

## **GWYNEDD COUNCIL**

COMMITTEE	<b>AUDIT COMMITTEE</b>
DATE	<b>14 JANUARY 2010</b>
TITLE	<b>OUTPUT OF THE INTERNAL AUDIT SECTION</b>
PURPOSE OF REPORT	<b>TO OUTLINE THE WORK OF THE INTERNAL AUDIT SECTION FOR THE PERIOD TO 30 NOVEMBER 2009</b>
AUTHOR	<b>DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK</b>
ACTION	<b>TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE RECOMMENDATIONS THAT HAVE ALREADY BEEN PRESENTED TO SERVICES FOR IMPLEMENTATION</b>

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### **1. INTRODUCTION**

- 1.1 The following report summarises the work of the Internal Audit Section for the period from 1<sup>st</sup> June 2009 to 30<sup>th</sup> November 2009.

### **2. WORK COMPLETED DURING THE PERIOD**

- 2.1 The following audit work was completed in the 3 months to 30<sup>th</sup> November 2009:

<b>Description</b>	<b>Number</b>
Formal Reports on Planned Audits	19
Responsive Audit	1
Other Reports (memoranda etc)	5
Follow-up Audits	7

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 30<sup>th</sup> November, indicating the relevant opinion category and a reference to the relevant appendix.

<b>DEPARTMENT</b>	<b>SERVICE</b>	<b>TITLE</b>	<b>OPINION</b>	<b>APPENDIX</b>
Education	Education Consortium	Welsh Assembly Government Key Stages 2 to 3 Transition Grant	B	Appendix 1
Education	Education Consortium	Welsh Assembly Government Primary Schools Free Breakfast Initiative Grant	B	Appendix 2
Education	Education Consortium	Welsh Assembly Government Grant Providing Support to Headteachers in Small Schools	B	Appendix 3
Education	Schools	Unofficial Funds	B	Appendix 4
Finance	Financial	Cheque Control	B	Appendix 5
Provider and Leisure	Leisure	Penllyn Leisure Centre	C	Appendix 6
Provider and Leisure	Leisure	Arfon Tennis Centre	C	Appendix 7
Provider and Leisure	Leisure	Bangor Swimming Pool	B	Appendix 8
Provider and Leisure	Leisure	Plas Ffrancon Leisure Centre	C	Appendix 9
Provider and Leisure	Leisure	Dwyfor Leisure Centre	B	Appendix 10
Provider and Leisure	Leisure	Bro Dysynni Leisure Centre	B	Appendix 11
Provider and Leisure	Residential and Day	Plas Maesincla Home for the Elderly, Caernarfon	B	Appendix 12
Provider and Leisure	Residential and Day	Plas Hedd Home for the Elderly, Bangor	B	Appendix 13
Provider and Leisure	Residential and Day	Provider Services Properties - Commissioning of work	B	Appendix 14
Customer Care	Information Technology	Configuration Management	C	Appendix 15
Regulatory (Planning, Transportation and Public Protection)	Environment	Public Footpaths	B	Appendix 16

DEPARTMENT	SERVICE	TITLE	OPINION	APPENDIX
Strategic and Improvement	Strategic Direction	"Independence and Wellbeing" Grant	A	Appendix 17
Housing	Housing Maintenance	Repairs and Maintenance of Council Housing - Workflows	A	Appendix 18
Housing	Private Sector Housing	Home Improvement Partnership - "Houseproud"	B	Appendix 19

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:

- Contract Management - Performance Bonds (*Corporate*)
- User Account Management (*Customer Care*)
- Arrangements for ordering IT goods (*Customer Care*)
- Health and Safety of Care Staff (*Social Services*)
- Housing Stock Transfer Arrangements (*Housing*)

## 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
Stand-alone Computers	Corporate	-	<b>Acceptable</b>
Debtors System - Invoice Suppression	Finance	Financial	<b>Acceptable</b>
Support Worker Costs	Social Services	Across the department	<b>Acceptable</b>
Licencing of On-Street Structures	Regulatory	Transportation and Street Care	<b>Acceptable</b>
Use of Sub-contractors	Highways and Muncipal	Highways Works	<b>Acceptable</b>
Management of Apetito Contract	Social Services	Adults	<b>Acceptable</b>
Software Licensing in Schools	Education	Schools	<b>Excellent</b>

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 31 March 2010**

Joint Store Service Contract  
Secondary School Payments  
Food Purchasing and Stock Control

**Completion Target: Quarter ending 30 June 2010**

Cefn Rodyn Home for the Elderly, Dolgellau  
Arfon Tennis Centre  
Penllyn Leisure Centre  
Plas Ffrancon Leisure Centre

**Completion Target: Quarter ending 30 September 2010**

Configuration Management

## **2.4 Responsive Audits**

2.4.1 A responsive audit was undertaken on Ysgol Uwchradd Tywyn at the request of the Head of Finance. The executive summary of the audit report that was produced has been included as Appendix 20.

## **3 WORK IN PROGRESS**

3.1 The following work was in progress as at 1<sup>st</sup> December 2009.

### **3.2 Draft reports released**

- Land Maintenance (*Highways and Municipal*)
- Precepts (*Finance*)
- Collection of Social Services Data for Performance Management purposes (*Social Services*)
- Treasury Management (*Finance*)
- Exemptions from the corporate training arrangements (*Corporate*)
- Security of Assets and Stores (*Highways and Municipal*)
- Primary Schools - Recruitment Arrangements for Auxilliary Staff and Supply Teachers (*Education*)
- Out-of-County Education - Invoicing Arrangements (*Finance*)
- Local Taxation - Printing Contract (*Finance*)
- Integration Overspend (*Education / Finance*)
- Yr Hafan, Pwllheli (*Economy and Community*)

### **3.3 Work in progress**

- Corporate Governance - Comparative Review (*Corporate*)
- Contract Management - Site Visits (*Corporate*)
- Contract Terms and Tendering Documents (*Corporate*)
- Building Services - Prioritisation of Work (*Gwynedd Consultancy*)
- Traffic Orders (*Regulatory (Planning, Transportation and Public Protection)*)
- Plas y Don, Pwllheli (*Provider and Leisure*)
- Discretionary Payments (*Finance*)
- Council Tax - exemptions, empty properties etc (*Finance*)
- Implementation of Local Pay Review (*Finance*)
- Budgetary Control (*Corporate*)
- Finance System Licences (*Finance*)
- Compliance with CoCo requirements (*Customer Care*)
- Performance Account Manager Arrangements (*Corporate*)
- North Wales Procurement Partnership (*Strategic and Improvement*)
- Section 106 Agreements (*Regulatory (Planning, Transportation and Public Protection)*)
- Integration (*Education*)
- Arrears of Dinner Money, Primary Schools (*Education*)
- Maritime Service (*Economy and Community*)
- Control of Unofficial Funds (*Provider and Leisure*)
- Supporting People (*Housing*)
- Children - Adoption, Residential Order and Special Guardianship Allowances (*Social Services*)
- Waste Recycling Centres (*Highways and Municipal*)
- Fleet Management (*Highways and Municipal*)
- Current Contracts: Gwynedd Consultancy (*Gwynedd Consultancy*)
- Final Accounts: Gwynedd Consultancy (*Gwynedd Consultancy*)
- Estate Warden Scheme (*Housing*)
- Final Accounts: Housing (*Housing*)

#### **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<sup>st</sup> September 2009 to 30<sup>th</sup> November 2009, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

## **WELSH ASSEMBLY GOVERNMENT KEY STAGE 2 TO 3 TRANSITION GRANT Education**

### Purpose of the Audit

Ensure that there are appropriate internal controls in order to administrate the Welsh Assembly Government's Key Stage 2 to 3 Transition Grant.

### Scope of the Audit

Ensure that the Authority has satisfied criteria of the Welsh Assembly Government –

- That the Education Department is in compliance with the terms and conditions of the grant.
- That internal transactions of the grant money to the schools have been treated correctly.
- That the appropriate documentation is presented or kept in the schools to support the expenditure.

### Main Findings

Audit tests were undertaken on 22 internal controls. The tests showed that good internal controls existed in 17 of these areas.

### Audit Opinion

**(B) The audit opinion is that partial assurance can be placed upon the procedures in place for the Key Stage 2 to 3 Transition Grant 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:-**

- **There is a need to transfer the money kept centrally to the appropriate ledger account.**
- **The department should ensure that every catchment area has prepared and presented a Transition Plan for 2008/09 to the Local Authority.**
- **The department should ensure that every catchment area has kept evidence of every expenditure that is concerned with the grant in a appropriate file, in order to support the use of the grant.**

**WELSH ASSEMBLY GOVERNMENT PRIMARY SCHOOLS FREE BREAKFAST  
INITIATIVE GRANT  
Education**

Purpose of the Audit

To ensure the correct use of monies received from the Welsh Assembly Government with regards to the Primary Schools Free Breakfast Initiative Grant (PSFBI), so that each school that provides free breakfast has been registered with the initiative and is eligible to participate. Further, to ensure that arrangements for administrating the initiative are correct.

Scope of the Audit

Check a sample of schools that provide free breakfast from the three areas in order to ensure correct administration and that specific applications are made to the Welsh Assembly Government.

Main Findings

Audit tests were undertaken on 51 internal controls. The tests showed that good internal controls existed in 45 of these areas.

**Audit's Opinion**

**(B) The audit opinion is that partial assurance can be placed upon the procedures in place for the Primary Schools Free Breakfast Initiative Grant 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:-**

- It is required that adequate arrangements are in place so that relief supervisors are available in the event of the absence of regular supervisors.
- There is a need to ensure that the relevant training is offered to supervisors in accordance with the training requirements identified by the Welsh Assembly Government.
- Each school needs to complete and keep secure for at least 3 years an independent register with the names of the pupils that have attended the free breakfast initiative.
- There is a need to ensure that every payment is made within the suppliers' payment requirements.
- An appointment letter containing the terms of employment should be sent to every new supervisor.
- The Senior Ancillary Services Officer should sign the internal transfer in order to confirm that the invoice amount is correct and that no mistakes have been made when inputting the agreed amounts.



**WELSH ASSEMBLY GOVERNMENT GRANT PROVIDING SUPPORT FOR  
HEADTEACHERS IN SMALL SCHOOLS  
Education**

Purpose of the Audit

To ensure that the grant has been allocated according to the criteria of the Welsh Assembly Government.

Scope of the Audit

Verify that the Local Authority has satisfied the Welsh Assembly Government criteria.

- That appropriate administrative procedures exist,
- Monies have been allocated fairly, and
- That the monies have been allocated in accordance with the purpose of the grant.

Main Findings

Audit tests were undertaken on 13 internal controls. The tests showed that good internal controls existed in 11 of these areas.

Audit's Opinion

**(B) The audit opinion is that partial assurance can be placed upon the procedures in place for administering the grant for providing support to Headteachers in small schools 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 the schools that have 90 or fewer pupils, along with the teaching commitments, should be noted on one form.**
- **Schools need to keep a record of all the expenditure concerned with the collaboration allocation and deliver the evidence to the Assistant Education Improvement Officer. The Assistant Education Improvement Officer can then confirm that all of the grant collaboration money has been spent in accordance with the application made.**

## **UNOFFICIAL FUNDS**

### **Education**

#### Purpose of the Audit

To ensure that the administration procedures for the unofficial funds of Gwynedd's primary schools are appropriate.

#### Scope of the Audit

A sample of schools from Gwynedd's three areas were chosen and checks were made to ensure the administration of the unofficial funds were in line with the school financial rules and Estyn's guidelines.

#### Main Findings

Audit tests were undertaken on 14 internal controls. The tests showed that good internal controls existed in 8 of these areas. The main findings arising from the audit was the schools failure to send their balance sheets and the minutes of governors' meetings to the internal audit services annually.

#### Audit Opinion

**(B) The audit opinion is that partial assurance can be placed upon the procedures in place for the administration of primary schools' unofficial funds as there are controls in place, but there are aspects that need to be tightened. The main recommendations in the action plan are as follows:**

- **Schools should keep copies of invoices to support any expenditure made using money from unofficial funds.**
- **It would be good practice if schools gave receipts for any money received into the fund.**
- **The Head teacher should present the audited accounts, auditor's certificate and the written report on the accounts to the governing body as soon as possible after the accounting year.**
- **If there's a change in a member of staff responsible for signing the cheques on behalf of the unofficial fund, the Head teacher must ensure that the new signatories are approved by the school's governing body.**
- **Every school should annually send the auditor's report on the unofficial fund accounts along with the minutes of the relevant meeting of the governors approving the accounts to the Internal Audit & Risk Management Services.**
- **It must be ensured that any income relating to the school's delegated budget should not be credited to the unofficial funds, even on a temporary basis.**

## **CHEQUE CONTROL**

### **Finance**

#### Purpose of the Audit

The purpose of the audit was to ensure that appropriate controls are in place for the use of cheques by Cyngor Gwynedd.

#### Scope of the Audit

The audit reviews the controls relating to stock management, producing and distributing cheques and undertaking reconciliations. Specific attention will be given to the procedures relating to the production of open cheques.

#### Main Findings

On the whole, the procedures relating to cheque control are as expected and all the officers involved are aware of their responsibilities and their reasons. However, there are some areas which need attention.

- The Cashiers did not have documented procedures in place at the time of the audit.
- The auditors are of the opinion that there is scope to review the occasions where open cheques are used.
- It was noted that there is a need to update the bank mandate for the Housing Benefits Unit so that the cheque opening facility is available in all area offices, while this concession remains available to customers.
- In addition, some instances were noted where there is a need to update the lists of officials and authorised signatures for the presentation of payment batch header form (TR257).

#### Audit Opinion

**(B) The audit opinion is that partial assurance of financial propriety can be placed upon the control of cheques because there are controls in place, but there are aspects where procedures could be improved. The report's main recommendation are as follows:**

- **The Cashiers should create written guidelines for their procedures and responsibilities relating to cheque control.**
- **As part of the process of aligning with the new staff structure following the 2009 restructuring, new lists of officials who are authorised to sign batch header forms (TR257) should be presented, along with examples of their signatures.**
- **There should be an objective not to begin any new agreements to pay individuals by open cheque, with a long term objective of ending the practice entirely.**
- **Other establishments in the area, especially local authorities, who operate in similar areas should be consulted to find out what payment method they have in place where Gwynedd Council currently use open cheques, and it should be assessed whether their alternative means would be practical for the Council.**

**PENLLYN LEISURE CENTRE**  
**Provider and Leisure**

Purpose of the Audit

To ensure that internal controls are in place at Penllyn Leisure Centre, Bala, in order to mitigate the operational risks and that these controls are implemented.

Scope of the Audit

Examining samples of financial transactions for the 2008/09 financial year and the beginning of the 2009/10 financial year and examining the controls in place for stock control and ensuring that the Centre conforms to any health and safety requirements.

Main Findings

During this audit, instances of good control were seen in respect of security and arrangements for checking equipment and the condition of the pool. However, when the financial aspects were examined, many weaknesses were identified.

**Audit Opinion**

**(C) The Audit Opinion is that assurance of financial propriety of Penllyn Leisure Centre, Bala cannot be stated with certainty since the controls in place cannot be depended upon, but no losses / fraud resulted from control weaknesses. The main recommendations of the report are as follows:**

- **When a refund is made, the customer, Receptionist and the Duty Manager must sign a form confirming that the customer has received the refund and that it has been processed on the tilling system.**
- **It must be ensured that the officer completing the Request to Raise an Invoice sheet is aware of the relevant VAT rules and it must be noted on the sheet whether VAT is already included in the price. Furthermore, it must be ensured that the correct cost is entered on the sheet.**
- **It must be ensured that invoices are set against the correct club / company / individual.**
- **There must be clear signs in every reception area, explaining that no photographs are to be taken without receiving prior permission from the Manager.**
- **It must be ensured that the Centre Manager signs forms CD692 and CD693 to confirm that permission has been granted to take photographs. Should this not be possible, then the Facilities Manager should sign the forms. No officer should sign on behalf of the photographer / person allowing their child to be photographed or on behalf of the Centre.**

## **ARFON TENNIS CENTRE**

### **Provider and Leisure**

#### Purpose of the Audit

To ensure that internal controls are in place at Arfon Tennis Centre, in order to mitigate the operational risks and that these controls are implemented.

#### Scope of the Audit

Examining samples of financial transactions for the 2008/09 financial year and the beginning of the 2009/10 financial year and examining the controls in place for stock control and ensuring that the Centre conforms to any health and safety requirements.

#### Main Findings

Instances of good practices were seen in some cases. However, in other areas the internal controls were not satisfactory.

#### Audit Opinion

**(C) The Audit Opinion is that assurance of financial propriety at Arfon Tennis Centre cannot be stated with certainty since the controls in place cannot be depended upon, but no losses / fraud resulted from control weaknesses. The main recommendations of the report are as follows:**

- **Financial reports from the system should be kept in accordance with the Council's Retention Policy, that is until the end of the financial year and for another two years.**
- **It should be ensured that the Centre's staff do not log into the computer system on more than one computer at the same time.**
- **No officer should authorise their own timesheet. This should be done by another officer who is in a position to confirm that the hours worked is correct. Ideally, this should be the officer's Line Manager.**
- **At least three quotes should be received for orders worth between £5,000 and £50,000 and a record of this should be kept.**
- **There should be a separation of duties in the process of ordering and paying invoices. An authorised officer should sign the order, a different officer should check and sign the boxes on the coding slip, and another officer should certify the invoice (this officer should be authorised to do so). Therefore, it should be ensured that at least three officers are part of this process.**
- **Money earmarked as float should not be used as imprest.**
- **Posters should be placed in the fitness room to explain that the Council does not accept any liability if someone is injured whilst using the fitness room without an induction.**

## **BANGOR SWIMMING POOL**

### **Provider and Leisure**

#### Purpose of the Audit

Ensuring that internal controls are in place at Bangor Swimming Pool so as to mitigate operational risks, and ensure that these controls are being implemented.

#### Scope of the Audit

Examine a sample of financial transactions for the financial years 2008/2009 and 2009/2010 as well as to the regulations applied to stock control and ensuring that the Centre conforms with health and safety requirements.

#### Main Findings

In most cases during this Audit there were examples of good practice. Where this was found not to be the case, recommendations were made in order to improve arrangements.

#### Audit Opinion

**(B) The Audit Opinion is that since partial assurance of financial propriety can be stated for Bangor Swimming Pool as controls are in place, but in some instances procedures could be tightened. The main recommendations in the report are as follows:**

- **A refund report for a full month should be produced, signed and dated to confirm that the necessary checking has taken place.**
- **Two officers should always check the Financial Analysis Forms and they should be signed to confirm that they have been checked.**
- **When a club cancels a block booking session, then no refund should be given. The only instance where refund for a block booking should be given is when the centre itself is responsible for the cancellation. Furthermore, any extra booking should be charged at the full price + VAT other than when it is itself a block booking i.e. has been previously booked and consists of 10 sessions or more.**
- **Any estimates from companies for orders / contracts valued at £5,000 or more should be kept on file. They should be kept for a full two years after the end of the current financial year.**
- **Fire drills should be conducted every three months in accordance with the Leisure Service's Fire and Evacuation Policy.**

## PLAS FFRANCON LEISURE CENTRE Provider and Leisure

### Purpose of the Audit

To ensure that internal controls are in place at Plas Ffrancon Leisure Centre in order to mitigate the operational risks and that these controls are implemented.

### Scope of the Audit

Examining samples of financial transactions for the 2008/09 financial year and the beginning of the 2009/10 financial year and examining the controls in place for stock control and ensuring that the Centre conforms to any health and safety requirements.

### Main Findings

It was noted during the audit that there were example of good practice in Plas Ffrancon Leisure Centre. Most of the cases where the arrangements were not deemed to be as strong were seen in the Centre's financial arrangements.

### Audit Opinion

**(C) The Audit Opinion is that the financial propriety of Plas Ffrancon Leisure Centre cannot be stated with certainty since the controls in place cannot be depended upon, but no losses / fraud resulted from control weaknesses. The main recommendations of the report are as follows:**

- **When a refund is made, it should be ensured that the customer and the Duty Manager signs the receipt to confirm that the refund has been made and that it is valid.**
- **It should be ensured that officers log off the Gladstone MRM system when they are not using it.**
- **Every effort should be made to ensure that income that has not come in through the bank is recovered.**
- **A 'Banking Record Sheet' should be used and kept with the relevant officers signing it.**
- **It should be ensured that the sum of the float is correct in the lejer.**
- **The centre's staff should be aware of how to fill the TR34 form correctly and to use the correct short codes. Furthermore, it should be ensured that the subtotals between the TR34, paying in book and 'Z' reading are reconciled.**
- **Every TR34 form should be sent forward to the Income Assistant.**
- **It should be ensured that keys are kept where no unauthorised personnel can have access to them.**
- **It should be ensured that fire drills are held every three months in accordance with the Leisure Department's Fire and Evacuation Policy.**

## **DWYFOR LEISURE CENTRE**

### **Provider and Leisure**

#### Purpose of the Audit

To ensure that sufficient internal controls are in place in Dwyfor Leisure Centre.

#### Scope of the Audit

To review a sample of financial transactions for the financial year 2008/2009 and 2009/2010 as well as the controls which are in place regarding stock management and ensuring the Centre is complying with any relevant health and safety procedures.

#### Main Findings

In this audit, it was found that examples of good internal control were in place in the majority of cases inspected, especially when managing stock and calculating profit and loss. However, it was also found that few areas needed further attention on the controls in order to further mitigate risk.

#### Audit Opinion

**(B) The audit opinion is that partial assurance can be placed upon the procedures in place in the management and administration of Dwyfor Leisure Centre as there are controls in place, but there are aspects that need to be improved. The recommendations in the report are as follows:-**

- **The refund reports should be signed and dated to confirm that they have been checked. The officer doing this should not be part of the refund process.**
- **It should be ensured that at least three quotes are received on orders worth between £5,000 and £50,000 in accordance with the Council's Financial Procedure Rules.**
- **There should be sufficient separation of duties in the procedure for ordering, checking and authorising invoices.**
- **A member of the Centre's staff should sign the Photography Registration Form.**
- **It should be ensured that the system demand that staff change their passwords regularly.**



## **BRO DYSYNNI LEISURE CENTRE**

### **Provider and Leisure**

#### Purpose of the Audit

Ensuring that internal controls are in place at Bro Dysynni Leisure Centre, Tywyn so as to mitigate operational risks, and ensure that these controls are being implemented.

#### Scope of the Audit

To review a sample of financial transactions for the financial years 2008/2009 and 2009/2010 as well as the controls applied to stock control and ensuring that the Centre conforms with health and safety requirements.

#### Main Findings

Examples of good practice were evident in the operation of Bro Dysynni Leisure Centre for the most part. The few examples where this was not the case were sheets not being signed to confirm that the information contained was correct or had been checked.

#### Audit Opinion

**(B) The Audit's Opinion is that partial assurance of financial probity can be given for Bro Dysynni Leisure Centre, as controls are in place, but there are some aspects which could be tightened. The report's main recommendations are as follows:**

- **There should be a receipt for all refunds signed by a member of staff and the customer.**
- **Officers should log off the Gladstone system when they stop using the computer.**
- **It should be ensured that a different officer signs an order to the one signing the box on the coding slip. It might also be appropriate for the relevant officers to attend a "Financial Procedures" course that is held internally by the Council.**
- **It should be ensured that invoices should be paid promptly within 30 days.**
- **It should be ensured that the property inventory is always updated when equipment is acquired or disposed. The officer that is responsible for the annual check of equipment should be independent of the officer responsible for updating.**

**PLAS MAESINCLA HOME FOR THE ELDERLY, CAERNARFON**  
**Provider and Leisure**

Purpose of the Audit

The purpose of the audit was to ensure that the financial and security arrangements at Plas Maesincla are appropriate and in accordance with the Council's Financial Procedure Rules.

Scope of Audit

To review the Home's income and expenditure according to the records within the financial ledger as well as the Home's management arrangements.

Main Findings

The audit discovered robust examples of good practice within the Home's financial and security arrangements. However, there are examples of non-compliance with the Council's administrative arrangements and as a result with the Financial Procedure Rules. Due to this, appropriate steps should be taken to strengthen the arrangements within the areas audited.

**Audit Opinion**

**(B) The audit opinion is that partial assurance of propriety can be given to the financial and safety arrangements of Plas Maesincla, Caernarfon, as there are controls in place, but there are elements where some arrangements could be improved. The main recommendations in the report are as follows:**

- **The order should be signed by an authorised officer on every occasion.**
- **The "Goods Received" box on the TR252 should be signed by an officer who can confirm that the service has been provided; the other check boxes should be signed by an officer who does not sign the "Goods Received" box and who does not certify it; and the payments certified by the budget holder.**
- **The "Goods or service received date" on the order must be completed to justify that the goods / service has been received.**
- **The home should ask the supplier / provider to set a price on the order and must ensure that the price is noted on the order.**
- **It must be ensured that the officer who signs the check boxes on the TR252 does not certify the payment.**
- **Payments should be done within a month of the invoice date.**
- **The Manager of the Home should sign and date the monthly phone bill to confirm the check and that it's appropriate.**
- **The Manager of the Home should either sign the GE30 form or send an email to confirm that the form has been authorised to be processed.**

## PLAS HEDD HOME FOR THE ELDERLY, BANGOR Provider and Leisure

### Purpose of the Audit

Ensure that financial and security arrangement at Plas Hedd, Bangor are appropriate and in accordance with the Council's Financial Procedure Rules.

### Scope of the Audit

Inspect the main expenditure areas and income as stated in the financial ledger as well as the home's control procedures.

### Main Findings

Good internal controls were seen to be in place in many instances, such the records of residents' personal belongings. However, in other instances, and in particular with relation to imprest accounts, the controls were found not to be as satisfactory.

### Audit Opinion

**(B) The audit opinion is that partial assurance can be placed upon the procedures in place for Plas Hedd as there are controls in place, but there are aspects that need to be tightened. The main recommendations in the operating scheme that need attention are as follows:**

- **The reasons that Plas Hedd's expenditure is higher in comparison with other care homes should be investigated.**
- **It should be ensured that official orders are raised in advance, or if an order is to be made verbally, it should be sent that day or the following working day to confirm the order.**
- **Staff should not deal with the residents' personal banking matters due to the risks that can be associated.**
- **The code to open the safe should be changed regularly.**
- **The Home should keep a full and up to date record of the amenity fund's transactions. There should be a record of monies coming in, monies going out as well as an ongoing balance.**
- **It should be ensured that the inventory list is checked annually and the officer doing so should sign and date it to confirm that the information is correct. Additionally, an officer, who is independent from the officer conducting the annual checks, should sign and date the list every time equipment or property is added to the list.**
- **It should be ensured that the imprest account is always in credit in accordance with Financial Procedure Rule 16.12.**
- **It should be ensured that only officers with the authority to do so should authorise applications for the repayment of imprest.**

## **PROVIDER SERVICES PROPERTY – COMMISSIONING WORK**

### **Provider and Leisure**

#### Purpose of the Audit

The purpose of the audit is to ensure there are appropriate controls in place in the process of commissioning work on Residential and Day Services property within the Provider and Leisure Department.

#### Scope of the Audit

Examining how the budget is used, the process of ordering goods and services and if necessary work is being completed promptly. This audit does not consider the properties of the Leisure Services.

#### Main Findings

It was seen that good controls were in place in most of the procedures reviewed in the audit. One issue which is raised concerning the fact that the ledger code is being recorded as being under the control of the relevant department, rather than the Property Service.

#### Audit Opinion

**(B) The audit opinion is that partial assurance can be placed upon the procedures in place for the ‘Provider Services Property – Commissioning Work’ as there are controls in place, but there are aspects that need to be tightened. The main recommendations in the operating scheme that need attention are as follows:**

- **The ledger should reflect who is in control of the budget.**
- **It should be ensured that an official order is sent every time work is ordered in accordance with part 20.17 of the Financial Procedure Rules: “Where, as a matter of urgency, works, goods or services are ordered orally, a written official confirmatory order shall be issued.”**
- **The officer who completes the TR258 form should have evidence of officer’s right to authorise, as well as an example of their signature.**
- **A process of monitoring the time between logging calls and completing the work should be considered.**
- **It should be considered if it is beneficial to have a current service level agreement between Property Services and the Provider and Leisure Department.**
- **It should be ensured that relevant staff are aware of the appropriate procedure for contacting the Repairs and Maintenance Help Desk outside office hours.**

## CONFIGURATION MANAGEMENT Customer Care

### Purpose of the Audit

To evaluate the completeness and accuracy of the Council's records of hardware and software configurations.

### Scope of Audit

The review included an evaluation of the configuration management tool as well as the records collated by the IT Unit.

### Main Findings

At the time of the audit, the IT Unit had acquired a specialised configuration management tool, which was in the final process of deployment. The capabilities of the tool does include all of the perceived requirements for effective monitoring of the Authority's hardware and software.

Audit attempts at reconciling the total number of computers as shown in the various databases available during this work have been unsuccessful. Details have been sent to the IT Unit, who have acknowledged the issue and are in the process of undertaking substantial work to rectify the gaps.

A closer relationship is required between the various databases to ensure the accuracy of each set of records. A laptop recall exercise is planned prior to the end of the year which the auditors support both for completion of records and deployment of the appropriate control software.

For complete and accurate records, the relocation of computers after they have been installed by the IT Unit will need to be monitored and recorded.

***Following the audit and publication of the draft report, substantial work has been carried out by the IT Unit and significant progress has been made. A completion date for this work has been denoted as April 2010.***

### Audit Opinion

**(C) The audit opinion is that assurance cannot be placed upon the procedures in place for configuration management as even though there are controls currently in place, they are undermined by previous weaknesses which need attention. The main recommendations in the action plan and in need of prompt action are as follows:**

- **A reconciliation exercise should be carried out as soon as the deployment of the configuration management software and Anti Malware software are complete to ensure as far as possible that the numbers of computers in each system agree in total and within each defined site/Organisational Unit.**
- **The Internal Audit list of apparently dormant or inactive computers should be reconciled with the acquisition and disposal records in the Unit's databases and account for the discrepancies. Dormant or unused computer accounts should be purged from Active Directory.**
- **IT staff who visit sites for any reason should use the opportunity to collect equipment data and serial numbers to provide continuous updates to the database.**
- **The local administrator group membership should be cancelled as soon as possible for general users.**
- **The configuration management standard reports on client status should be generated and inspected regularly to identify any computers whose SMS host agents are not responding.**

## PUBLIC FOOTPATHS Regulatory

### Purpose of the Audit

The purpose of the audit was to review the controls that are in place so as to ensure that payments made for the maintenance of Gwynedd's public footpaths contributes to an effective access to walkers and that the Definitive Map and Statement is kept up to date.

### Scope of the Audit

The scope of the audit was to assess Gwynedd Council's current procedures for reimbursing the community councils for maintaining the Authority's footpaths. The obligations of the Gwynedd Council Rights of Way Improvement Plan on the service were also considered.

### Main Findings

The main findings of the audit were:

- The Enforcement and Implementation Policy has not been established in accordance with the 2008/11 Implementation Plan.
- No system to enable the Rights of Way Unit to monitor the complaints they receive.
- No arrangements in place to enable the Service to monitor the work that the community councils undertake on their behalf.

### Audit Opinion

**(B) The audit is of the opinion that partial propriety can be given in to the Rights of Way Unit's arrangements for managing public footpaths. The main recommendations in the action plan, requiring early attention are as follows:**

- **The Rights of Way Unit should adhere to the Environmental Service 2008/11 Implementation Plan for footpaths that are in category 1 and 2**
- **Standard public footpaths signs should be placed on the Authority's roads to show every category 1 and 2 footpath.**
- **The Rights of Way Unit should establish a system to record the complaints that they receive together with the response and steps taken to resolve the problem.**
- **The Rights of Way Unit should ensure that the service level agreements that exists between Gwynedd Council and Gwynedd community councils are reviewed. The agreements should clearly state which footpaths require attention.**
- **The Public Footpaths Inspectors should visit a sample of public footpaths within their districts where the community councils are responsible for their maintenance so as to ensure that the work on the footpaths are to the expected standards.**
- **The Rights of Way Unit should inform the community councils of the need to submit their application for repayment of the grant for maintaining the footpaths once the contractor has completed the work.**

## INDEPENDENCE AND WELLBEING GRANT 2008-2011 Strategic and Improvement

### Purpose of the Audit

To ensure that the applicant presents a fully completed application form, that only valid projects are financed, 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, 2008/09.

### Main Findings

The audit found examples of good practice within the administrative arrangements for the Independence and Wellbeing Grant 2008-2011. However, there are some examples of non-compliance with the requirements of the grant provider, which is the Assembly Government. Due to this, appropriate steps should be taken to strengthen the arrangements within the areas audited.

### Audit Opinion

- (A) The audit opinion is that assurance can be placed upon the propriety of the administrative arrangements for the Independence and Wellbeing Grant 2008-2011 as the internal controls may be relied upon and are adhered to. However, there is one main recommendations in the report as follows:**
- **The service should include the grant provider's logos on any marketing material published.**

## **REPAIRS AND MAINTENANCE OF COUNCIL HOUSES – WORK FLOW Housing**

### Purpose of the Audit

To ensure that internal controls exist to manage the risks associated with the workflows of repairs and maintenance of Council Houses.

### Scope of the Audit

To check the internal controls associated with the arrangements for allocating repairs and maintenance tasks to the internal workforce, including checks on a sample of work cards to ensure that they are implemented correctly.

### Main Findings

On the whole, suitable and robust arrangements are in place to control the work flow of preservation and maintenance of Council houses. Tests were carried out on 22 areas of internal control within the service. The tests showed that good internal control existed in 21 of these areas.

### Audit Opinion

**(A) The audit opinion is that assurance can be placed on the propriety of the workflows in with regards to repairs and maintenance of council houses as the internal controls may be relied upon and are adhered to. The report contains one recommendation:**

- **Consideration should be given to annually reconciling the repairs and maintenance system with the housing system in order to ensure that the records in TASK are complete and correct.**



## HOUSEPROUD – HOME IMPROVEMENT PARTNERSHIP Housing

### Purpose of the Audit

Ensure there are sufficient internal controls in the process of administrating the Houseproud scheme.

### Scope of the Audit

Ensure there is a formal contract between the Council and the Home Improvement Trust which includes the appropriate clauses as well as ensuring the implementation of the plan is in accordance with the contract and that it is being marketed properly.

### Main Findings

The main finding in this audit was the weakness in marketing the plan and its lack of takeup. If there is no use of the plan, there is a question regarding the validity of being a part of it, especially as there are annual administrative costs involved. It was also seen that inconsistencies between the administrative fee on the contract with the fee on the invoice had gone unnoticed and unquestioned.

### Audit Opinion

**(B) The audit opinion is that partial assurance can be placed upon the procedures in place for the administration in implementing the Houseproud Home Improvement Plan as there are controls in place, but there are aspects that need to be tightened. The main recommendations in the operating scheme are as follows:**

- **There should be a clause in the contract which states the procedure that needs to be followed when there is a complaint.**
- **It should be ensured that any inconsistencies on invoices should be raised before paying. Furthermore, the officers who check the invoices and sign the coding slip should ensure that they have checked the invoices appropriately.**
- **Every effort should be made in marketing the scheme.**
- **Furthermore, the advantage of being part of the scheme should be questioned if the lack of use continues.**

## **RESPONSIVE AUDIT – TYWYN SECONDARY SCHOOL Education**

### Purpose of the Audit

At the request of the Head of Finance, a responsive audit was conducted on Tywyn Secondary School. This was undertaken due to allegations that the school had not acted in a timely manner in the wake of financial forecasts made in October 2008. This led to a situation which appeared to be critical by May 2009.

### Scope of the Audit

The audit was conducted during the 2009 summer term. Tywyn Secondary School's forecasts for 2009/10, 2010/11, 2011/12 and the school's latest plan were audited, together with the procedures in place for August 2009, August 2010 and August 2011 in order to deal with the financial situation.

### Main Findings

At the time of the audit, financial savings needed in August 2009 had been identified and implemented but further work was needed to identify financial savings for August 2010 and August 2011.

### Audit Opinion

**The auditor is of the opinion that the necessary procedures should have been discussed in more detail before May 2009 and steps should have been put in place earlier to find financial savings for August 2009. The recommendations noted in the report are as follows:**

- **If a school's forecasts suggest that staffing levels need to be reduced in the future, the relevant Education Improvement Officer should question the school to see if they have considered the proper redundancy procedures. If not, guidance should be given to the school on the proper steps to follow.**
- **If Headteachers predict they need to reduce their school's staffing levels, then they should contact the Education Improvement Officer as soon as possible to receive guidance.**
- **If Heads predict they need to reduce their school's staffing levels, then they should start the process of consulting with the teaching unions.**
- **Once the unions respond to the criteria, and the criteria has been presented to the staff, the school must identify as soon as possible which savings are to be made in August 2010 in order to begin the necessary process in adequate time.**