

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	11 MARCH 2010
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF THE INTERNAL AUDIT SECTION FOR THE PERIOD TO 31 JANUARY 2010
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 December 2009 to 31st January 2010.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following audit work was completed in the 2 months to 31st January 2010:

Description	Number
Formal Reports on Planned Audits	17
Responsive Audit	1
Other Reports (memoranda etc)	2
Follow-up Audits	1

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

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 31st January, indicating the relevant opinion category and a reference to the relevant appendix.

DEPARTMENT	SERVICE	TITLE	OPINION	APPENDIX
Education	Schools	Primary Schools - Recruitment Arrangements for Auxiliary Staff and Supply Teachers	C	Appendix 1
Corporate		Exemptions from the corporate training arrangements	B	Appendix 2
Corporate		Contract Terms and Tendering Documents	B	Appendix 3
Finance	Investment and Treasury Management	Treasury Management	B	Appendix 4
Finance	Accountancy	Bank Reconciliation	A	Appendix 5
Finance	Accountancy	Precepts	A	Appendix 6
Finance	Accountancy	Out-of-County Education - Invoicing Arrangements	B	Appendix 7
Finance	Revenue	Local Taxation - Printing Contract	B	Appendix 8
Provider and Leisure	Residential and Day	Plas y Don Home for Older People, Pwllheli	B	Appendix 9
Economy and Community	Maritime and country parks	Maritime Service	B	Appendix 10
Economy and Community	Maritime and country parks	Yr Hafan, Pwllheli	B	Appendix 11
Customer Care	Information Technology	Compliance with CoCo requirements (Part 1)	B	Appendix 12
Social Services	Across the department	Collection of Social Services Data for Performance Management purposes	C	Appendix 13
Social Services	Children and Families	Children - Adoption, Residential Order and Special Guardianship Allowances	C	Appendix 14
Highways and Municipal	Waste Management and Streetscene	Waste Recycling Centres	B	Appendix 15
Housing	Supporting People	Supporting People	A	Appendix 16

DEPARTMENT	SERVICE	TITLE	OPINION	APPENDIX
Housing	Rent and Housing Management	Estate Warden Scheme	B	Appendix 17

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:

- Post-16 Education Grant (*Education*)
- Corporate Governance - Comparative Review (*Corporate*)

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
Transport Income Fees	Regulatory	Transportation and Street Care	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 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 Older People, Dolgellau

Completion Target: Quarter ending 30 September 2010

Arfon Tennis Centre
Penllyn Leisure Centre
Plas Ffrancon Leisure Centre
Configuration Management
Social Services Data Collection
Children - Adoption, Residential Order and Special Guardianship Allowances

Completion Target: Quarter ending 31 December 2010

Primary Schools Recruitment Arrangements

2.4 Responsive Audits

2.4.1 A responsive audit was undertaken on the expenditure of the Integration of special educational needs pupils into the mainstream at the request of the Head of Finance and Leadership Team. The executive summary of the audit report that was produced has been included as Appendix 18.

3 WORK IN PROGRESS

3.1 The following work was in progress as at 1st February 2010.

3.2 Draft reports released

- Land Maintenance (*Highways and Municipal*)
- Security of Assets and Stores (*Highways and Municipal*)
- North Wales Procurement Partnership (*Strategic and Improvement*)
- Performance Account Manager Arrangements (*Corporate*)
- Welfare Adaptions: Monitoring, Control and Enforcement (*Housing*)
- Pensions - Transfers Out (*Finance*)
- Pensions - Death in Service Grants (*Finance*)

3.3 Work in progress

- Contract Management - Site Visits (*Corporate*)
- Building Services - Prioritisation of Work (*Gwynedd Consultancy*)
- Traffic Orders (*Regulatory (Planning, Transportation and Public Protection)*)
- Discretionary Payments (*Finance*)
- Council Tax - exemptions, empty properties etc (*Finance*)
- NNDR - Valuation list (*Finance*)
- Implementation of Local Pay Review (*Finance*)
- Budgetary Control (*Corporate*)
- Tax Returns (*Finance*)
- NFI (National Fraud Initiative) (*Corporate*)
- Finance System Licences (*Finance*)
- New Pensioners (*Finance*)
- Logging and Monitoring (*Customer Care*)
- Member Training (*Democracy and Legal*)
- Section 106 Agreements (*Regulatory (Planning, Transportation and Public Protection)*)
- Integration (*Education*)
- Arrears of Dinner Money, Primary Schools (*Education*)
- Ysgol Y Gader (*Education*)
- Ysgol Y Moelwyn (*Education*)
- Administration of Student Grants and Loans (*Economy and Community*)
- Control of Unofficial Funds (*Provider and Leisure*)
- Personal Monies of Home Residents (*Provider and Leisure*)
- Residential Homes - Unofficial Funds (*Provider and Leisure*)
- Social Services Contracts and Expenditure (Joint Review Action Plan) (*Social Services*)
- Fleet Management (*Highways and Municipal*)
- Current Contracts: Gwynedd Consultancy (*Gwynedd Consultancy*)
- Final Accounts: Gwynedd Consultancy (*Gwynedd Consultancy*)
- Arrangements for bringing vacant properties back into use (3 year plan) (*Housing*)
- Final Accounts: Housing (*Housing*)
- Follow-up - Joint Store Service Contract (*Social Services*)

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 December 2009 to 31st January 2010, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

PRIMARY SCHOOLS – ARRANGEMENTS FOR RECRUITING ANCILLARY STAFF AND SUPPLY TEACHERS

Education

Purpose of the Audit

To ensure that appropriate controls exist in the arrangements for recruiting ancillary staff and supply teachers in primary schools.

Scope of the Audit

Audit the arrangements for identifying the need to recruit staff and the arrangements for recruiting ancillary staff and supply teachers in primary schools.

Main Findings

The main findings derived from the audit is that there was not enough evidence to suggest the school's Recruiting Panel / Governing Body were involved in the recruiting process.

Audit Opinion

(C) The Audit Opinion is that assurance in the arrangements for recruiting ancillary staff and supply teachers in primary schools cannot be stated with certainty since the controls in place cannot be depended upon, but no losses / fraud were found as a result of the control weaknesses. The main recommendations of the report are as follows:

- **When the Headteacher identifies the need to recruit, the matter should be discussed and agreed with the school's Recruiting Panel / Governing Body and the discussion noted in the meeting's minutes.**
- **Any correspondence discussing how the shortlist for a job in a school was formed should be kept to show that no individual received favouritism over other candidates.**
- **The school's Recruiting Panel / Governing Body should be more involved in the recruitment of ancillary staff and this should be noted in minutes as proof of their involvement.**
- **When interviewing candidates, the Headteacher should ask for proof of any qualifications noted on the candidate's CV and keep a copy over the working life of the successful individual in the school's personnel file.**
- **Headmasters should ensure that CRB checks have been made on all newly appointed staff and when waiting for the results, the member of staff should be supervised when working with the children.**
- **Every effort must be made to ensure that teachers do not start their employment in Gwynedd's schools before their CRB check has been cleared.**
- **Individuals for whom a reference has not been received should not be placed on the Council's official list of supply teachers.**
- **Since the information on CRB forms can be sensitive, they should be kept under lock and key and should be destroyed after six months unless there is a specific reason for keeping them for a longer period.**

EXEMPTIONS FROM CORPORATE TRAINING ARRANGEMENTS**Corporate**Purpose of the Audit

The purpose of the audit is to ensure that appropriate procedures are in place for exempting officers from training that has been denoted as being essential in their training matrix, ensuring that officers receive training that is relevant to their posts.

Scope of the Audit

The audit reviews the arrangements for allocating training categories for staff, the departments' arrangements for deciding whether officers should be exempted from attending training courses, together with the arrangements for reviewing exemptions as part of the annual evaluation process.

Main Findings

The Training Manager expressed that training is important for Council officers to allow them to perform their duties to a high standard. Officers are allowed to exempt themselves from training, and in accordance with expectations, if a training course has been denoted as being for 'All', the agreement of the Line Manager must be obtained, with the exemption reviewed by a Senior Manager. It appears that the exemption process has not been followed properly because some officers were found to have been allowed a very high number of exemptions. This matter was reviewed by the Training Service and reported upon to the Council's Managers and Senior Managers but, unfortunately, only a few changes occurred as a result.

During the audit, it was found that arrangements for gaining exemptions from the training matrix have been established, but inconsistencies exist which, as a result, have reduced the effectiveness of the training database. The main reasons for this is a lack of flexibility within the training database system, together with various changes that have occurred as additions to the original objectives. It is recognised that the Training Programme – the matrix – is continuously developing and is evolving naturally.

It was discovered that some officers can be exempted from training because their Line Manager or Senior Manager had not taken sufficient responsibility and had given enough consideration to the exemptions. Ideally, individuals' exemptions should be regularly reviewed as part of the process of staff management and the fact that the training needs of individuals can change over time for a variety of reasons (e.g. changes in duties, or in the Council's priorities) should be considered.

Audit Opinion

(B) The audit opinion is that partial assurance can be expressed in the arrangements for allowing exemptions from the corporate training regime since there are controls in place, but there are aspects where some arrangements could be tightened. The report's main recommendations are as follows:

- **The Head of Department or Senior Manager should confirm the accuracy of the training category for their department's staff and report on their appropriateness to the Training Assistants.**
- **The Senior Managers should establish if their staff are in the correct training category if there is a high number of exemptions on the basis of reason 'C' – "not relevant to the post".**
- **Line Managers should verify the training categories for their staff ("there is an opportunity to do this as part of the Performance Review (Appraisal)) and inform the Training Service. In addition, information on changes in officers' posts / duties should be verified to ensure the correctness of the training category.**

CONTRACTS TERMS AND TENDERING DOCUMENTS

Corporate

Purpose of the Audit

The purpose of the audit was to ensure that Gwynedd Council contracts terms and tendering documents are compliant with Standing Orders.

Scope of the Audit

The report was prepared by tracking a sample of 5 tenders to review the files and the process followed. In addition, attending a tender opening sitting by the Democracy and Legal Department to verify the process.

Main Findings

The main findings of the audit were:

- No standard declaration statement for anti-bribery and anti-corruption.
- Tender documentation retained by Consultants instead of being forwarded to the Council.
- An officer who was responsible for letting the contract also present during the opening of the tender.

Audit Opinion

(B) The audit is of the opinion that partial assurance of propriety can be given in Council contracts terms and tendering documents. The main recommendations in the action plan are as follows:

- **The Procurement Unit should produce a statement on the rules relating to bribery and corruption and then distribute them to the Council Services to ensure consistency in the tendering documents.**
- **It should be ensured that every tender document that is sent to contractors includes an Anti Collusion Certificate.**
- **It should be ensured that tendering documents that are administered by consultants are returned to the Council once the contract is completed.**
- **It is suggested that tendering envelopes are kept on file as evidence that the contractor has complied with the Council's Contract Procedure Rules.**
- **It should be ensured that the officer responsible for arranging the contract is not present at the tender opening.**

TREASURY MANAGEMENT

Finance

Purpose of the Audit

The purpose of the audit is to ensure that the Council's treasury management processes are appropriate and compliant with legislation and the Council's risk management processes. Also, ensuring that the service received by the treasury management consultant is appropriate, relevant and meaningful.

Scope of the Audit

Review the treasury management documentation and policies, the Council's risk register and verify the arrangements regarding monitoring the performance of the consultant. Further, to verify that the arrangements for monitoring treasury management activities are appropriate.

Main Findings

Audit tests were conducted on 15 areas of internal controls. The tests showed that good internal controls were present in 7 of these areas, and satisfactory internal control were present in 5 of the areas.

The current economic situation has meant that the number of organisations the Council can invest in has reduced, and there is no risk of financial loss to the Council as they invest with organisations that are a part of the Government's credit guarantee scheme. This provides the Council with an opportunity to request the consultant to help in preparing new policies and implementing them when the economy stabilizes.

The Resource and Corporate Scrutiny Committee has established a working group, whose responsibilities include scrutinising treasury management issues. A meeting had been held in order to raise the members' awareness of treasury management. The Head of Finance confirmed that he will arrange a training event for those members responsible for scrutiny of treasury management issues.

Audit Opinion

(B) The opinion of the Audit is that partial assurance of propriety can be given to the Council's Treasury Management processes, as there are controls in place, but there are elements where some arrangements could be improved. The main recommendations included in the action plan are as follows:

- **The Head of Finance should ask the consultant to start preparing a policy that specifies there is a need to have a variety in the type of organisations, countries or sector the Council can invest with, and implement the policy when there is a change in the economy.**
- **The performance of the consultant should be reviewed annually, in order to ensure that the service received is appropriate and conforms with the contract requirements.**

BANK RECONCILIATION

Finance

Purpose of the Audit

The purpose of the audit was to ensure that appropriate arrangements are in place to for performing bank reconciliations.

Scope of the Audit

The procedures and arrangements in place for performing bank reconciliations were reviewed and the relevant documentation was obtained, together with copies of worksheets and supporting documents for the reconciliations of October and November 2009.

During the audit, the arrangements in place to manage the risks associated with the following control objectives were reviewed:

- That official and formal procedures are in place for undertaking effective bank reconciliations.
- That bank reconciliations are performed in a timely manner and are complete and correct.
- That data and documents relating to banks are secured and are kept for the purpose of investigation in accordance with legislation, Council policies and good practice.

Main Findings

The tests showed that good internal controls were in place for 12 out of 13 controls reviewed, with the remaining control being satisfactory.

At the time of the audit, it was noted that reconciliation arrangements for some accounts had been documented, with others needing to be completed. The auditor noted the Control Unit's intention to achieve this in the short term.

Audit Opinion

- (A) The audit opinion is the assurance can be given in the controls in place when performing bank reconciliations.**

PRECEPTS Finance

Purpose of the Audit

The purpose of the audit was to ensure that appropriate arrangements are in place to ensure that community council precepts are collected and paid correctly and in a timely manner.

Scope of the Audit

The procedure for collectng precepts and levies for 2009/10 was audited by reviewing the forms and letters received by the Council and the method by which they were processed for raising the relevant sums. The sums paid to the community councils were also verified.

Main Findings

It was seen that appropriate arrangements were in place in both the Accountancy Unit and the Council Tax Unit to receive the details, to input them and to verify them in a timely manner in order to collect the appropriate amounts in the Tax and to pay them to the community council at the correct time.

Audit Opinion

(A) The audit opinion is the assurance of financial propriety can be given in the administration, collection and payment of precept amounts as the controls in place can be relied upon.

INVOICING ARRANGEMENTS – OUT-OF-COUNTY EDUCATION Finance

Purpose of the Audit

The purpose of the audit was to ensure that adequate controls are in place for issuing invoices to local authorities when children with special educational needs from those counties are placed in Gwynedd schools:

- That complete and up-to-date records are kept by the Accountant so that correct invoices are issued.
- That invoices are issued promptly and in accordance with Recoupment Regulation Circular 2/95, Regulation 5.
- That the Authority have procedures in place in order to follow out-of-county debt.

Scope of the Audit

The audit encompasses the following aspects: -

- That procedures are in place to identify which outer-county pupils receive their education in Gwynedd schools.
- That adequate invoicing procedures are in place.
- That adequate procedures are in place to follow any unpaid invoices.

Main Findings

Audit tests were undertaken on 7 internal controls. The tests showed that good internal controls existed in 5 of these areas.

Audit's Opinion

(B) The audit opinion is that partial assurance can be placed upon the procedures in place for the 'Invoicing Arrangements – Out-of-County Education' 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 should be ensured that responsibility for issuing invoices is transferred to a Accountant or an Accounts Technician when the responsible Accountant is on long term absence.**
- **Need to ensure that the arrangements that are in place with Isle of Anglesey and Conwy Councils are definite and whether it would be beneficial to have a up-to-date formal agreement.**

LOCAL TAXATION – PRINTING CONTRACT

Finance

Purpose of the Audit

Purpose of the audit was to review the management of the pre-contract award of the Revenue Service printing contract.

Scope of the Audit

Review the arrangements of the Revenue Service for evaluating the PQQ stage in order to draw up a tender short list and evaluating the tender for the printing contract, to ensure that the Service conformed to best practice.

Main Findings

It was seen that the Revenue Service had appointed the successful company within the planned schedule. Generally, the process was completed in accordance with the expected principles of procurement. The weaknesses seen in the procurement process are not unique to the Revenue Service and as such, the recommendations are applicable to any pre-contract award within Cyngor Gwynedd. The main weaknesses identified were:

- A delay in letting a new printing contract leading to ad-hoc procedures and tendencies that go against Public Contract Regulations principles;
- Ineffective detailed verification of the information on the PQQ.

Audit Opinion

(B) The opinion of the audit is that partial assurance of propriety can be given in the Revenue Service for letting the printing contract. It was seen that some of the general procurement procedures needed tightening for the whole authority and as such the recommendations in the report are relevant to all Cyngor Gwynedd services and need to be promoted by the Corporate Procurement Unit. The main recommendations in the action plan are as follows:

- **Cyngor Gwynedd should ensure that lists of service contracts are monitored so that lead times can be planned for advertisement and award of new subsequent contract.**
- **Propriety of information should be verified for any history of previous convictions, charges, insolvencies, and misconducts of companies selected to tender.**
- **Reference should be verified of companies selected to tender to ensure the accurateness of the PQQ before invitation to tender.**
- **It should be ensured that all tenders with estimated value of over £50,000 are opened under the supervision of an officer from the Democracy and Legal Department to ensure that every tender is recorded in the tender register in accordance with Contract Standing Orders.**

PLAS Y DON HOME FOR OLDER PEOPLE, PWLLHELI
Provider and Leisure

Purpose of the Audit

Ensure that financial and security arrangements at Cartref Plas y Don, Pwllheli are appropriate and in accordance with the Council's Financial Procedure Rules.

Scope of the Audit

Audit the main areas of expenditure and income as seen in the ledger system for the year 2008-09 and the beginning of 2009-10 as well as the Home's internal control procedures.

Main Findings

Many examples of good practice at the home was seen during this audit. One example of this is the Officer in Charge conducting checks on the imprest moenu and pocket money held on behalf of the residents to ensure that they reconcile with the records. However, there are also matters where there is a need to tighten the internal controls, one of these being the need to ensure that the Home's unofficial funds should be in the name of the Home and not in the name of an individual.

Audit Opinion

(B) The opinion of the Audit is that partial assurance of propriety can be given to Cartref Plas y Don, Pwllheli, as there are controls in place, but there are elements where some arrangements could be improved. The main recommendations included in the report are as follows:

- **There should be appropriate segregation of duty in the process of ordering, checking invoices and certifying them for payment. An authorised officer should sign the order, a different officer to check the invoice, and a different authorised officer to certify the invoice.**
- **There should always be two signatures on the cards which show the residents' pocket money to confirm that the information stated is correct.**
- **No more than two week's worth of pocket money should be kept on behalf of the residents.**
- **The belongings kept on behalf of the residents should be recorded together with a record of the belonging being given to the family of the resident with a signature of the officer and a witness.**
- **The Home should keep a record of the transactions to and from the amenity fund and that this also includes a running balance. This record should be reconciled with the report received on a monthly basis by the Accountant.**
- **It should be ensured that there are two signatures for the receipt of income.**
- **No unofficial account should be in the name of an individual officer. Accounts should be of a type which is relevant to clubs or associations so that the account can be in the name of the Home and there is a need for two signatures.**
- **It should be ensure that all TR24b forms are signed by two appropriate officers. Ideally, the Officer in Charge should sign the 'Authorised' box.**

MARITIME SERVICE

Economy and Community

Purpose of the Audit

To ensure that appropriate controls exist in the administration and management of Gwynedd's harbours and beaches.

Scope of the Audit

The scope of the audit includes the following aspects:

- That appropriate procedures are in place for ordering, receiving and paying for goods and services.
- That the relevant procedures are followed regarding boats and jet-skis.
- That appropriate procedures are in place for raising invoices.
- That appropriate procedures are in place for receiving money.
- That controls are in place to monitor the use of the Council's vehicles.
- That adequate health and safety procedures are in place.

Main Findings

The main findings of the audit are that mooring confirmation forms and power boat & jet-ski registration forms are not always completed fully by their owners and the Maritime Service's new seasonal staffs regularly begin working before their CRB checks have cleared.

Audit Opinion

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

- **Official orders should be made when ordering goods & services on every occasion.**
- **Inventory lists should be drawn up in every harbour and kept up to date with an annual audit. The person responsible for the audit should sign and date the list as proof of the check.**
- **The Maritime service should ensure that mooring confirmation forms are fully completed before submission.**
- **Mooring confirmations and power boat & jet-ski registration forms should be fully completed and kept safely and orderly to ensure gaining access to them can be quick and easy.**
- **Invoices should be raised more quickly after boat owners complete and sign their mooring confirmation forms.**
- **All maritime staff should have the relevant driving license including a trailer license if driving one forms a part of their work.**

YR HAFAN, PWLLHELI Economy and Community

Purpose of the Audit

To ensure that appropriate controls exist in the administration and management of the Hafan.

Scope of the Audit

The scope of the audit includes the following aspects:

- That the financial performance of the Hafan is reviewed.
- That the appropriate procedures for the internalisation of the Hafan on 1 April 2008 are now operational.
- That there are appropriate procedures for receiving income in the Hafan.
- That there are appropriate arrangements for ordering, receiving and paying for goods and services.
- That any extra payments are valid and appropriately authorised.
- That appropriate use is made of the imprest account.
- That there are appropriate safety procedures in place.
- That there are appropriate management of the Hafan's boats and equipment.

Main Findings

The main findings of the audit is that the Hafan is still not raising invoices through the Council's corporate debtors system because of information technology problems preventing the process from moving ahead and that an income figure of £92,822.57 (end of 2008/09) remains in the Hafan's suspense account as the Development Finance Unit had not been able to reconcile the figure with the 'Invoices List'.

Audit Opinion

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

- **Arrangements should be made to raise invoices through the Council's corporate debtors system.**
- **The Hafan should list the debts that they are unable to recover and give a definite reason and then they should send the details on to the Senior Accountant in the Development Finance Unit to enable him to send the list to the Head of Finance for the necessary authorisation.**
- **The Hafan should try to bank any money received on a weekly basis.**
- **The Development Finance Unit should make arrangements to transfer the income from the suspense account to the appropriate ledger code.**
- **An official order should be prepared when goods/services are ordered and not after the invoice has been received.**
- **The Hafan should claim the VAT correctly on the 'Imprest Account Reimbursement Form' TR24.**
- **The inventory list should be checked annually for accuracy and a copy of the list should be kept on file and signed by the person that was responsible for checking it last.**

COMPLIANCE WITH THE CODE OF CONNECTION (COCO) Customer Care

Purpose of the Audit

The purpose of the audit was to determine Gwynedd Council's position in regard to compliance with the Code of Connection (CoCo) standards.

Scope of Audit

The audit reviewed compliance against the 91 expected controls in version 3.2 of the CoCo standards by obtaining draft policies and project documents and discussing progress with the relevant officials.

Main Findings

The Council has made good progress towards achieving compliance with the Code of Connection, especially in the areas of policy documentation, logging and monitoring of user activity and the creation of a network 'bubble' for existing GCSx users that allows a high degree of separation between GCSx and the main Council network. Most of the compulsory requirements of the Code have now been achieved and work is in progress to complete the remaining requirements by the end of March 2010.

One additional issue which the auditors believe will need resolving in the short term is the variety of executable content that can be downloaded from the Internet or acquired via e-mail attachments. The auditors feel that this area should be reviewed to determine if there is a genuine requirement to obtain these items, allowing the permissions only where needed and documenting this in a business case.

In November 2009, the Council was accredited by Government Connect's assessors to be a part of the GCSx for an additional year. Considerable work has been undertaken by officials to achieve the accreditation. It is essential that momentum is maintained to complete all the outstanding tasks as well as the additional work that will be required to comply with future Government Connect reviews. It should be noted that the 2010 Government Connect review will be based upon version 4.1 of CoCo.

Audit Opinion

(B) The audit opinion is that partial assurance can be placed upon Gwynedd Council's compliance with the Code of Connection standards. The main recommendations in the action plan are as follows:

- **Schools that process 'Restricted' (Impact Level 3) data should be provided with a separate PC (configured and maintained by the Gwynedd IT Service) that provides Citrix access to GCSx facilities.**
- **All network devices with generic administration accounts should be configured to provide separate logon IDs wherever possible.**
- **A review of downloadable content should be carried out to establish whether such a wide range of executable content is required to be downloadable from the Web.**

SOCIAL SERVICES DATA COLLECTION FOR THE PURPOSE OF PERFORMANCE MANAGEMENT

Social Services

Purpose of the Audit

The purpose of the audit is to ensure that Social Services are adhering to the performance management principles as outlined in the 'Cyflawni' arrangements, and that staff are aware of and understand their responsibilities under these arrangements.

Scope of the Audit

To audit the arrangements of individual services in order to establish how they deal with data within their responsibility and confirm that the working practices established are based on the Council's corporate policies and guidance. This audit has been planned in consultation with the Wales Audit Office as part of the follow-up work for the Joint Review.

Main Findings

Some examples of acting in contravention of the Council's performance management arrangements were found. As a result, the appropriate steps should be taken to strengthen the arrangements within the area audited.

Audit Opinion

(C) The Audit Opinion is that assurance of propriety in Social Services' data collection and performance management cannot be given because acceptable controls do not exist.

- **An appropriate performance management structure should be decided upon and implemented as soon as possible.**
- **A specific training programme should be provided for Social Services managers that emphasises the importance of and arrangements for managing performance information and data.**
- **Cases where the average number of working days between the initial inquiry and completion of the care plan is high should be reviewed in detail, in order to discover the reason for this, and learn lessons in order to ensure that this does not occur in future.**
- **The service should look specifically on the data for SCA005a in order to correctly establish the start and completion dates for each case. Practice guidance should be drawn up for future cases.**
- **An effort should be made to combine home care data with other data sources on one system so that a more accurate picture can be generated for the performance indicators.**
- **The department should have an agreement in place to ensure that services regularly report on their data – i.e. monthly.**
- **A responsible officer within the Department should be appointed to ensure that late data is given attention in reports.**
- **Policies and working practices should be put in place, following the establishment of a structure for the Department's information management and performance data.**

**ADOPTION, RESIDENTIAL ORDER AND SPECIAL GUARDIANSHIP
ALLOWANCES
Social Services**

Purpose of the Audit

To ensure that appropriate financial arrangements are in place for the administration of Adoption, Residential Order and Special Guardianship Allowances in each area in order to facilitate continuous planning for children receiving care, and that these are in accordance with the Council's Financial Procedure Rules and the Children Act 1989 (as amended by the Adoption and Children Act 2002 and the Adoption Allowance Regulations 1991).

Scope of the Audit

To audit a sample of the main expenditure and income items according to the records in the 2008/09 ledger, together with the scheme's management arrangements.

Main Findings

The main findings of the audit were that no appropriate arrangements were in place to ensure that carers were completing annual financial statements to be reviewed by the Department, as required by the Adoption Allowance Regulations 1991 and the Department's own Special Guardianship Procedures 2006. It was not possible to locate three files in the audit sample, and those files which were reviewed were not always orderly and contained all expected paperwork.

Audit Opinion

(C) The Audit Opinion is that assurance of financial propriety cannot be given in the administration of Adoption, Residential Order and Special Guardianship Allowances as the controls in place cannot be relied upon. However, no losses / fraud due to these weaknesses were discovered. The main recommendations of the report are as follows:

- **It should be ensured that carers complete an annual financial declaration, reviewed by the service, in accordance with the Adoption Allowance Regulations 1991.**
- **Financial statements should be kept on file.**
- **It should be ensured that files exist for each child who has been adopted in the last five years, containing all relevant information regarding the child.**
- **All care plans should be kept on children's files and signed by the Social Worker.**
- **Copies of court requests for residential orders should be kept on children's files to ensure evidence to support the process.**
- **A copy of the court ruling relating to the residential order should be kept on file as evidence to support the process.**
- **It should be ensured that a copy of the request to the court for special guardianship is kept on file to ensure evidence to support the process.**

WASTE RECYCLING CENTRES

Highways and Municipal

Purpose of the Audit

The purpose of the audit was to review the controls and arrangements that are in place within the Recycling Centres.

Scope of the Audit

The report was prepared by assessing Gwynedd Council's current controls to ensure the safety of the Recycling Centres users, and to ensure that all officers who work within the sites are adequately trained in their jobs. Furthermore, to ensure that costs are managed within budget and are controlled in accordance with the Council's Procedure Rules.

Main Findings

The main findings of the audit were:

- Lack of consistency in the way officers conduct inspections on the various sites;
- Managers not conducting regular random inspections of the sites;
- Yearly risk assessments not carried out on the sites.

Audit Opinion

(B) The audit opinion is that partial assurance of propriety can be given to the Waste Recycling Centres arrangements, as controls are in place but there are elements where some arrangements needed tightening. The main recommendations in the report are as follows:

- It should be ensured that the handbook is updated when changes are made to Gwynedd Council's policies.
- It should be ensured that the handbook's content is accurate and includes a section for 'Fire arrangements'
- It should be ensured that every employee that works within the Recycling Centres receive appropriate training.
- It should be ensured that an annual risk assessment is carried out within the Recycling Centres.
- It should be ensured that managers conduct regular inspection of the sites.
- Site inspections by Managers should be introduced to Caergyllchu (public) Recycling Centre and the 'Check List' should be used to record these inspections.
- Daily site and machinery inspection should be introduced to Caergyllchu (public) Recycling Centre.

SUPPORTING PEOPLE Housing

Purpose of the Audit

The purpose of the audit is to ensure that appropriate internal control procedures are in place for administrating the Supporting People scheme.

Scope of the Audit

Review the procedres associated with administrating the Supporting People scheme.

Main Findings

Many examples of good practice was found in the process of administrating the Supporting People grant. The only point raised was that a previous recommendation had not been implemented.

Audit Opinion

(A) The audit opinion is that assurance can be placed upon the propriety of Supporting People as the internal controls may be relied upon and are adhered to. However, there is one recommendation in the report as follows:

- **A timescale should be created for the process of changing the provider's contracts to the new version.**

SHELTERED WARDEN SCHEME Housing

Purpose of the Audit

Ensure there are strong internal controls are in place within the Sheltered Warden Scheme and that any extra payments are appropriate and in accordance with the Council's Financial Procedure Rules.

Scope of the Audit

Ensure the Wardens have received appropriate training enabling them to undertake their responsibilities as well as ensuring that appropriate controls exist in relation to checking alarms and the payment of overtime.

Main Findings

Examples of good practice were seen during this audit, however, there is a need to tighten some of the controls in order to reduce the relevant risks.

Audit Opinion

(B) The opinion of the Audit is that partial assurance of propriety can be given to the Sheltered Warden Scheme, as there are controls in place, but there are elements where some arrangements could be improved. The main recommendations included in the action plan are as follows:

- **The Warden should sign the visiting sheet at the end of the week and ensure there is a signature for each tenant, or a valid reason where that is not possible. In addition, it would be advantageous if the Wardens used the same form to ensure consistency and to ensure they are signed.**
- **The Wardens should ensure that they keep personal data locked, so as to no unauthorised individuals can have access to them.**
- **It should be ensured that Wardens fill the emergency call bell tests correctly as proof of checks i.e. date of check is noted, a signature for the tenant and Warden. Additionally it should be ensured that checks are made within a fortnight on the houses where it was not possible in the first instance.**
- **The Meirionnydd area should document that tenants have received training on how to use the call bell.**
- **It should be ensured that the Arfon area wardens receive training as soon as possible on how to treat fire.**
- **It should be ensured that procedures for checking the fire alarms are started as soon as possible where this is not already occurring. Additionally it should be ensured that an appropriate officer checks the records to ensure that tests are undertaken in accordance with the direction in the Fire Management Plan.**
- **Debtors should only be recorded on the ledger system once and it should be ensured that there are no duplicate records.**

INTEGRATION OVER-SPEND Education

Purpose of the Audit

The purpose of this reactive audit is to discover how a substantial over-spend on the budget for integrating pupils with special educational needs into the mainstream became apparent during the second quarter review, and which factors have contributed towards the over-spend, along with the inability to detect it sooner.

Scope of the Audit

Review the number of pupils that receive support through the Integration provision since October 2008, in order to identify patterns or specific reasons for the higher expenditure than anticipated.

Also, review arrangements within the Education Department and the Development Finance Unit in order to identify specific reasons why the forecasted over-spend did not become apparent sooner.

Main Findings

A significant growth in the Integration hours provided was seen. However, evidence supports the fact that applications for Integration assistance are being introduced to the Moderation Panel, and that the panel challenges the applications in accordance with the present system.

It is understood that the original intention of the 3* scheme was to save costs, and avoid the higher costs involved with the declaration process. The results of the work completed thus far strongly suggests the need to review the existence of the 3* schemes, because the recent growth is unsustainable.

A significant and substantial increase in the number of pupils with a 3* assessment, and the care hours involved with this has been observed. As these assessments are conducted by teachers in the schools rather than by a psychologist, the Education Department's intention of establishing school visiting procedures in order to re-score some of the children with a 3* assessment is supported.

A further investigation by an independent specialist into aspects of the trends and requirements in this area in comparison with other authorities is intended. A report to the Leadership Group is expected during 2010.

Audit's Opinion

The audit opinion is that the increase in integration hours at the scale witnesses between October 2008 and April 2009 is unsustainable, and an annual over-spend is inevitable if this continues. No evidence was seen that the decentralisation of the budget to the secondary schools and the largest primary schools has improved budgetary control. There is a need to conduct a review of the 3* scheme's existence, and if it does continue, there is a need to challenge schools that have presented an application in order to ensure that every application received from the schools, without input from an education psychologist, is valid.