

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	8 JULY 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 MAY 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 1 February 2010 to 31 May 2010.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following audit work was completed in the period to 31 May 2010:

Description	Number
Reports on Audits from the Operational Plan	36
Other Reports (memoranda etc)	11
Follow-up Audits	5
Responsive Audit	2

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

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 31 May 2010, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Integration	Education	Pupils and Inclusion	B	Appendix 1
Arrears of Dinner Money, Primary Schools	Education	Schools	C	Appendix 2
Ysgol Brynrefail	Education	Schools	A	Appendix 3
Ysgol Hafod Lon	Education	Schools	B	Appendix 4
Ysgol Syr Hugh Owen	Education	Schools	B	Appendix 5
Ysgol Y Gader	Education	Schools	B	Appendix 6
Ysgol Y Moelwyn	Education	Schools	B	Appendix 7
Use of Consultants	Corporate		B	Appendix 8
Performance Account Manager Arrangements	Corporate		B	Appendix 9
Finance System Licences	Finance	Across the department	A	Appendix 10
Tax Returns	Finance	Accountancy	A	Appendix 11
Correctness of Salary Payments	Finance	Pensions and Payroll	A	Appendix 12
Death Grants	Finance	Pensions and Payroll	B	Appendix 13
Pensions - Transfers In and Out and Repayments	Finance	Pensions and Payroll	B	Appendix 14
New Pensioners	Finance	Pensions and Payroll	B	Appendix 15
Disposal of equipment of former cash offices	Finance	Revenue	A	Appendix 16

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Council Tax System - Formulae and Algorithms	Finance	Revenue	A	Appendix 17
NNDR - Valuation list	Finance	Revenue	B	Appendix 18
Personal Monies of Home Residents	Provider and Leisure	Residential and Day	B	Appendix 19
Arrangements for Registering Births, Deaths and Marriages	Democracy and Legal	Registration	C	Appendix 20
Election Arrangements	Democracy and Legal	Registration	B	Appendix 21
Member Training	Democracy and Legal	Democracy	B	Appendix 22
Emergency Planning and Business Continuity	Customer Care	Emergency Planning	B	Appendix 23
Protective Monitoring	Customer Care	Information Technology	B	Appendix 24
Hardware Asset Management	Customer Care	Information Technology	B	Appendix 25
Housing Stock Data Transfer	Customer Care	Information Technology	B	Appendix 26
Welfare Rights Unit	Social Services	Across the department	B	Appendix 27
Social Services Contracts and Expenditure	Social Services	Business	B	Appendix 28
Payments to Independent Residential Homes	Social Services	Adults	B	Appendix 29
System for planning for the future of Children and Young People in Care	Social Services	Children and Families	C	Appendix 30
Land Maintenance	Highways and Muncipal	Highways Maintenance and Municipal	C	Appendix 31
Security of Assets and Stores	Highways and Muncipal	Fleet	B	Appendix 32
Section 106 Agreements	Regulatory (Planning, Transportati on and Public Protection)	Planning	B	Appendix 33
Welfare Adaptions: Monitoring, Control and Enforcement	Housing	Private Sector Housing	B	Appendix 34

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Arrangements for bringing vacant properties back into use	Housing	Private Sector Housing	B	Appendix 35
Building Services - Prioritisation of Work	Gwynedd Consultancy	Buildings and Environmental	B	Appendix 36

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:

- School Buildings Improvement Grant (*Education*)
- Corporate Governance Framework (*Corporate*)
- Contract Management - Site Visits (*Corporate*)
- CAATs Tests on the Payroll System (*Finance*)
- Bank Tender (*Finance*)
- Children - Agency Staff Database (*Social Services*)
- RAISE Project (*Social Services*)
- North Wales Trunk Road Agency Budgeting Arrangements (*Highways and Muncipal*)
- Communities of Need - intervention and redirection (*Housing*)
- Housing Stock Transfer Arrangements - Stocks and Stores (*Economy and Community*)
- Engineering Contracts - PQQ Scoring (*Gwynedd Consultancy*)

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
Food Purchasing and Stock Control	Provider and Leisure	Catering	Acceptable
Secondary School Payments	Education	Schools	Acceptable
Joint Store Service Contract	Social Services	Adults	Acceptable
Arrive Alive	Regulatory	Transportation and Street Care	Acceptable
Planning (Enforcement)	Regulatory	Planning	Acceptable

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

Excellent – all recommendations implemented as expected.

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

Unsatisfactory – several recommendations not implemented.

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

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

Completion Target: Quarter ending 30 June 2010

Cefn Rodyn, Dolgellau

Completion Target: Quarter ending 30 September 2010

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

Completion Target: Quarter ending 31 December 2010

Primary Schools Recruitment Arrangements
Arrears of Dinner Money, Primary Schools
System for planning for the future of Children and Young People in Care

Completion Target: Quarter ending 31 March 2011

Arrangements for Registering Births, Deaths and Marriages

3 WORK IN PROGRESS

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

3.2 Draft reports released

- Administration of Student Grants and Loans (*Education*)
- Ysgol Pendalar (*Education*)
- Health and Safety Audits (*Human Resources*)
- Budgetary Control (*Corporate*)
- Bryn Afon (*Provider and Leisure*)
- Residential Homes - Unofficial Funds (*Provider and Leisure*)
- Compliance with CoCo requirements (Part 2) (*Customer Care*)
- Learning Disability Spending Patterns (*Social Services*)
- Fleet Management (*Highways and Muncipal*)
- Traffic Orders (*Regulatory (Planning,Transportation and Public Protection)*)
- Public Protection - Use of Flare; Management (*Regulatory (Planning,Transportation and Public Protection)*)
- North Wales Procurement Partnership (*Strategic and Improvement*)

3.3 Work in progress

- Ysgol Botwnnog (*Education*)
- Ysgol Eifionydd (*Education*)
- Hotel Booking Arrangements (*Human Resources*)
- Contribution to Preparation of the Annual Governance Statement (*Corporate*)
- Energy Use (*Corporate*)
- Prompt Payment of Invoices (*Corporate*)
- Mobile Phone Control (*Corporate*)
- Disclosure Arrangements - Awareness of the Whistleblowing Policy (*Corporate*)
- Preparations for IFRS (*Finance*)
- Cash collection procedures (*Finance*)
- Control of Unofficial Funds (*Provider and Leisure*)
- Escrow Agreements (*Customer Care*)
- Device Management (*Customer Care*)
- Client Finance and Appointeeships (*Social Services*)
- Follow-up - Cefn Rodyn, Dolgellau (*Provider and Leisure*)
- Costs of Public Toilets (*Highways and Muncipal*)
- Road Condition - Inspection and referrals by the public (*Highways and Muncipal*)
- Taxi Licences (*Regulatory (Planning,Transportation and Public Protection)*)
- Gwynedd Consultancy - Selection of Contractors (*Gwynedd Consultancy*)

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

INTEGRATION Education

Purpose of the Audit

To ensure that appropriate internal controls are in place for administering the service for integrating children within mainstream schools.

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

- That appropriate assessments and reviews are conducted.
- That it is possible for parents/guardians to choose a school.
- That the child receives the appropriate care.
- That adequate budgetary control is in place.
- That proper arrangements are in place for ordering, receiving and paying for goods and services.
- That salary costs are correct.
- That employees receive appropriate training.
- That CRB checks are made on workers.
- That there are proper procedures to deal with complaints.
- That there are appropriate arrangements for receiving income.

Scope of the Audit

A number of files for statutory assessments and 3* assessments held by the SEN Joint Committee were verified that appropriate reviews are undertaken on each child and that they receive the appropriate care.

The arrangements for devolving the budget to all secondary schools and the 13 largest primary schools were verified, together with the arrangements for ordering goods for the service and arrangements for employing officers.

The audit does not review the budgeting arrangements and the overspend that were the subject of a special audit in October 2009.

Main Findings

Tests were undertaken on 30 internal controls. The tests showed that good internal controls exist in 20 of these areas.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Integration as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **Children's files should be updated with the discussions and decisions of the Adjudicating Panel regarding the child.**
- **It should be ensured that arrangements that have already been decided upon for monitoring the assistance provided for children is in accordance with that outlined in the Statutory Statement or 3* Assessment are implemented.**

ARREARS OF DINNER MONEY, PRIMARY SCHOOLS

Education

Purpose of the Audit

To ensure that expected internal controls are in place for the management of primary school meal income arrears.

Scope of the Audit

The audit encompasses the following aspects:

- That appropriate control exists at the primary schools for the administration of meal income arrears.
- That Income Services have effective arrangements for reviewing primary meal income arrears.

Main Findings

The main findings of the audit is that the primary school meals clerks were not aware that guidelines exist for the procedure of recovering and processing meal income arrears and as a result the schools have followed their own arrangements for collecting and processing arrears. Some of the processes are based on the Council's formal arrangements.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in the arrangements for primary school arrears of dinner money, as the controls in place cannot be relied upon, but losses/fraud due to these weaknesses were not discovered. The main recommendations of the report are as follows:

- **Meal clerks must ensure that only children who are on the official list receive a free meal.**
- **Meal clerks must ensure that their calculations of school meal debts are correct. Headteachers should check the work of clerks before signing the CT182a form, or delegate the task to a suitable officer in order to ensure that any mistakes are identified.**
- **Meal clerks should ensure that the total debt on the PY7 registers reconcile with the debt totals shown on the CT182a forms. Headteachers should check that the figures correspond before signing the CT182a form.**
- **School meal clerks should administrate and process arrears in accordance with the 'School Meal Income' guidance (01/03/2010) provided by the Senior Officer for Ancillary Services.**
- **When writing off school meal debts of less than £9, the Head should explain the reasons on the CT182a form.**

YSGOL BRYNREFAIL

Education

Purpose of the Audit

To ensure that arrangements at Ysgol Brynrefail for managing and mitigating risks are appropriate and in accordance with the Financial Regulations for Schools, Estyn guidelines and other relevant procedures.

Scope of the Audit

The main areas of income and expenditure according to the records in the 2008/09 and 2009/10 ledger (Cedar) were audited. The school's arrangements for controlling a range of various risks were also tested.

Main Findings

Tests were undertaken on 102 internal controls. The tests showed that good internal controls exist in 101 of these areas. This is an excellent result and evidence that robust administrative, governance and management arrangements are in place at Ysgol Brynrefail.

Audit Opinion

(A) The audit opinion is that assurance of financial propriety can be expressed in Ysgol Brynrefail as the controls in place can be relied upon and have been adhered to. However, there is one recommendation that the auditor wishes to suggest:

- **The school should consider having a software licencing policy, and it should be ensured that every member of the school's staff receives a copy of the policy.**

YSGOL HAFOD LON

Education

Purpose of the Audit

To ensure that arrangements at Ysgol Hafod Lon for managing and mitigating risks are appropriate and in accordance with the Financial Regulations for Schools, Estyn guidelines and other relevant procedures.

Scope of the Audit

The main areas of income and expenditure according to the records in the 2008/09 and 2009/10 ledger (Cedar) were audited. The school's arrangements for controlling a range of various risks were also tested.

Main Findings

Audit tests were performed on 69 internal controls. The tests showed that good internal controls are in place in 57 of these areas. The main findings of the audit was that many of the recommendations of the previous report dated January 2007 had not been implemented.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Ysgol Hafod Lon as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **The Contracts and Payroll Unit should note the correct expenditure reference on the TR86 – Variable Employment Time-form.**
- **End-of-month reconciliation reports should be verified thoroughly in order to ensure that any miscoding is identified.**
- **A procedure should be in place so that the Finance Unit follows up any balance questionnaires that have not been received.**
- **It should be ensured that the amount and use of any reserves are discussed and approved by the Finance Panel / Governing Body and appropriately committed.**
- **The interest register should be updated annually.**

YSGOL SYR HUGH OWEN Education

Purpose of the Audit

To ensure that arrangements at Ysgol Syr Hugh Owen for managing and mitigating risks are appropriate and in accordance with the Financial Regulations for Schools, Estyn guidelines and other relevant procedures.

Scope of the Audit

The main areas of income and expenditure according to the records in the 2008/09 and 2009/10 ledger (Cedar) were audited. The school's arrangements for controlling a range of various risks were also tested.

Main Findings

Audit tests were performed on 102 internal controls. The tests showed that good internal controls are in place in 86 of these areas. The main findings of the audit are:

- The number of pupils on the school's register on 22 September 2009 did not agree with the information on the School Funding Scheme form.
- Differences in the number of activities between September 2008 and January 2009 PLASC.
- There is no written record detailing the safety inspections made on the condition of the minibus.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Ysgol Syr Hugh Owen as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **The Governing Body should ensure that the register of the business interests of governors, the head and any other member of staff who influences financial decisions is completed annually. It should remain current and available for audit by the governors, the staff, parents and the LEA.**
- **The school should ensure that it submits the revised budget to the Education Finance Unit by 1 November each year.**
- **The school should consider creating a software policy and ensure that each member of staff receives a copy.**
- **It should be ensured that the number of pupils on the school's register agrees with the information completed on the School Funding Plan forms before they are submitted to the Education Department.**
- **When preparing details for the PLASC data each January, the number of activities must reconcile with the number of activities noted in the previous PLASC data in September and any additional activities between September and January.**
- **The school should look into the reasons for the difference in the number of activities between the PLASC of September 2008 and January 2009.**
- **The written record should contain details of the safety inspections undertaken on the minibus and the person responsible for carrying out the inspection should date and sign the record.**

YSGOL Y GADER

Education

Purpose of the Audit

To ensure that arrangements at Ysgol y Gader for managing and mitigating risks are appropriate and in accordance with the Financial Regulations for Schools, Estyn guidelines and other relevant procedures.

Scope of the Audit

The main areas of income and expenditure according to the records in the 2008/09 and 2009/10 ledger (Cedar) were audited. The school's arrangements for controlling a range of various risks were also tested.

Main Findings

Tests were undertaken on 94 internal controls. The tests showed that good internal controls exist in 86 of these areas. The main findings of the audit are that the school have overspent £20,892 on their 2008/09 budget (1.4% of the budget) and that a three-year financial plan is in place in order to make saving to recover the overspend over the next three years, in order to avoid temporary redundancies. It was also seen that the school has not received any guidance dealing with managing staff travel.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Ysgol Y Gader as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **If amendments are made to the budget heading, they must also be made on the FIMS system.**
- **Guidelines with regards to driving on Council business must be sent out to each school.**
- **An order should be raised where possible when goods or services are ordered, not after the invoice has been received.**
- **The governing body should review the fees under their discretion on an annual basis, in accordance with Estyn guidance DdI.**
- **The school should consider having a software licence policy; it should be ensured that every member of staff at the school receives a copy of the policy.**

YSGOL Y MOELWYN Education

Purpose of the Audit

To ensure that arrangements at Ysgol y Moelwyn for managing and mitigating risks are appropriate and in accordance with the Financial Regulations for Schools, Estyn guidelines and other relevant procedures.

Scope of the Audit

The main areas of income and expenditure according to the records in the 2008/09 and 2009/10 ledger (Cedar) were audited. The school's arrangements for controlling a range of various risks were also tested.

Main Findings

Audit tests were performed on 95 internal controls. The tests showed that good internal controls are in place in 89 of these areas. The main findings of the audit was that the list of software on the school's computers was not up-to-date.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Ysgol Y Moelwyn as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **Copies of the monitoring reports produced for the Head and the departments should be kept on file as evidence.**
- **The school should stamp every invoice received with a date stamp.**
- **The school should consider implementing a software licence policy; it should be ensured that each member of the school's staff receives a copy.**
- **It should be ensured that the software inventory is updated so that the inventory is consistent with the software placed on the school's computers.**

USE OF CONSULTANTS Corporate

Purpose of the Audit

The purpose of the audit is to review the appointment arrangements and the value for money obtained through appointing consultants. The audit will not review the use of agency workers.

Scope of the Audit

A sample of 6 contracts with consultants from across the Council were verified, concentrating on the following:

- Pre-contract arrangements,
- Business plan,
- Procurement and Contract Award Arrangements,
- Contracts with the consultants,
- Authorisation of payments,
- Monitoring arrangements,
- Post-completion arrangements.

Main Findings

The main findings of the audit was the failure by project managers to complete Business Case forms before commissioning work from external consultancy companies. These forms require justification for procuring consultancy work from external companies rather than obtaining the service from the Council's own resources. It was also seen, when drawing up the sample for the audit, that significant miscoding was occurring in the Council's accounts which meant that it was not possible to see the true expenditure on the use of consultants, which also highlight a lack of understanding of the council's expenditure code system and what exactly is meant by 'consultancy'.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Use of Consultants as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **In order to justify the use of external consultants, the relevant project manager should complete a Consultant Business Case document.**
- **The Finance Managers should raise awareness within all departments of the importance of coding expenditure to the proper code and the need to undertake a high level of accuracy by emphasising that failure to do so may distort the Council's accounts. Also, consideration should be given to holding sessions / workshops with groups of employees to raise awareness and encourage constant improvement.**
- **After consultants have been appointed, the officer who represents the Council must form, and sign, an agreement with the external company, including terms as is relevant to the project, including a timetable for the work and an analysis of the Council's costs.**
- **The appropriate care and adherence to the relevant financial rules must be ensured when invoices are certified for payment.**
- **Awareness of the Consultants Business Case form should be raised in the Senior Managers' College in order to ensure that the form is completed for all expenditure on external consultants in future.**

PERFORMANCE ACCOUNT MANAGER ARRANGEMENTS Corporate

Purpose of the Audit

The purpose of the audit was to ensure that the Performance Account Managers have appropriate arrangements in place in order to assist departments to set targets, collect data and report on those performance indicators which are statutory, part of the 3-year plan and indicators agreed with the Welsh Assembly Government in the Council's Improvement Agreement. Also, to ensure that arrangements are in place to identify slippage against the targets, so that they may be given appropriate attention.

Scope of the Audit

The audit was undertaken by reviewing the performance account managers' arrangements for challenging the performance targets, challenging the procedures for collecting data together with monitoring progress against the targets.

Main Findings

Audit tests were conducted on 21 internal controls. The tests showed that good internal controls exist in 3 of the areas, and satisfactory controls in 15 of these areas.

There had been a delay before presenting the departmental business plans for 2009/10 and as a result the Performance Account Managers had not been given the appropriate opportunity to challenge the indicators. It is hoped that the business plans will be presented in February 2010, allowing the Performance Account Managers a better position to challenge departments' targets.

Five cases were seen where indicators which are part of the 3-Year Plan had not been recorded on any performance management system. The Performance Account Managers explained that the reason for this is because departments had not included the indicators in their business plans for 2009/10. It should be ensured that arrangements are in place for 2010/11 to check that indicators which appear in the 3-Year Plan are included in the departmental business plan and are therefore appropriately monitored.

It was observed that the Performance Account Managers had put arrangements in place to undertake audits of the indicators, concentrating initially on those which appear in the 3-Year Plan. However, creation of a checklist for the purpose of this audit would ensure consistency within the Strategic and Improvement Department's arrangements for auditing the indicators.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Performance Account Manager Arrangements as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **An appropriate checklist should be created to allow audits of performance indicators, in order to ensure consistency in the method of conducting audits.**

FINANCE SYSTEM LICENCES

Finance

Purpose of the Audit

The purpose of the audit is to ensure that appropriate provision is in place to respond to events that could disrupt the operation of the Council's essential financial systems.

Scope of the Audit

The support arrangements for financial systems denoted as having the greatest impact in the event of operational disruption for any period of time were audited. The main systems reviewed were:

- The accounting system - which processes payments to customers, amongst other things.
- The revenue system - which processes payments to individuals who receive housing benefits, amongst other things.
- The payroll and pensions system - which processes and creates payments for all Council employees, the organisation which the Council operates as a payroll agent on its behalf, and all pensioners who are members of the Gwynedd Pension Fund.
- The BACS system – which is essential for the implementation and achievement of all payments made using this method.

Main Findings

It was seen that annual agreements are in place between the Council and the suppliers of the systems in question. It was seen that specific officers take responsibility for ensuring that the agreements are maintained and kept active. In all cases, only the system suppliers themselves have been considered for provision of support services. These are for valid reasons as they have copyright over the software and there is a need to ensure that upgrades and updates are received and implemented correctly and on a timely basis, therefore it would not be practicable or cost-effective in the long term to order services from a different company nor to attempt internal support. It was noted that responsible officers monitor the service received from suppliers, and that there were no complaints in relation to this. Although several services are dependent upon the operation of the BACS system, no unit/service had overall ownership of the system. However, it was noted that controls are in place to ensure that support procedures are in place, which are renewed as required.

Audit Opinion

(A) The audit opinion is that assurance can be stated in the support arrangements in place for the Council's main financial systems.

TAX RETURNS

Finance

Purpose of the Audit

The purpose of the audit is to ensure that adequate internal controls are in place for the administration, completion, and presentation of landfill tax and VAT returns and to ensure they comply with the requirements of Her Majesty's Revenue & Customs and are presented within the relevant deadlines.

Scope of the Audit

The Accounts Unit's arrangements and procedures were reviewed including verifying landfill and VAT return records. For landfill tax, the figures presented to the Accounts Unit from the core systems were verified and for VAT returns, the figures received from all sources such as Academy were verified to ensure they were correct.

Main Findings

It was seen that appropriate arrangements exist when completing and presenting Landfill Tax and Value Added Tax returns, including all elements such as garage rents, the payroll system, transactions at Yr Hafan etc. On the other hand, it was observed that some invoices that were older than the threshold of three years and six months for reclaiming input tax had been written off, and therefore the Council should not have reclaimed the input tax from HMRC. However, these sums were not significant and the matter was discussed with Gwynedd Council's Tax Consultant who expressed an opinion that this was not a cause for concern, but that in future consideration should be given to writing invoices off sooner.

Audit Opinion

- (A) The audit opinion is that assurance of financial propriety can be expressed in Tax Returns as the controls in place can be relied upon and have been adhered to.**

CORRECTNESS OF SALARY PAYMENTS

Finance

Purpose of the Audit

To ensure that officers are receiving the correct salary, and in particular ensuring that the implementation of the job evaluation process was correct, appropriate and in accordance with the collective agreement.

Scope of the Audit

Assessment of the propriety of the salaries of a sample of individuals by reviewing their situation following the pay review process.

Main Findings

Several arrangements for the implementation of the local pay review and the collective agreement were audited, including workers receiving detriment pay, payments for occasional workers and permanent employees. During the work, explanations and appropriate evidence was received to support the work undertaken by the Payroll Unit and the Human Resources Department.

Three cases were identified where the officers had not been paid in accordance with their evaluation score. It is understood that this was because their line managers had not implemented the results of a re-evaluation. These cases have been drawn to the attention of the relevant line managers during the fieldwork for this audit, and they are expected to be resolved in the short term.

Audit Opinion

(A) The audit opinion is that assurance of financial propriety can be expressed in the way in which the results over the local pay review was implemented.

DEATH GRANTS Finance

Purpose of the Audit

Ensure that adequate internal controls are in place in the arrangements for calculating and administering death grants.

Scope of the Audit

A sample of 10 death grant payments made between April 2009 and December 2009 were audited, verifying:

- That the correct person(s)/organisation(s) had received that death grant payment.
- That the calculations are correct.
- That complete details have been received.
- That data/documents are kept secure.
- That key performance targets are being met.

Main Findings

It was found that efficient arrangements have been established for processing death grants but problems have arisen in the past with the Scanfile software which has caused a backlog of documents to be processed which therefore create some difficulties for officers within the Pensions Unit to efficiently achieve their duties.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Death Grants as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **To ensure full separation of duties, the officer who authorises the Payment Request should not take part in any other part of forming the invoices, including signing anything else on the Payment Request.**

PENSIONS - TRANSFERS IN AND OUT AND REPAYMENTS

Finance

Purpose of the Audit

The purpose of the audit is to ensure the correctness of transfers into and out of the Pension Fund for the period from 1 April 2009 to the date of the audit and to make recommendations to rectify any weaknesses discovered.

Scope of the Audit

Audit a sample of transfers into and out of the Pension Fund for the period from 1 April 2009 to the date of the audit.

Main Findings

The main findings of the audit is that the Pensions Unit had not recorded on refund letters that the responsibility of the individual to notify HM Revenue and Customs of interest income received on late refunds; it was also found that problems have arisen in the past with the Scanfile software which has caused a backlog of documents for processing thereby creating some difficulties for officers within the Pensions Unit to efficiently perform their duties.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Pensions - Transfers Out as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **The Pensions Unit should contact the Information Service in order to establish if a corporate EDRMS (Electronic Document and Records Management System) solution, more effective than Scanfile, is available. If not, an assessment of the advantages and disadvantages of investing in software such as 'AXISE Image', rather than using scanfile, should be considered.**
- **In order to achieve full separation of duties, the officer who signs invoices should not partake in the process of creating the invoice, including signing anything other than the 'Certified for Payment' box on the Payment Request.**

NEW PENSIONERS

Finance

Purpose of the Audit

The purpose of the audit was to verify new pensioners for the period from 1 April 2009 to 30 November 2009 and ensure that appropriate internal controls exist in the procedure for establishing new pensioners on the system.

Scope of the Audit

Review a sample of new pensioners including widows' pensions, ill-health retirements, other early retirements and usual retirements.

Main Findings

The main findings of the audit was that full separation of duties are not in place when the Pensions Unit create a TR27B payment instruction as the officer who certifies the invoice also signs another box on the document.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in New Pensioners as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **In order to achieve full separation of duties, the officer who signs invoices should not partake in the process of creating the invoice, including signing anything other than the 'Certified for Payment' box on the Payment Request.**

DISPOSAL OF EQUIPMENT OF FORMER CASH OFFICES

Finance

Purpose of the Audit

The purpose of the audit is to ensure that appropriate arrangements have been established for the disposal of the equipment of the former cash offices.

Scope of the Audit

The review the current situation of the cash offices. Enquire what equipment is being disposed of and ensure that that this has been done in an appropriate manner. Ensure that the unit has modified or terminated system licences and that all float and imprest account monies have been paid in.

Main Findings

It was found that appropriate steps had been taken in the process of closing the cash offices with respect to disposal of equipment, software licences and the Council's float and imprest accounts.

Audit Opinion

(A) The audit opinion is that assurance of financial propriety can be expressed in the arrangements for disposing of equipment of former cash offices as the controls in place can be relied upon.

COUNCIL TAX SYSTEM - FORMULAE AND ALGORITHMS

Finance

Purpose of the Audit

The purpose of the audit is to ensure that the parameters within the Council Tax system have been input correctly, that formulae and algorithms within the system are correct and that the calculation of Council Tax bills are correct and complete.

Scope of the Audit

Verify the parameters of the Council Tax system and verify a sample of bills to ensure that calculations are correct. The sample will include ensuring that the calculations are correct from the perspective of:

- i. the appropriate band,
- ii. discounts such as single person,
- iii. disregards,
- iv. disabled persons reductions,
- v. second homes.

Tests will also be undertaken to ensure that part-payments are calculated correctly.

Main Findings

It was seen that the Council Tax system's parameters, formulae and algorithms had been input correctly in to the Council's system, and that the calculations of Council Tax bills in each community in the county were correct and complete, including the elements for North Wales Police Authority and local taxation. From the sample of Council Tax bills verified, it was seen that the correct discount had been allowed to those who were eligible, and that second homes had received no discount.

It was seen that a variety of reports are produced on a timely basis which summarises that financial situation of the Council Tax including analysis of the different discounts awarded.

Audit Opinion

(A) The audit opinion is that assurance of financial propriety can be expressed in the controls in place for Council Tax System - Formulae and Algorithms.

NNDR - VALUATION LIST Finance

Purpose of the Audit

The purpose of the audit is to ensure that appropriate arrangements exist for the maintenance and implementation of the amendments and changes made to the NNDR valuation list together with evaluating the internal controls and making recommendations to strengthen any weaknesses identified.

Scope of the Audit

Discuss with the Non-domestic Taxation Unit the arrangements for maintaining and updating the valuation list and the implementation on any current developments such as the revaluation of 2010. Audit a sample of properties and verify the details with the Valuation Office, verify a sample of new properties, deletions, amendment and mixed properties. Review the administrative arrangements for recording data and ensuring that they are appropriate and secure in accordance with the requirements of the Data Protection Act.

Main Findings

The main finding is that the service has appropriate arrangements for maintaining and administering the non-domestic rating valuation list. However, it was discovered that there is a need to update the information in the manual to ensure that details are current and consistent with information from other sources (e.e. the Internet). In addition, it is suggested that the Council's arrangements with regards to staff training and development is added to the manual, as well as actions with regards to completion notices as further guidance for staff. It was seen that the Unit act immediately on the Valuation Office's schedules after they are received, however if schedules are not received from the Valuation Office within a reasonable timescale, it should be ensured that applications presented by the Unit to the Valuation Office are followed up. In addition, it appears that a number of officers have default access permissions into the system, which can lead to unauthorised access.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in NNDR - Valuation list as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **The manual should be updated as necessary.**
- **Each user that has been noted in the non-domestic rates system as 'default' should be changed to 'revoked', or a new password should be set for them.**

PERSONAL MONIES OF HOME RESIDENTS Provider and Leisure

Purpose of the Audit

To ensure that arrangements are in place to protect residents' personal monies within the Council's homes.

Scope of the Audit

Ensure that appropriate guidance has been given to officers, and to audit the actual arrangements in a proportion of the Council's homes.

Main Findings

Overall it was seen that proper arrangements are in place, but some aspects need attention. Tests were undertaken on 12 areas of internal control within the service. The tests showed that good internal controls exist within 5 of these areas.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the administration of Personal Monies of Home Residents as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **It is suggested that the department creates guidelines that outline the requirements and internal controls that staff need to follow when dealing with the personal monies of home residents.**
- **It should be ensured that the policy for the personal monies of residents is reviewed regularly, e.g. annually, or every two years, in order to ensure that it addresses contemporary needs.**
- **When reviewing the policy / guidelines, it is suggested that they are approved by the most appropriate committee / officer.**
- **It should be ensured that the balance of residents' monies is correct at all times.**
- **Access to the personal monies of residents should be restricted to appointed officers only.**

ARRANGEMENTS FOR REGISTERING BIRTHS, DEATHS AND MARRIAGES

Democracy and Legal

Purpose of the Audit

The purpose of the audit is to review the arrangements of the Registration Service in respect of completing quarterly reports, the process of reconciling income, and the arrangements at the Contact Centre in relation to receiving and recording telephone debit card payments, together with ensuring that proper arrangements are in place for migrating to the Siebel system in April 2010 by verifying that adequate internal controls are in place, identifying any weaknesses and making recommendations to strengthen the controls.

Scope of the Audit

Review the quarterly reports that are prepared by the three main registry offices at Bangor, Pwllheli and Dolgellau, together with the Contact Centre's income reports and verifying that the income is regularly and correctly reconciled and appear accurately in the financial ledger. To enquire about the development of the Siebel system in respect of the Registration Service and ensuring that appropriate arrangements are in place to test the new arrangements. The audit will not include checks on the cash book procedures since these will not be in use once the new arrangements have been introduced.

Main Findings

The main findings of the report is the appropriate arrangements were not in place for the preparation and presentation of quarterly reports. At the time of the audit, only the accounts for the first quarter of 2009/10 had been reconciled. This means that income has remained in suspense accounts, which may lead to problems when closing the accounts. The service is in the process, jointly with Information Technology, of developing the Siebel system for recording all transactions. However, before it is possible to transfer to the Siebel system, the problems that currently exist will need to be resolved and reconciliations should be performed at the end of each quarter.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in arrangements for Registering Births, Deaths and Marriages as the controls in place cannot be relied upon, but losses/fraud due to these weaknesses were not discovered. The main recommendations of the report are as follows:

- **Income should be banked as soon as it is foreseen that the income amount is accruing, in order to reduce the risk of banking large amounts and to comply with the requirements of the Council's Financial Procedure Rules.**
- **Quarterly forms should be sent to the attention of the Senior Technician on a timely basis. Any cases where the forms are not received should be reported to the Registration Manager or, if relevant, to the Audit Unit, so that the problem is resolved in order to allow implementation of reconciliations in a timely manner.**
- **Further discussions should be held with the Senior Technician in an attempt to resolve the problems associated with quarterly reconciliation, with those problems solved before migration to the Siebel system.**
- **Every effort should be made to obtain quarterly reports and to undertake the reconciliation work, to ensure that the suspense account is cleared before preparation of the accounts.**
- **Registration officers should be re-trained when developments to the Siebel system are implemented.**

ELECTION ARRANGEMENTS

Democracy and Legal

Purpose of the Audit

The purpose of the audit is to ensure that the Electoral Service is acting to ensure the security of postal votes and election documents, together with ensuring that appropriate arrangements are in place for holding an election.

Scope of the Audit

Review the arrangements that are in place for planning for an election, and arrangements for ensuring the security of postal votes and other documents.

Main Findings

It was found that the Electoral Service has appropriate arrangements for securing postal votes. It was seen that arrangements are in place for holding an election and that a proper plan has been established. However, it was seen that there is an apparent weakness in the arrangements for securing the transfer of boxes and equipment from the collection centre to the counting centre. In addition, it was confirmed that there are not back-up polling stations in the event of an emergency. However, it is understood that it would be impracticable to have backup arrangements for the 142 current polling stations.

Audit Opinion

- (B) The audit opinion is that partial assurance of propriety can be expressed in the administration of Election Arrangements as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:**
- **Allowing observers, political parties or the representative of a candidate to travel with the boxes when they are transferred from the collection centre to the counting centre may be considered, but certainly at least two officers must travel with the boxes to reduce the risk of fraud and tampering.**

MEMBER TRAINING

Democracy and Legal

Purpose of the Audit

The purpose of the audit is to ensure that the Democratic and Legal Department, together with the Training Unit, establish appropriate arrangements for the training and development needs of Council members.

Scope of the Audit

To audit the member development and training arrangements to ensure that a service of an appropriate standard is being provided, responding to members' requirements and in accordance with the Member Development and Training Strategy approved by the Council in May 2009.

Main Findings

It was found that members are not appropriately following the arrangements established by the Training Unit. It appears that several members attend training without having applied to do so, whilst others are failing without notice to attend training. It was seen that two types of records are kept, this is not ideal as it means duplication of work and that data is not consistent between the two systems. Also, the auditor is not of the opinion that the method for measuring the quality of the training is receiving the appropriate attention. However, it should be noted that great steps have been taken to turn around the member training arrangements and that the regime continues to develop.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Member Training as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **A clause should be included in the training agreement for individual training courses, advising of a penalty for failing to attend a training event without a satisfactory reason.**
- **The kind of information noted on the forms (i.e. number of hours of training, response received, request for attendance and attendance) and the Training Database should be input in a manner that only one complete set of member training is kept.**
- **A copy of the latest training programme should be available on the Council's website.**
- **A new scheme to measure the quality of training should be created to ensure that each aspect of the training is considered so that changes can be adopted where appropriate.**

EMERGENCY PLANNING AND BUSINESS CONTINUITY

Customer Care

Purpose of the Audit

The purpose of the audit is to ensure that the Council's Emergency Planning Service has established an appropriate emergency plan that meets the requirements of the Civil Contingencies Act 2004.

Scope of the Audit

To review the policies and procedures of the Council's Emergency Planning Service for acting in an emergency, by ensuring that the recommendations made in an audit report published in October 2006 have been implemented.

Main Findings

Since the original audit conducted in 2006, the Council's Emergency Planning and Business Continuity arrangements have developed substantially. The Council's Major Emergency Response Plan is currently receiving the attention of the Head of Customer Care and Departments/Services have prepared Business Continuity Plans which are in the process of being evaluated by Emergency Planning officers. However, it was seen that the emergency arrangements had not been communicated to members nor to all Heads of Departments and Senior Managers. The Major Emergency Response Plan documents emergency response plans in detail, however when reviewing training records it was discovered that not all officer who would act in a case of emergency had been trained in these arrangements.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Emergency Planning and Business Continuity as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **A presentation on Business Continuity / Emergency Planning should be given to Council members, with a member being made responsible for resilience.**
- **A training programme should be considered for the Council's main suppliers and contractors so that they are aware of the Council's requirements and arrangements in the case of an emergency.**
- **The responsibilities and functions of the voluntary sector should be included in the Council's Major Emergency Plan; consideration should be given to preparing a checklist or concise guidelines for volunteers.**
- **Emergency Planning Officers should ensure that Social Services maintain a register for identifying vulnerable persons and then evaluate the register in order to ensure completeness.**
- **It must be ensured that there is a way of communicating effectively with vulnerable persons, with planning in place to ensure that notification documents can be produced containing pictures, large print or in Braille.**

PROTECTIVE MONITORING

Customer Care

Purpose of the Audit

The purpose of the audit is to review the arrangements in place for protective monitoring by measuring against the relevant standards.

Scope of the Audit

The protective monitoring package that has been ordered by the Council was reviewed, and a demonstration was received by connected trainers on the package's various functions.

Main Findings

Protective monitoring is one of the areas in the Code of Connection (CoCo) standards that have been escalated in the recent version from "should comply" to "must comply". This may be an indication that this area will receive additional attention from the Government Connect assessors during the 2010 review, and specific steps will need to be taken in order to prepare for this. Progress since the 2009 review will need to be assessed.

It was seen that Gwynedd Council has purchased a recognised protective monitoring package that has been designed to assist compliance with the CoCo and payment cards (PSI DSS) standards. At the time of the audit, it was seen that the package had been put in place, but not implemented. The auditors feel that particular aspects will need to be implemented in order to achieve the standards.

The main purpose of protective monitoring is to identify and react to specific events and to create an audit trail, but it can also be used as an effective weapon to prevent individuals who are aware of the logging arrangements from acting in a manner that is hostile to the Council. The Council has ordered a package that tests awareness of policies; its use should be considered to ensure that relevant individuals have read and understood the many information and communication technology policies that have been produced recently, including monitoring aspects.

Audit Opinion

(B) The audit opinion is that partial assurance can be expressed in the controls in place for protective monitoring as an appropriate package has been purchased but specific steps need to be taken to achieve the expected standards.

HARDWARE ASSET MANAGEMENT

Customer Care

Purpose of the Audit

The purpose of the audit is to ensure that adequate internal control is in place for the Council's IT assets.

Scope of the Audit

The audit will review the arrangements and records of the IT Unit for all Council IT assets from the time at which they are ordered to the point at which they are disposed of.

Main Findings

It was seen that the Information Technology Service have central records for the Council's IT assets. In the past, specific factors such as varying methods for recording details and the ability of users to amend details (e.g. computer names), have created a data pool that was not 100% reliable.

A short time before the audit took place, the IT Service had adopted a new method for creating records which use a barcode reader to correctly record the serial number. This is coupled with the establishment of a standard form for naming computers and the removal of the ability of users to change these names, which places the service in a situation where it is possible to give assurance in the records that are currently created.

The IT service uses a configuration management software to connect to computers which are connected to the corporate network in order to install software and updates. The auditor's greatest concern, already highlighted in the Configuration Management report (published September 2009), is that it is not possible to account for some computers which have not connected to the network for some considerable time. The auditor feels that there is a need to establish a formal procedure for identifying the status of these machines. It would be necessary to denote implementation responsibility together with the steps that should be taken if the asset cannot be accounted for.

The past deficiencies have undermined the records of the Council's IT assets, and it is recognised that an arrangement must be reached to rationalise this data before it is practicable to enact an effective way of monitoring the computers in use. The recommendations of previous reports continue to stand; the opinion given here is based on the recording processes that have been adopted recently.

The 2010-2012 IT Strategy includes an organisational action plan to ensure that every computer connects to the network at least once every three months.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Hardware Asset Management as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendation of the report is as follows:

- **Official procedures should be established for dealing with computers that have not connected to the networks for a substantial time, including formal arrangements to identify these computers and to contact users or their managers in order to enquire about the status of the computers. They should be requested to connect to the network to allow their computers to receive the necessary updates and to verify the records.**

HOUSING STOCK DATA TRANSFER Customer Care

Purpose of the Audit

The purpose of the audit was to review the processes of transfer and testing of the relevant data from Gwynedd Council to Gwynedd Community Housing.

Scope of the Audit

The audit reviewed the processes for the transfer of the data from the main Housing System (Academy).

Main Findings

The auditors have seen that the planned processes for the completion of the data transfer have been documented. A timescale for the copying and testing of the data has been established to meet the set deadline where the newly established organisation will take over the landlord responsibilities. Generally, the auditors are satisfied that the processes undertaken up to the time of the audit and the processes planned thereafter will enable the transfer of data to be complete and in line with the required timescales. There are some minor issues which the auditors would like to raise. Greater assurances can be placed in the accuracy of the data within the transfer by creating information such as hash totals within the tables in the original system and comparing them with hash totals generated in the equivalent tables in the new system.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Housing Stock Data Transfer as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **In order to provide a greater level of assurance of a complete and accurate transfer, hash totals should be created on system critical tables such as parameters and master data from the original Unix-based system, and reconciled with their equivalent tables on the new Gwynedd Community Housing system.**
- **A cut-off date should be set for the removal of records relevant to Gwynedd Community Housing from the Unix/Ingres system, and the backup Windows Ingres transitional database should also be deleted at this time.**

WELFARE RIGHTS UNIT

Social Services

Purpose of the Audit

To ensure that clients are presenting correct and complete benefit applications, that only valid applications are financed, that applications comply with benefits terms and conditions, that benefits are calculated accurately, that benefits have been appropriately approved and that monitoring arrangements are in place.

Scope of the Audit

To choose a sample of applications that have been completed during the 2008/2009 and 2009/10 financial years and verify that the claims and benefit payments are appropriate and in accordance with the relevant requirements.

Main Findings

Overall, strong examples of good practice were found in the administration arrangements of the Welfare Rights Unit. However, some examples of acting in contravention of best practice were seen, with regards to collection of performance data, training on data protection and the information recording system.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Welfare Rights Unit as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **Information gathering and performance reporting arrangements should be improved, in order to ensure indicators of value.**
- **The two officers should attend Data Protection training in accordance with legislative requirements.**
- **The Senior Welfare Rights Officer should present a request for the Information Technology Officer to ensure that the system forces users to supply a user name and password, and that users change their password when logging in for the first time. Good practice in terms of password length and appropriate password expiry periods should also be followed.**

SOCIAL SERVICES CONTRACTS AND EXPENDITURE

Social Services

Purpose of the Audit

The purpose of the audit is to ensure that Social Services are complying with the relevant standards, regulations and legislation, the appropriate procedures are in place for commissioning and contracting work and that expenditure is appropriate.

Scope of the Audit

To audit the Department's procedures in relation to the commissioning and contracting of work and to confirm that the procedures that have been established are based on the relevant standards, regulations and legislation. To choose a sample of contracts and verify that the correct steps have been taken and that expenditure is appropriate. This audit has been planned as part of the Joint Review follow-up.

Main Findings

Robust examples of good practice were found within the management and administrative arrangements for commissioning and contracting within Social Services. However, there were some examples of acting in contravention of Council procedures. As a result, the appropriate steps should be taken to strengthen the arrangements within the area audited.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Social Services Contracts and Expenditure as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **A record of the provider appointment process should be on file.**
- **A record of the method for choosing service providers should be kept on file, together with the reasoning for the selection.**
- **A record should be in place that clearly confirms the signing authority of service commissioners.**
- **Contract files should be kept, either in locked cabinets or in a room that is restricted to responsible officers only.**
- **The four officers should attend a Data Protection training course, in accordance with legislative requirements.**

PAYMENTS TO INDEPENDENT RESIDENTIAL HOMES

Social Services

Purpose of the Audit

The purpose of the audit is to ensure that payment made to independent residential homes are correct and appropriate and in accordance with legislative requirements and internal guidance.

Scope of the Audit

To review the instructions given to officers for setting fees and confirm that these are being followed. Select a sample of payments to independent residential homes from the 2009/10 financial year and confirm that these fees have been agreed and authorised appropriately and the records in the financial ledger are correct.

Main Findings

Overall, strong examples of good practice were found in the arrangements for paying the fees of independent residential homes. However, some examples of acting in contravention of best practice were seen from the perspective of the contracts with the homes.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Payments to Independent Residential Homes as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **The files of contracts with independent residential and nursing homes should be reviewed to ensure that the correct and most recent fees have been attached to the contracts.**
- **In future, the owners of the homes should sign the appendix to confirm that they accept the fees.**

**SYSTEM FOR PLANNING FOR THE FUTURE OF CHILDREN AND YOUNG
PEOPLE IN CARE (3 YEAR PLAN)
Social Services**

Purpose of the Audit

The purpose of the audit is to ensure that the target of 100% of children having a life pathway plan has been achieved in 2009/10.

Scope of the Audit

Verify the files of children in care who have their 16th birthday to ensure that a life pathway plan is in place for them.

Main Findings

It was seen during this audit that the majority of records reviewed contained a Life Pathway Plan and that plans were in place to commence work on plans for those who did not. However, it was seen that only in one of these cases had the first part of the plan been completed within the time given in the Assembly's guidance.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in the system for planning for the future of children and Young People in Care as the controls in place cannot be relied upon, but losses/fraud due to these weaknesses were not discovered. The main recommendations of the report are as follows:

- **Part I of the Life Pathway Plan should be completed in accordance with Assembly guidance, that is within three months of the young person becoming entitled or relevant.**

LAND MAINTENANCE Highways and Municipal

Purpose of the Audit

The purpose of the audit is to ensure that controls are in place for the administration of the grounds maintenance service in Gwynedd.

Scope of the Audit

The audit includes a review of the controls and administration of the arrangements for grounds maintenance, including ensuring that agreements are in place for the efficient management of the work. Also, to ensure that the system for processing workers' timesheets is robust.

Main Findings

The main findings of the audit were:

- That the Highways and Municipal Service did not have a corporate performance indicator for the Grounds Maintenance service.
- A lack of service level agreements between the Grounds Maintenance service and their clients.
- A lack of monitoring to ensure that contracts remain current.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in Land Maintenance as the controls in place cannot be relied upon, but losses/fraud due to these weaknesses were not discovered. The main recommendations of the report are as follows:

- **It should be ensured that performance indicators have been created for the Land Maintenance service in order to give the business unit a corporate profile.**
- **A Service Level Agreement should exist for every contract that the Municipal Provider Unit undertakes.**
- **The Land Maintenance Manager should contact the Environmental Finance Unit when any changes are made to any establishment's contract.**
- **All training that Land Maintenance workers receive should be recorded in the Administrative Officer's database.**

SECURITY OF ASSETS AND STORES

Highways and Municipal

Purpose of the Audit

The purpose of the audit is to ensure that the stores of the Highways and Municipal Department are administered and operated in accordance with Gwynedd Council's Financial Procedure Rules and that the stores are secure and protected against unauthorised access, and that there is appropriate control over goods and assets.

Scope of the Audit

The audit was conducted by visiting a sample of stores in order to undertake a physical stockcheck against the official asset list. The audit also ensured that the stores records system "Tranman" is being maintained and that it is up-to-date.

Main Findings

The audit's main findings were:

- The number of items (53% of the sample taken) in the stores not agreeing with the number of items on the Tranman system.
- Weaknesses in the management of store security.
- A lack of consistency when insuring the stock.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the Security of Assets and Stores as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **The number of items in the stores should agree with the number of items recorded on the Tranman stock system.**
- **The storekeeper should sign the "Stock Amendment Report" sheet to verify that he agrees with the amendments.**
- **The stock sheet used for continuous stock-takes should show the goods that should be in stock, with responsibility on the storekeeper for completing the number in stock column.**
- **If the Unit are to use continuous stock-takes, these should be undertaken at reasonable intervals, i.e. monthly or quarterly.**
- **The issue tickets, GRN's and the bin cards should be monitored weekly and reconciled to the Tranman system.**

SECTION 106 AGREEMENTS

Regulatory (Planning, Transportation and Public Protection)

Purpose of the Audit

The purpose of the audit is to ensure that Gwynedd Council are making effective use of Section 106 agreement resources and in accordance with planning policy.

Scope of the Audit

The scope of the audit will be to review how the planning policy is being implemented through the planning applications administered by the Council, ensuring that a record of each agreement, including its value, is kept and that there is justification for the use made of resources.

Main Findings

The introduction of the Supplementary Planning Guidance on Planning Obligations has ensured the Gwynedd Council now has a decisive structure for dealing with the commitments of Section 106 agreements. However, there is a need to ensure that the Guidance is now put to work and that the Council makes strategic gains from the possibility from planning obligations although developments in Gwynedd are small outside the urban areas where it is not feasible to attract substantial resources through Section 106 agreements. To ensure that this happens, the Regulatory Department needs to:

- consult across departments on appropriate applications;
- strengthen the transparency that justifies the reasoning for requesting obligations;
- improve systems for monitoring developments that have 106 obligations; and
- ensure that the need exists for the obligation that are relevant to the development, together with definite plans for spending the contribution.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the administration of Section 106 Agreements as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **There is a need to ensure that all departments within Gwynedd Council are able to apply for a contribution from planning commitments. The Supplementary Planning Guidance is a starting point, but arrangements are needed where all of the Council's departments are made aware of developments where there is a possibility of attracting resources through Section 106 agreements, so that it would be possible for Gwynedd Council to benefit strategically from the development.**
- **Section 106 agreements should be continually reviewed to ensure an acceptable balance between planning policy and market wishes.**
- **Sufficient evidence should be on the planning file to allow transparency in the decision regarding the exact reasons for the planning commitment.**

WELFARE ADAPTIONS: MONITORING, CONTROL AND ENFORCEMENT Housing

Purpose of the Audit

To ensure that the applicant presents a standard application form, that only valid applications are funded, that applications adhere to grant conditions, that the grant is calculated correctly, that correct checking and certification arrangements are in place and that the grant is paid, that the information in the financial ledger is correct and that monitoring arrangements are in place.

Scope of the Audit

Select a sample of applications that were completed during the 2008/09 financial year, verifying that the applications and payments are appropriate and in accordance with the relevant requirements.

Main Findings

Robust examples of good practice were found within the management and administration arrangements for welfare adaptations. However, there are examples of acting without compliance with the Council's procedures. Because of this, the appropriate steps should be taken to strengthen the arrangements within the area audited.

Audit Opinion

- (B) The audit opinion is that partial assurance of financial propriety can be expressed in Welfare Adaptions: Monitoring, Control and Enforcement as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:**
- **The Private Sector Housing Manager should request that the IT Service ensures that the system forces users to supply a username and password and that the user changes their password on first use. Good practice with regards to password length and password expiry should also be followed.**
 - **The “Received” box on the TR27B should be signed by the Officer who can confirm that the service has been provided; the other verification boxes should be signed by an officer who has not signed the “Received” box and has not certified the payment. The payment should be authorised by the budget holder.**

ARRANGEMENTS FOR BRINGING VACANT PROPERTIES BACK INTO USE Housing

Purpose of the Audit

To ensure that the Empty Homes Strategy is being implemented in accordance with the operational plan presented to the Council Board in October 2009.

Scope of the Audit

Review the objectives and targets of the Empty Homes Strategy and ensure that they are in the process of being achieved and that internal controls exist to mitigate any risks that can obstruct the Council from achieving these objectives.

Main Findings

When undertaking this audit, several examples of good practice were seen to exist. However, a few examples were seen where matters included in the Strategy's Operational Plan had not been implemented.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in arrangements for bringing vacant properties back into use as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **The creation of monthly or quarterly targets for bringing vacant properties back to use should be considered, so that more assurance of achieving the annual target is obtained.**
- **Every effort should be made to adhere to the targets that have been noted in the Implementation Plan within the Gwynedd Empty Homes Strategy. When this is not possible, or if any changes are made to the contents of the Strategy, the Council Board should be informed of the amendments and the reasons for them.**
- **The practicality and feasibility of making connections with the corporate GIS system for mapping empty homes should be considered, or investigate the possibility of using the CAPS system to achieve this.**

BUILDING SERVICES - PRIORITISATION OF WORK

Gwynedd Consultancy

Purpose of the Audit

The purpose of the audit is to ensure that Gwynedd Consultancy are achieving their objectives of maintaining Gwynedd Council buildings effectively and efficiently.

Scope of the Audit

The scope of the audit will be to follow documentation from the Helpdesk to the ledger and to the files for Council buildings, ensuring that controls are in place for the repairs and maintenance of Council buildings. The main focus of the report will be the audit of the controls for undertaking responsive work (expenditure code 10).

Main Findings

Overall it was seen that good controls exist in the process for prioritising the work of the Buildings Service. However, weaknesses were seen in the following:

- The helpdesk system is not being used to its full potential.
- Arrangements for ensuring that work has been completed are not in place.
- Failure to verify compliance with the terms of the service level agreement.
- There is a risk that invoices may be paid before work is completed.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Building Services - Prioritisation of Work as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- **The contractors used by the Council should be registered with CHAS or equivalent.**
- **Procedures should be established for ensuring that the service obtains evidence to confirm that contractors have completed work.**
- **Specific procedures should be developed to ensure that Buildings Inspectors verify a sample of responsive work to ensure that they have been completed to an acceptable standard and quality.**
- **The 'Webdesk' module should be implemented in the near future so that clients can track their calls.**
- **Information regarding a property should be as complete as possible on the help desk system, particularly showing a flag if the asbestos register contains information about the presence of asbestos in the building.**
- **Every effort should be made to ensure that the instructions on contractor orders are complete.**