit were tendering for work despite knowing that the internal workforce did not have the capacity to undertake the work, and then giving the work to subcontractors. This is not unusual in the industry as larger companies who win tenders regularly subcontract work to local companies. However, it was seen that there were significant weaknesses in the arrangements for awarding this work to private subcontractors.

Audits Opinion

(C) The audit is of the opinion that assurance cannot be given to the Highways Service Unit's arrangements for using subcontractors. The main recommendations in the executive summary are as follows:

- **The Highways Service Unit should either establish an internal approved list of contractors or formally adopt Constructionline as an approved list.**
- **The compliance with the Council's Contracts Rules of Procedures when letting work to subcontractors.**

“ARRIVE ALIVE” Regulatory

Purpose of the Audit

Purpose of the audit is to review the administration arrangements, control and the financing of the “Arrive Alive” project.

Scope of the Audit

The scope of the audit is to ensure that controls are in place within the Street Management and Integrated Transport Unit for managing the “Arrive Alive” scheme effectively.

Main Findings

The main findings of the audit were:

- Cases where payments were processed without receiving the original invoice.
- Invoices being referred to a specific Officer instead to Gwynedd Council.
- The full travelling expenses for the Safety Roads Officer - Arrive Alive were not recovered from Flintshire County Council due to the Officer not submitting his expenses on time.
- The location list for the interactive signs were not current.

Audit Opinion

(B) The audit is of the opinion that partial assurance of propriety can be given to the arrangements by the Street Management and Integrated Transport Service in managing the Arrive Alive project. The main recommendations in the Action Plan that needs attention are as follows:

- **Ensure that invoices are promptly passed to the Creditor Payments Unit for payment. The services and establishments are expected to process all invoices within two weeks.**
- **The Finance Unit should try and recover the remaining travelling expenses for the Safety Roads Officer - Arrive Alive for the 2007/08 financial year in the 2008/09 claim from Flintshire County Council.**
- **The Safety Roads Officer - Arrive Alive should ensure that he submits monthly claims for any expenses occurred in his post.**

TRANSPORT FEE INCOME

Regulatory

Purpose of the Audit

The purpose of the audit is to ensure that the Street Management and Integrated Transport Unit fees and prices are set by means of methodology that demonstrates good practice and is consistent with the Council's policies, as well as ensuring that the correct income is collected from external clients.

Scope of Audit

The scope of the audit was to discuss the process of setting the adopted fees and prices with the Unit's Manager and verify that clients are billed for the correct fees.

Main Findings

The Main Findings of the audit were:

- No official receipts were given as acknowledgment of payment.;
- No formal invoices were drawn for the purpose of billing the clients;
- The income was not regularly banked; and
- The Licensing Furniture on the Street Policy was not applied.

Audit Opinion

(B) The auditors opinion is that partial assurance can be placed upon the procedures in place for within the Regulatory Department (Planning, Transport and Public Protection) for setting fees and prices, as well as collecting the correct amounts. The main recommendations noted in the action plan that need attention as follows :-

- **A receipt should be given to acknowledge income received from Land Charges enquiries.**
- **Invoices should be sent to companies that don't pay in advanced, so that a formal process exists to trace any debts.**
- **Land Charges income should be banked at least once a week.**
- **The Licensing Furniture on the Street Policy should be revisited as well as setting a budget to re-promote the policy within Gwynedd Council.**

LICENCES FOR ON-STREET STRUCTURES

Regulatory

Purpose of the Audit

The purpose of the audit was to ensure that controls were in place for the distribution of licences to erect structures on the street.

Scope of the Audit

The scope of the audit was to review the administration and controls in processing applications for licences to erect structures on the street. Also, to ensure that arrangements are in place to ensure that contractors comply with the licence's conditions.

Main Findings

Main findings of the audit were:

- The licence application form does not oblige the contractor to record the necessary details.
- Lack of assurance that the contractors have a current insurance policy to comply with the licence.
- Lack of assurance to verify that the contractors are members of a recognized commercial body.
- The contractors do not send details of the planned work to the Street Management and Integrated Transport Unit.
- Delays before the Street Works/Highways Enforcement Inspectors submit their Inspection of Scaffolding forms to the Unit.
- Scaffolding remains up after the last day of the licence.
- Structures did not comply with the licence conditions.

Audit Opinion

(C) The audit is of the opinion that assurance cannot be given for the processing and monitoring of licences to erect structures on the street by the Street Management and Integrated Transport Unit. The main recommendations in the action plan are as follows:

- **The Street Management and Integrated Transport Unit should re-draft the licence application form so that the relevant data regarding the Company and structure can be collected.**
- **It must be ensured that the contractor has a current insurance policy covering the period of the licence.**
- **It must be ensured that the Unit has evidence as confirmation that the contractor/workmen are qualified to erect scaffoldings.**
- **It must be ensured that no structure is standing after the last day of the licence.**
- **It must be ensured that the structure complies with the conditions of the licence.**

OVERPAYMENT OF MEMBERS' TRAVELLING EXPENSES

Purpose of the Audit

To investigate the possibility that the Council has paid travelling allowances to members at an incorrect rate, how that happened, and what the obligations were, by following the correspondence sent within the Council, together with the arrangements for notifying the Payroll Unit of the appropriate rate to be used.

Scope of the Audit

This audit reviewed specifically the payments of travelling allowances to Council Members since 1 April 2003. It did not encompass other aspects which had been the subject of a routine audit on Members Expenses that had been included in the 2008/09 Internal Audit plan.

Main Findings

It was seen that key officers within the Payroll Unit have continued to operate for several years on a misconception that travel allowances for members change at the same rate as travelling costs for officers, rather than on the basis of the local Allowances Scheme.

The communication between Members' Services (within the former Administration and Public Protection Service) and the Payroll Unit (within Finance) has not worked effectively.

Sufficient explanation was not given to officers in the Payroll Unit about the significance of Assembly Members' travel rates.

The Payroll Unit did not act in accordance with the contents of a critical email in May 2006.

There is no suggestion that any elected member has acted inappropriately, since it is the miles travelled that have been recorded on the claim forms – not the financial value.

Audit Opinion

All Council Members have been receiving travelling allowance at a rate that is higher than noted in the Local Allowances Scheme since 1 April 2003 – and higher than the national Regulations since 2005 also – because the Payroll Unit have been operating on an incorrect understanding that the rates of travel allowances for members are to vary annually in line with travel rates for officers. This could have been corrected in 2006, but a critical message notifying the Payroll Unit of a Council decision was not acted upon. The report's recommendations are as follows:

- **There is a need to act in accordance with proper practices to receive the overpayments back, ensuring a fair and transparent policy and process.**
- **An agreed working practice should be adopted within the Authority to verify that committee decisions permeate to officers who are responsible for their implementation, and ensuring that action has occurred.**
- **From now on, clear guidance should be devised between officers who are responsible for member services and the Payroll Unit to ensure correct handling of all members' expenses.**