

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	27 SEPTEMBER 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 AUGUST 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 01 June 2010 to 31 August 2010.

2. WORK COMPLETED DURING THE PERIOD

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

Description	Number
Reports on Audits from the Operational Plan	24
Follow-up Audits	5
Responsive Audit	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 31 August 2010, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Welsh Assembly Government Grant for Innovation in Small Schools	Education	Resources	B	Appendix 1
Primary Schools Free Breakfast Initiative Grant	Education	Resources	B	Appendix 2
Welsh Assembly Government Grant for Community-Focussed Schools	Education	Resources	B	Appendix 3
Grant - Government Development Programme Extension for thinking and Assessment for Learning	Education	Resources	A	Appendix 4
Administration of Student Grants and Loans	Education	Resources	B	Appendix 5
Ysgol Eifionydd	Education	Schools	A	Appendix 6
Ysgol Pendalar	Education	Schools	B	Appendix 7
Hotel Booking Arrangements	Human Resources	Support	B	Appendix 8
Health and Safety Audits	Human Resources	Health and Safety	B	Appendix 9
Escrow Agreements	Corporate		C	Appendix 10
Prompt Payment of Invoices	Corporate		B	Appendix 11
Budgetary Control	Corporate		B	Appendix 12
Preparations for IFRS - Project Arrangements	Finance	Accountancy	A	Appendix 13
Bank Tender	Finance	Accountancy	A	Appendix 14
Bryn Afon	Provider and Leisure	Residential and Day	C	Appendix 15
Residential Homes - Unofficial Funds	Provider and Leisure	Residential and Day	B	Appendix 16

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Compliance with CoCo requirements (GCSx Domain)	Customer Care	Information Technology	C	Appendix 17
Learning Disability Spending Patterns	Social Services	Adults	No Category	Appendix 18
Appointeeships and Delegation Assignments	Social Services	Across the department	B	Appendix 19
Fleet Management	Highways and Muncipal	Fleet	B	Appendix 20
Public Protection - Use of Flare; Management	Regulatory (Planning, Transportat ion and Public Protection)	Public Protection	B	Appendix 21
Taxi Licences	Regulatory (Planning, Transportat ion and Public Protection)	Public Protection	B	Appendix 22
Traffic Orders	Regulatory (Planning, Transportat ion and Public Protection)	Transportation and Street Care	C	Appendix 23
North Wales Procurement Partnership	Strategic and Improvement	Procurement and Efficiency	B	Appendix 24

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.

RAISE System

- 2.2.4 In the June meeting of the Audit Committee, further information was requested about the audit of RAISE (the Social Services management system) that was referred to in the quarterly report, and had been completed as past of the 2009/10 Audit Plan.
- 2.2.5 The audit conducted in 2009/10 was a 'high level' review of progress on the RAISE project. In March 2010, the auditor met with the RAISE project manager in order to find and report on the current status of the work. It was understood that the system suppliers, CareWorks, would terminate the production of new versions of RAISE after the release of the next version, which will be version 6.
- 2.2.6 It was noted that a three-year maintenance agreement for the RAISE system had been offered to the consortium of local authorities that use the system. This agreement would be operational from April 2011 if accepted. At the time of the audit, an option appraisal process was being undertaken in order to find the best selection for consortium members.
- 2.2.7 Overall, it was seen that work plans, timetable monitoring and prioritisation processes were in place for the project, and that there was evidence that the objectives of ensuring that the system is being used by all services was starting to be implemented. However, it is felt that the matter regarding the future provision and support agreement needs appropriate and intense consideration as they are inevitable factors that could significantly effect the long-term success of this project.

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
Configuration Management	Customer Care	Information Technology	Acceptable
Penllyn Leisure Centre	Provider and Leisure	Leisure	Acceptable
Arfon Tennis Centre	Provider and Leisure	Leisure	Acceptable
Cefn Rodyn, Dolgellau	Provider and Leisure	Residential and Day	Acceptable
Ground Maintenance	Highways and Municipal	Municipal Works Unit	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 September 2010

Children - Adoption, Residential Order and Special Guardianship Allowances
Social Services Data Collection
Plas Ffrancon Leisure Centre

Completion Target: Quarter ending 31 December 2010

Traffic Orders
Compliance with CoCo (GCSx Domain)
System for planning for the future of Children and Young People in Care
Arrears of Dinner Money, Primary Schools
Primary Schools Recruitment Arrangements

Completion Target: Quarter ending 31 March 2011

Escrow Agreements
Bryn Afon
Arrangements for Registering Births, Deaths and Marriages

2.4 Responsive Audits

- 2.4.1 A responsive audit was undertaken on expenditure at Ysgol Tanygrisiau at the request of the Head of Finance. The executive summary of the audit report that was produced has been included as Appendix 25.

3 WORK IN PROGRESS

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

3.2 Draft reports released

- Ysgol Botwnnog (*Education*)
- Disposal of Confidential Waste (*Corporate*)
- Records Management Unit (*Customer Care*)
- Bryn Llywelyn Closure Arrangements (*Provider and Leisure*)
- Costs of Public Toilets (*Highways and Municipal*)
- Road Condition - Inspection and referrals by the public (*Highways and Municipal*)

3.3 Work in progress

- Ysgol Ardudwy (*Education*)
- Ysgol Coed Menai (*Education*)
- Ysgol Dyffryn Nantlle (*Education*)
- Ysgol Dyffryn Ogwen (*Education*)
- Ysgol Friars (*Education*)
- Ysgol Glan Y Mor (*Education*)
- Ysgol Tryfan (*Education*)
- Checks of Employee Lists (*Human Resources*)
- Former Housing Stock - Retention Monies (*Corporate*)
- Energy Use (*Corporate*)
- NFI (National Fraud Initiative) (*Corporate*)
- Ysgol yr Hendre PQQ and Tendr (*Corporate*)
- Management of flexi / TOIL / working from home (*Corporate*)
- Mobile Phone Control (*Corporate*)
- e-Tendering System (*Corporate*)
- Staff Performance Reviews - Appraisal (*Corporate*)
- Anti-Fraud Arrangements - CIPFA "Red Book" (*Corporate*)
- Disclosure Arrangements / Awareness of the Whistleblowing Policy (*Corporate*)
- Capital Accounting (*Finance*)
- Implementing Payroll Amendments (*Finance*)
- Preparations for IFRS - Leases (*Finance*)
- Cash collection procedures (*Finance*)
- Glan Wnion Leisure Centre (*Provider and Leisure*)
- Glaslyn Leisure Centre (*Provider and Leisure*)
- Plas Silyn Leisure Centre (*Provider and Leisure*)
- Y Pafiliwn Leisure Centre (*Provider and Leisure*)
- The administration of Medication in Council homes (*Provider and Leisure*)
- Bro Ffestiniog Leisure Centre (*Provider and Leisure*)
- Control of Unofficial Funds (*Provider and Leisure*)
- Home Care Management System (*Provider and Leisure*)
- Administration of the Electoral Register (*Democracy and Legal*)
- The Printroom (*Democracy and Legal*)
- Arrangements for the Transfer of Gwynedd Training (*Economy and Community*)
- Asbestos Control (*Customer Care*)
- Device Management (*Customer Care*)
- Follow-up - Plas Ffrancon Leisure Centre (*Provider and Leisure*)
- Follow-up - Children - Adoption, Residential Order and Special Guardianship Allowances (*Social*)

Services)

- North Wales Trunk Road Agency (*Highways and Muncipal*)
- Road Maintenance Framework Agreement (*Highways and Muncipal*)
- Integrated Transport Unit (*Regulatory (Planning,Transportation and Public Protection)*)
- Final Accounts: Gwynedd Consultancy (*Gwynedd Consultancy*)
- 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 01 June 2010 to 31 August 2010, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

**WELSH ASSEMBLY GOVERNMENT GRANT FOR INNOVATION IN SMALL
SCHOOLS
Education**

Purpose of the Audit

To ensure that appropriate internal controls are in place to administer the 'Innovation in Small Schools Grant' for 2009/10.

Scope of the Audit

The audit encompasses the following aspects:

- That appropriate administration arrangements exist.
- That money has been allocated fairly.
- That money has been allocated in accordance with the grant terms and conditions.

Main Findings

When auditing a sample of schools and catchment areas that had received grant money for the joint working element, it was seen that the Assistant Education Quality Improvement Officer had not received evidence such as

- bus/taxi invoices;
 - assistants' timesheets;
 - supply teacher timesheets for covering when other teachers are released,
- to confirm that the money had been used for the purpose noted in the original bid.

The Assistant Education Quality Improvement Officer expressed that he was confident that the schools had kept the appropriate evidence to confirm the expenditure.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the administration of the Innovation in Small Schools Grant as controls are in place, but there are aspects where some procedures can be strengthened. Recommendation:

- **The schools should keep the appropriate evidence to confirm grant expenditure, as the Welsh Assembly Government could request the information for a time after the grant period has come to an end.**

PRIMARY SCHOOLS FREE BREAKFAST INITIATIVE GRANT

Education

Purpose of the Audit

To ensure that there is appropriate internal control for the administration of the 2009/10 'Primary Schools Free Breakfast Initiative Grant' in Gwynedd.

Scope of the Audit

To verify a sample of schools in the three areas in Gwynedd that provide free breakfasts, in order to ensure that the scheme is being administered correctly, as well as checking that correct and timely claims are made to the Welsh Assembly Government for the grant money.

Main Findings

The main findings of the audit was that schools do not always keep the appropriate documentation such as parental consent forms and attendance registers.

Audit Opinion

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

- **From now on it should be ensured that the schools make certain that they keep the consent forms received from parents on file to confirm that permission has been given to receive the breakfasts.**
- **Every school that provide free breakfasts should complete attendance registers noting the names of the children who receive breakfasts on different school days.**
- **The 'Certified Correct' box on the PY44 'Analysis of Breakfasts Administered' should be always be completed.**

**WELSH ASSEMBLY GOVERNMENT GRANT FOR COMMUNITY-FOCUSSED
SCHOOLS
Education**

Purpose of the Audit

To ensure that appropriate internal controls exist to administer the 2009/10 Community Focussed Schools Grant money.

Scope of the Audit

The audit encompasses the following aspects:

- That the grant money is being used for the purpose noted in the Welsh Assembly Government's Guidance Circular dated September 2005 and as noted in the standard terms and conditions of the 2009/10 grant.
- That the grant money transferred to the schools has been treated correctly.
- That appropriate documentation is presented/kept by the schools to support expenditure.

Main Findings

The main findings derived from audit is that there is no definite procedure in place for ensuring that appropriate documentation is received to support salary costs, primarily, before money is transferred to the schools.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the administration of the Community-Focussed Schools Grant 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 should be ensured that timesheets / job descriptions are received to justify expenditure on salaries, or the schools should at least send in a breakdown of how these figures were arrived at.**
- **Appropriate invoices that correspond with the estimate sheets received should be obtained to support Ysgol Syr Hugh Owen's 2010 spring term claim.**

**WELSH ASSEMBLY GOVERNMENT DEVELOPMENT PROGRAMME EXTENSION
GRANT FOR THINKING AND ASSESSMENT FOR LEARNING
Education**

Purpose of the Audit

To ensure that appropriate internal controls are in place for administering the 2009/10 Welsh Assembly Government's Development Programme Extension Grant for Thinking and Assessment for Learning.

Scope of the Audit

The audit encompasses the following aspects:

- That the grant money is being used for the purpose noted in the terms and conditions of the 2009/10 as well as in the Welsh Assembly Government's 2009/10 guidance.
- That appropriate documentation is kept to support expenditure.
- That proper arrangements are in place for receiving match funding from the authorities who are part of the scheme.

Main Findings

The main findings from the audit was that strong evidence is in place to show that Cynnal have good controls in order to administer the grants.

Audit Opinion

- (A) The audit opinion is that assurance of financial propriety can be expressed in the administration of the Welsh Assembly Government's Development Programme Extension Grant for Thinking and Assessment for Learning as the controls in place can be relied upon and have been adhered to.**

ADMINISTRATION OF STUDENT GRANTS AND LOANS

Education

Purpose of the Audit

To ensure that the expected internal controls are in place in the procedures for administering Student Grants and Loans and that there is compliance with the Assembly's "Preventing Fraud Audit Guidance".

Scope of the Audit

To audit a sample of claims relating to the 2010/11 academic year by verifying the correctness of the claim forms and the payments made.

Main Findings

The main findings derived from the audit was that the Resources Service does not always comply with the Assembly's "Preventing Fraud Audit Guidelines"

Audit Opinion

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

- **Grant claim forms received by the Resources Service must be date stamped when they are received.**
- **The date recorded on the 'Portal' system should be the actual date on which the claim is received, not the date on which the claim is input to the system.**
- **The 'Preventing Fraud Audit Guidelines for Higher Education Student Finance' should be complied with, by verifying at least 10% of the people who have signed the 3rd person identity declaration forms for new claims received from now on.**
- **The correct income figures should be input to the 'Portal' system, and the officer who approves the claim should ensure that the correct figures have been input by the officer who was responsible for inputting the claim.**
- **The 'Preventing Fraud Audit Guidelines for Higher Education Student Finance' should be complied with, by contacting 10% of child care providers to obtain confirmation that the amounts charged are consistent with the figures noted on the student's claim form.**

YSGOL EIFIONYDD 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 undertaken on 96 internal controls. The tests showed that good internal controls exist in 89 of these areas. It was seen that excellent arrangements are in place at the school in order to manage and mitigate risks. Strong and robust administrative arrangements exist at the school with the governing body a key part of any financial decisions that are made. Seven of the eight recommendations in the report have been discussed with the Head and Administrative Officer and their implementation agreed.

Audit Opinion

(A) The audit opinion is that assurance of financial propriety can be expressed in Ysgol Eifionydd as the controls in place can be relied upon, and have been complied with. The main recommendations of the report are as follows:

- **The school should create a software policy and ensure that all members of staff receive a copy.**
- **The software register should note the location of the software, i.e. on which computer, and in which department they are located.**
- **The VAT element should be shown on requests for imprest account repayments when VAT receipts are presented.**
- **The VAT figure should not be noted in the VAT column on the request for imprest repayment, unless an appropriate VAT receipt is presented with the claim.**

YSGOL PENDALAR Education

Purpose of the Audit

To ensure that arrangements at Ysgol Pendalar 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 undertaken on 88 internal controls. The tests showed that good internal controls exist in 65 of these areas. The main findings derived from the audit are:

- Amendments to the draft budget not being input to the FMS system.
- The minutes of Governor meetings do not contain detailed records of the matters discussed with regards to budget monitoring.
- There is no record of who undertook a safety inspection of the minibus, and when.
- The Governing Body has not been convened in accordance with the Instrument.

Audit Opinion

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

- **Forms should be authorised by one of the Assistant Heads when the Head is absent.**
- **Any amendments to the draft budget should be recorded on the FMS system.**
- **The Head should present budget monitoring reports to the Finance Sub-Committee or the Governing Body at least once per term.**
- **The Governors' Clerk should include detailed minutes of matters discussed with regards to budget monitoring.**
- **The school should consider implementing a software licensing policy, and it should be ensured that all members of staff receive a copy.**
- **The school should produce a form for recording by whom and when a safety inspection of the minibus was carried out.**
- **The Head should produce a list that is kept current of the drivers who are approved for driving the minibus.**
- **The school should audit the drivers' certificates on an annual basis, keeping a copy as a record that the school has seen the certificates.**

HOTEL BOOKING ARRANGEMENTS

Human Resources

Purpose of the Audit

The purpose of the audit is to ensure that the Support Unit have established appropriate arrangements for booking hotels and that Council officers are complying with these arrangements in addition to ensuring that the Support Unit have correctly implemented the claims.

Scope of the Audit

To review the effectiveness of hotel bookings by the Support Unit by verifying a sample of hotel booking claimed during the 2009/10 to ensure that the claims are reasonable, and that the Support Unit is correctly implementing the claims and is dealing with refunds in an appropriate manner.

Main Findings

It was seen that arrangements had been established within the Support Unit for booking hotels, but the procedures must be enforced to ensure that Council officers are following them. It was found that many officers continue to book hotels themselves. It was seen that some officers use the Council's credit card to book hotels whilst the others have claimed the costs back by using travel claim forms, which prevents the Council from claiming the VAT back. It was also seen that many of the refunds have been coded against the incorrect expenditure codes. It also appears that there is a lack on control for ensuring that claims have been authorised by managers who are authorised to do so.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Hotel Booking 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:

- **The Human Resources Policy Unit should consider re-emphasising (to Council Managers) the proper arrangements for booking hotels, raising awareness of the financial obligations to the Council if receipts / invoices are not addressed to Gwynedd Council.**
- **It should be ensured that only budget holders have the authority to approve hotel bookings, therefore the Support Unit should ensure that lists of Council budget holders is available to officers when processing requests.**

HEALTH AND SAFETY AUDITS

Human Resources

Purpose of the Audit

The purpose of the audit is to ensure that appropriate arrangements are in place for fire health and safety, that the Property Service undertakes appropriate risk assessments that comply with health and safety legislation and The Regulatory Reform (Fire Safety) Order 2005. Ensure that the regularity audits/inspections are undertaken by the Health and Safety Advisors following the fire risk assessments, and that appropriate reporting arrangements are in place.

Scope of the Audit

To audit the Health and Safety Service's arrangements and policies with regards to fire risk assessments. Review and report on the effectiveness of the arrangements by verifying a sample of fire assessments that are connected to work undertaken during 2009/10.

Main Findings

It was found that appropriate arrangements are in place for undertaking property fire risk assessments. It was seen that the Property Unit has appropriate computer systems for the preparation and documentation of risk assessments and that they had been undertaken in an appropriate manner. However, it was seen that there is a lack of robust arrangements for the commissioning of work from Gwynedd Consultancy because formal procedures have not been established. It was found that Gwynedd Consultancy do not respond to briefing notes before the commencement of work, and do not inform Property on each occasion to confirm completion; it was also highlighted that work targets were not receiving proper attention. In addition, due to the failure to respond to the brief, the Senior Surveyor Building Safety was not aware of the estimated and actual cost of the works that were being authorised by the budget holder, the Client Manager - Property and Construction.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the administration of Health and Safety Audits 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 arrangements for responding to the brief should be formalised so that the Senior Surveyor Building Safety can be sure that Gwynedd Consultancy is meeting the needs of the brief before work commences, and are preparing an estimate of the cost.**
- **Gwynedd Consultancy should ensure that their technician responds to the brief by completing the statement under the heading 'Restrictions ("Cyfyngiadau")' on the brief, and returning it to the Property Unit before work commences. If any problems arise, the technician should communicate this to the Property Unit so that they are aware of the problem so that steps can be taken to resolve the situation.**
- **The Senior Surveyor Building Safety should consider enquiring into the possibility of receiving a more thorough report on spending so that he can monitor spending in future.**

ESCROW AGREEMENTS Corporate

Purpose of the Audit

The purpose of this audit is to review the escrow agreements that are in place for the Council's systems.

Scope of the Audit

To establish what escrow are in place and to assess what guarantees they offer the Council, evaluating if they are adequate for the needs of services.

Main Findings

During the fieldwork for this audit, it was seen that relatively few Council systems are the subject of an escrow agreement. Seven Council systems were identified that were subject to such an agreement. The Council is expected to pay an annual fee in order to maintain these contracts; it was seen that a total of £4,540 (net) had been paid in 2009/10.

No evidence was seen that these agreements are based on an assessment of the suppliers of the systems in question, rather it appears that they are based on the practice of the suppliers or officers who had originally implemented the system.

There are relatively substantial gaps in the business continuity measures that are offered by these agreements, and the auditor is of the opinion that the Council, through its Information Technology service, offers at least as good assurance through the measures in place. The auditors are of the opinion that the terms that the Council is paying for do not offer value for money. There is no assurance that the versions of the codes that are transferred are complete and correct, therefore there is no assurance that they can be used to develop the relevant systems as required. Additional payment would be needed to have this assurance. Even if the code was complete and correct, the escrow agent would not be in a position where it would be a requirement of them to assist the Council with the process of building the system from the code in their possession, and with the suppliers having ceased trading, the Council would need to allocate substantial resources, finance and/or time in order to operate having received the code.

It is likely that the cost of ordering a full verification would be prohibitive to make it feasible for the Council on its own, therefore the solution would be to join with users at other organisations that use the system in order to share costs.

Assurance was not seen in each case that the latest version of the code is transferred by the system supplier to the escrow agent.

A copy of the full escrow agreement was not in the possession of the system administrator in each case. The auditor is of the opinion that there is a need for the managers of those services that are the subject of an escrow agreement should assess what additional assurance they are receiving by renewing the agreement on an annual basis, by appraising whether value for money is being obtained and how practicable the surrounding arrangements actually are when considering the business continuity measures that have already been put in place.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in Escrow Agreements 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:

- **Services that are party to an escrow agreement for one or more systems should assess the justification for continuing with annual renewals.**
- **If being part of the escrow agreement is to continue, it would be reasonable to locate or take possession of a new copy of the contracts and their clauses.**

PROMPT PAYMENT OF INVOICES

Corporate

Purpose of the Audit

The purpose of the audit was to review the promptness of invoice payment within the Council, by researching where delays exist in the organisation, and the reasons for this.

Scope of the Audit

To analyse all payments processed by the Payments Unit in June 2009 and January 2010; highlight cases where there were substantial delays before payment, in addition to collecting invoices in order to compare dates such as invoice date, due date, payment date, date stamped etc, so that the reasons for any delay could be identified.

Main Findings

From the statistics calculated, based on the extraction of details input to the Financial System, it was seen that fewer than a quarter of invoices paid during the months audited had been done so before the due date of 10 days but that over three-quarters had been paid within 30 days of their tax point. However, it was seen that the definition of the "tax point" varies between services, with some using the invoice date and others the date on which the invoice was received in the Council.

It was seen that a number of factors effect the process of paying invoices in a timely manner. The main factor is a lack of arrangements of recording the received date on invoices received (e.g. a date stamp) and as a result, there is a lack of control for ensuring that invoices are processed efficiently and paid promptly. Several cases were seen where invoices appeared to have been passed slowly to the relevant officers. It was not possible to reveal exactly which part of the process was causing the delay since a clear, consistent trail was not in place. It was noted that some invoices have up to 3 stamps, but several had none at all, therefore it was not possible to rely on this as being a definitive indicator. However, the cases with several stamps denotes that the invoice had been transferred to several locations before being paid.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the procedures within the Council's services for the prompt payment of invoices 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 Senior Payments Officer should remind departments not to allow invoices to accumulate excessively before they are passed to the Payments Unit.**
- **In order to promote consistency within the Council, and also to improve payment performance indicators, instructions should be given that the date received, as stamped on the invoice, should be used as the tax point on the coding slip on each occasion, and if there is no date received stamp, the invoice date should be used.**
- **Awareness of the procedures for receiving and paying invoices should be raised by setting out clear and concise guidelines on the intranet.**
- **A list of codes for common activities should be established, ensuring that it is available to all Council officers, in order to ensure that transactions are coded correctly and consistently across the Authority.**

BUDGETARY CONTROL

Corporate

Purpose of the Audit

The purpose of the audit is to review procedures across services with regards to budgeting and budgetary control.

Scope of the Audit

Review documents and minutes of revenue budgets for the 2008/09 and 2009/10 financial years including budget setting, performance monitoring procedures, the processing of virements and the use of the CedAr financial system.

Main Findings

The report's main findings were:

- A number of budget holders had not received appropriate training on budgetary control or on the ledger in order to monitor their budget.
- The Budget Book does not set out specific accountability for all budgets.
- Budget reports contain costs that cannot be controlled, effecting officers' understanding of the budget.
- The effect of "mad March" is seen in Gwynedd Council's expenditure.

Audit Opinion

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

- **Budgets should be reviewed in detail and in a challenging manner in order to ensure that any inefficiencies are removed from the budget.**
- **All officers who are responsible for managing budgets should attend training on budget control, or confirm that they possess the appropriate skills.**
- **TR293 virement forms should be standardised across the Authority by incorporating the current properties of the Financial Procedure Rules.**
- **Responsibilities for a budget should be placed on one officer, as a means of ensuring accountability.**
- **Officers should receive training on the ledger (CedAr) if they have access to it.**
- **The relevance of "non-controllable" costs, such as notional interest and deferred grants that appear on officers' monthly reports should be explained so that clear understanding of the budget is extended.**
- **Controls should be put in place to avoid the effects of "mad March" on Gwynedd Council expenditure.**

PREPARATIONS FOR IFRS - PROJECT ARRANGEMENTS

Finance

Purpose of the Audit

From the 2010/11 financial year onwards, Local Authorities will have to comply with IFRS - the International Financial Reporting Standards when preparing their financial statements. The purpose of this audit is to ensure that Gwynedd Council have prepared for this change, together with ensuring that adequate arrangements are in place to achieve the new requirements.

Scope of the Audit

The scope of this audit includes reviewing the Council's arrangements when preparing to adopt the IFRS, including verification of the duties of relevant officers, training arrangements and records, checking that a high level detailed plan has been prepared and followed and confirming that a risk assessment with regards to adopting the new standards has been undertaken. The audit does not include arrangements for dealing with specific matters, which shall be the subject of separate audits.

Main Findings

It was seen that the Council has prepared thoroughly for the adoption of IFRS. However, members of the Audit Committee have not received training in the area despite their duties for approving the accounts at the end of the year.

Audit Opinion

- (A) The audit opinion is that assurance of financial propriety can be expressed in Preparations for IFRS - Project Arrangements as the controls in place can be relied upon and have been adhered to. There is one recommendation:**
- **The contents of the 'Local Government Finance' course should be amended for Audit Committee members so that IFRS requirements are included so that members are fully familiar with the requirements of the new standards.**

BANK TENDER Cyllid

Purpose of the Audit

The purpose of the audit was to ensure that appropriate procedures were being followed in the process of accepting and assessing the Council's banking tenders.

Scope of the Audit

To enquire with relevant officers who are responsible for preparing the tender for an update on the tendering process, including information on the basis on which the tenders will be assessed to ensure that appropriate steps have been taken and that these are consistent with the planned timetable. In addition, to attend the tender assessment meeting to ensure that the tenders have been assessed in an appropriate manner.

Findings

The Council opted to follow an open procedure tendering process. It was seen that the invitation to tender and the contract notice had been published on-line on the "etenderwales" website on 18th June in accordance with the OJEU guidance.

The Auditor received details of the tender scoring methods during the tendering process. The assessment methodology had been based upon the Council's current processing requirements with the weighting of the scores emphasising the most essential elements, i.e. the banking services that the Council will make the most use of. It was seen that the scoring matrix had been devised based on 4 elements. The elements, and scoring allocation, were as follows:

1. Ability to meet core service requirements Weighting: 40%
2. Account pricing and rates charged Weighting: 30%
3. Branch presence (or equivalent) in the main service locations Weighting: 20%
4. Service quality Weighting: 10%

It was seen that a technical questionnaire had been devised for the scoring of elements 1 and 4. Fifty marks were allocated against each question on the technical questionnaire. A commercial questionnaire was used to score element 2, which the banks had to complete, and banks were asked to note the locations at which they operate for the scoring of element 3.

According to the information on the scoring matrix and the tender documents seen, the auditor was of the opinion that the scores awarded appeared reasonable.

It was seen also that a tender assessment panel had been established that included the Senior Technician Capital and Control, the Principal Capital Accountant, the Senior Finance Manager and a representative from the Revenues Unit. Representation from Internal Audit and Legal were invited as observers.

The terms and conditions of the successful bid are being reviewed by the Legal Unit, and if everything is acceptable and in accordance with the Council's requirements and regulations, the Council will be in a position to award the contract for the banking service for the next five years, from 1st October.

Audit Opinion

(A) The Audit Opinion is that assurance can be expressed in as appropriate steps have been taken for the preparation and assessment of tenders and for awarding the contract for the Council's banking service.

BRYN AFON Provider and Leisure

Purpose of the Audit

To ensure that financial and security arrangements and Bryn Afon are appropriate and in accordance with the Council's procedures, whilst allowing clients to live semi-independently.

Scope of the Audit

To audit the main areas of expenditure and income in 2009/10 according to the financial ledger, together with management arrangements at the house.

Main Findings

Robust examples of good practice were found within the management and administrative arrangements at Bryn Afon. 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

(C) The audit opinion is that assurance of financial propriety cannot be expressed in Bryn Afon 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:

- **Client's medication forms should be amended to include two signature boxes so that two members of staff can confirm that the correct dose has been taken.**
- **Fire guidelines should be placed in the house so that they are visible to staff.**
- **Inventories should show the percentage of client ownership, together with the value of any property worth over £100 in future.**
- **The "Personal Money Record Sheet" should be completed fully and signed and dated to ensure an audit trail.**
- **Guidelines for claiming holiday expenses should be drawn up to include allowances for claiming subsistence for carers, and must be adhered to in future.**
- **The carer should ask for a receipt, to be presented on all occasions.**

RESIDENTIAL HOMES - UNOFFICIAL FUNDS

Provider and Leisure

Purpose of the Audit

That adequate arrangements are in place to ensure that any unofficial fund or trust fund at residential homes is correct.

Scope of the Audit

Ensuring that appropriate directives have been given to officers on how to deal with unofficial funds and/or trust funds, and to audit the actual arrangements in a sample of the Council's residential homes. The 2009/10 and 2008/09 financial years were verified.

Main Findings

Overall, it was seen that appropriate arrangements were in place, but some aspects need attention. Tests were undertaken on 21 areas of internal control within the service. The tests showed that good internal controls exist in 10 of these areas.

Audit Opinion

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

- **Every home should have guidelines on how to administrate Trust Funds and Unofficial Funds.**
- **The “Administration of Trust Funds and Unofficial Funds” guidelines should be presented to the appropriate officers for approval, and so that they fulfil the department’s requirements.**
- **When the “Administration of Trust Funds and Unofficial Funds” are sent to the homes, it should be ensured that there is a record of who has received training on the guidelines, i.e. who has received, read and understood them.**
- **It is important that, after the homes have received guidelines on administrating trust funds and unofficial funds, that they are followed in order to reduce the risk of misuse or fraud.**
- **It is suggested that an official opinion is received from the Legal Unit on the situation where 21 out of 22 trust funds either do not have a will or a deed of trust.**
- **Consistency should be ensured when registering funds as a charity since one of the funds does not meet the criteria and therefore does not need to be registered.**

COMPLIANCE WITH COCO REQUIREMENTS (GCSx DOMAIN) Customer Care

Purpose of the Audit

The purpose of the audit was to review the management of the GCSx domain.

Scope of the Audit

The audit reviewed the domain's policy settings, general access control and user account management.

Main Findings

There are some issues arising from the audit fieldwork which require the attention of the domain administrators.

The Domain Policy does not have a value for the account lockout threshold, indicating that an infinite number of attempts can be made to guess a password without locking the account. This increases the scope for a successful brute force attack.

The logging settings within the Domain Controller Policy does not include failed attempts to gain access. Events such as failed attempts to gain access to the domain may be useful in detecting malicious activity and so should be logged and reported to the appropriate investigating staff.

There are seemingly inactive user accounts which have not been disabled. There are individuals with multiple user accounts, some of which have never been used. These records have been brought to the attention of the IT Service and require attention.

Audit Opinion

(C) The audit opinion is that assurance cannot be placed upon the management of the GCSx domain. The main recommendations in the action plan are as follows:

- **The current Default Domain Policy account lockout settings should be reviewed, and consideration should be given to setting a reasonable number of invalid attempts allowed prior to lockout, this should be a value of between 3 and 5.**
- **The GCSx domain user management practices should be evaluated and the issues arising from the audit fieldwork should be reviewed, so that only the appropriate accounts can access its resources.**
- **The GCSx domain controller policy should be amended to include failed as well as successful attempts to access the domain.**

LEARNING DISABILITIES EXPENDITURE PATTERNS

Social Services

Purpose of the Audit

To establish the reasons for the growing difference between the budget for the Learning Disabilities service and the expenditure in this area. Further, to review the steps taken within the Social Services Department in order to deal with the apparent overspend.

Scope of the Audit

The audit reviews the reason for the increase in expenditure in the area of Learning Disabilities, by analysing the changes in the number of clients who receive care, or other reasons for the overspend seen. The audit will not review individual care packages, nor will it express any opinion on the suitability of the care packages given.

Learning Disabilities expenditure has been limited to expenditure code starting GN (Arfon), GP (Dwyfor), GR (Meirionnydd) a GS (Central).

Main Findings

It was seen that a key element that has contributed to the overspend on Learning Disabilities services, and the overspend forecast for 2010/11, is the expenditure on independent residential homes and in particular by the Arfon area. It was seen that a majority of other expenditure headings were near to the budget.

Independent confirmation was received that the number of clients as recorded by the RAISE system is unreliable for the period prior to 2008/09, and information regarding costs per client cannot be obtained from the system without undertaking separate calculations, per client.

It was seen that a group had been established to review expenditure on Learning Disabilities services, and the service will review all care packages in order to deal with the substantial increase in expenditure that has occurred in a relatively short period.

It was not seen that a revenue bid had been presented to deal with the expenditure increase as the Department, as a whole, had been underspending. Additional budget for the Learning Disabilities service had to be secured for 2010/11 via the Corporate Director's report on the Financial Strategy, rather than through the usual 'bidding' process.

Audit Opinion

In response to the substantial increase in accommodation costs in 2009/10, additional budget has been allowed for the Learning Disabilities service for 2010/11 onwards. However, such arrangements are not sustainable, and it was seen that Social Services are in the process of establishing a team to review cases. The commencement of this team's work cannot be delayed.

APPOINTEESHIP AND DELEGATION ARRANGEMENTS

Social Services

Purpose of the Audit

The purpose of the audit is to ensure that Social Services comply with good practice, that proper procedures are in place for Appointeeships and Delegation and that expenditure is appropriate.

Scope of the Audit

To audit the department's Appointeeship and Delegation procedures to confirm that the procedures that have been established are based on good practice. To choose a sample and verify that the correct steps have been followed and that expenditure is appropriate.

Main Findings

Overall, robust examples of good practice were found within the managerial and administrative arrangements of the Client Asset Management Office. However, weaknesses were seen in specific areas where arrangements need to be tightened. It was found that some steps had not been followed when saving clients' money, sharing information, filing, recording expenditure and presenting receipts.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Appointeeship and Delegation 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:

- **The Social Worker should sign and send a copy of the care plan to the Client Asset Management Office when a client is referred.**
- **A copy of the client's care plan should be kept on each file so that the office is aware of the client's needs and to see if the income matches the client's needs.**
- **A policy on saving client's money should be drawn up and adhered to in future.**
- **The guidance noted within the Management of Client Money Policy should be adhered to, with particular attention given to points 4.2.1 and 4.2.2 which involve the management of client accounts.**
- **The Management of Client Money Policy should be updated as soon as possible so that it remains current.**
- **Clients' bank statements should be signed on all occasions to confirm that appropriate checks have been made.**

FLEET MANAGEMENT

Highways and Muncipal

Purpose of the Audit

The purpose of the audit is to ensure that the Fleet Unit has appropriate control over the Gwynedd Council's vehicles.

Scope of the Audit

The scope of the audit is the review the Fleet Unit's arrangements so that control is in place over the management of the fleet. Review the Unit's arrangements for purchasing, leasing and hiring vehicles in order to ensure that they comply with Procedure Rules. Ensure that the Unit's records are up-to-date for every vehicle in its possession and that Gwynedd Council's vehicles are effective and offer best value for money. In addition, the controls that the Unit has in place for training drivers to use Gwynedd Council's fleet safely and appropriately will be looked at.

Main Findings

The report's main findings are:

- The the Fleet Unit does not inform the Insurance and Risk Management Unit when a vehicle is leased for more than a fortnight in order to ensure adequate insurance cover.
- An initial suggestion that car hire would be cheaper than paying travelling allowance to officers on substantial journeys.
- The register of Gwynedd Council fleet drivers was not current
- A lack of policy detailing the use that may be made of the Council's fleet outside working hours.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the Fleet 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:

- **It should be ensured that the Fleet Unit advises the Insurance and Risk Management Unit on each occasion that a vehicle is hired for more than 14 days.**
- **The promotion of care hire by Gwynedd Council officers should continue.**
- **A register of the driving licences of all employees who use Council vehicles should be kept. Licences should be verified periodically in order to ensure their continuing validity.**
- **Gwynedd Council's departments should review the cases where workers have had two or more accidents in a year in order to assess if re-training of the relevant drivers is required.**
- **The usefulness and unproductive time of "small" or "off-contract" vehicles should be assessed in order to guarantee that Gwynedd Council makes the most efficient use of its fleet.**
- **A policy, detailing the use that is allowed of the Council's fleet outside working hours, should be drawn up.**

PUBLIC PROTECTION - USE OF FLARE; MANAGEMENT Regulatory (Planning, Transportation and Public Protection)

Purpose of the Audit

The purpose of the audit will be to review the effectiveness of the Flare computer system for managing the work of Public Protection.

Scope of the Audit

The scope of the audit will be to review to controls of the Flare system application, together with the usefulness of the system when receiving, recording and managing the responsive work of the Public Protection Service.

Main Findings

Overall it was seen that there were examples of good practice in the process of using Flare and managing work, and that new procedures had been put in place within the Pest Control Team. However, some weaknesses were noted:

- Only one officer has been appointed as a Flare system administrator
- Training requirements of field officers from the Pest Control Team on using PDAs
- A delay between completing work and raising invoices.

Audit Opinion

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

- **More than one officer should have administrative rights to the FLARE system (but a maximum of three) so that functions can be delegated in the absence of the Operational Systems Manager.**
- **The minimum password length should be six characters.**
- **The Pest Control Team's field officers should receive training on how to use Flare on a PDA.**
- **Files in the Meirionnydd Area Office should be kept up to date, with confidential documents destroyed as they go beyond their retention periods in accordance with the Council's retention scheme and any relevant legislation.**
- **A system should be considered within the Public Protection Service to keep a record of staff interests.**
- **Invoices should be raised before work is undertaken. Where this is not practicable, invoices should be raised promptly.**
- **An arrangement should be in place to conduct checks to ensure that invoices have been raised for relevant work.**

TAXI LICENCES

Regulatory (Planning, Transportation and Public Protection)

Purpose of the Audit

The purpose of the audit is to ensure that appropriate internal controls are in place within the Licencing Unit to mitigate the risks involved with taxi licences.

Scope of the Audit

To verify the process for verifying and issuing different kinds of taxi licences and to ensure compliance with relevant policies and legislation.

Main Findings

Overall it was seen that good internal controls exist when administering hackney carriage and private hire licences across Authority boundaries. However, a few weaknesses were seen, where controls could be tightened.

Audit Opinion

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

- **Every effort should be made to obtain information from the taxi companies in a timely manner; licences should not be issued without receiving all required information.**
- **Mechanical inspections should be conducted on hackney carriages and private hire vehicles in accordance with the Policy and that evidence of this is kept on file.**
- **It should be ensured that every driver has a current CRB check (i.e. that checks are made every 3 years).**
- **It is suggested that the name, or information that would allow identification of an individual, is not shown in evidence regarding taxi licencing cases in committee papers.**
- **Robust evidence should be in place to show how garages were selected for undertaking mechanical inspections.**
- **The Licencing Officers should destroy CRB checks six months after receipt.**
- **It should be ensured that every officer who deals with personal information attends a training course on the Data Protection Act 1998. It is also suggested that it would be sensible to ensure that officers who have already received training are given a 'refresher'.**

TRAFFIC ORDERS

Regulatory (Planning, Transportation and Public Protection)

Purpose of the Audit

The purpose of the audit is to ensure that controls are in place for adopting traffic orders on Gwynedd Council's county roads. The Welsh Assembly Government is responsible for traffic orders on Gwynedd's trunk roads.

Scope of the Audit

The scope of the audit is to review that administration for creating and adopting traffic orders on Gwynedd's county roads.

Main Findings

The audit's main findings were:

- Incorrect instructions sent to the Legal Unit.
- A lack of policy and guidance documenting the arrangements for deciding to implement and adopt speed restrictions in Gwynedd.
- Difficulties in tracing the history of implementing an order due to the filing system within the Transport and Street Care Unit.
- It appears that the lessons from errors in the Maesgeirchen case in 2006 have not been learnt.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in the Regulatory Department's arrangements for creating and implementing Traffic Orders 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 requests for reviews of location speeds are only received by letter or e-mail.**
- **Every request for a speed limit review should be noted on a proper data base.**
- **Guidelines that document the arrangements for deciding upon, implementing and adopting speed limits in Gwynedd should be established.**
- **Procedures for filing by order should be established to allow the easy tracing of any decisions with regards to implementing or refusing a request for changes to a speed limit.**
- **It should be ensured that evidence exists to support any decision by the Manager with regards to rejecting or setting an order.**
- **The Transportation and Streetcare Unit should ensure that instructions sent to the Legal Unit are correct.**
- **The Transportation and Streetcare Unit should be aware of the need to keep the working files of permanent orders for 25 years, and the files for temporary orders for 7 years.**

NORTH WALES PROCUREMENT PARTNERSHIP

Strategic and Improvement

Purpose of the Audit

The purpose of the Audit is to ensure that the North Wales Procurement Partnership is working effectively, ensuring that the work programme meets the needs of the councils, that there is appropriate management for operating individual plans, and that the arrangement/agreements established receive attention by the councils, as well as ensuring that efficiency savings are realised. It should be noted that the audit does not review the arrangements of individual projects from the point of view of the decision regarding tendering arrangements, checking the contents of the tender document, etc.

Scope of the Audit

The Partnership's arrangements regarding taking decisions, approving, operating and then monitoring the work programme were reviewed, as well confirming that users within the councils had been made aware of the conditions agreed with the supplier, and that the councils use the arrangement.

Main Findings

Audit tests were held on 42 internal controls. The tests showed that there were good internal controls in 21 of the areas, and satisfactory internal controls in 10 of the areas. One of the objectives of the Partnership is to accelerate improvement and efficiency in collaborative procurement ventures. This has not happened in every case.

There is an expectation that the councils' corporate procurement managers will review the purchasing strategy document for every project in order to ensure that the proposed arrangement is sustainable for the councils. However, it was seen that the officers do not receive the documentation everytime.

It was seen that there are no arrangements for monitoring the councils' use of the framework or the agreements that have been established. The Head of the North Wales Procurement Group stated that during the implementation state of the Partnership that category managers are expected to concentrate on delivery of the projects and that the control management of the projects should follow.

Audit Opinion

(B) The Audit Opinion is that a qualified assurance of the financial propriety of North Wales Procurement Partnership may be given as there are controls in place, but that there are aspects where some arrangements may be tightened. The main recommendations of the report are as follows:

- **It should be ensured that the work programme meets the objectives of the Partnership, that is speeding up improvement and efficiency in joint procurement ventures.**
- **A guideline should be established formalising the arrangement regarding the procedure for the Operational Board to agree the procurement strategy document.**
- **The Management Board should review that the monitoring arrangements agreements are appropriate for the Partnership, in order to ensure appropriate use of the agreements/framework.**

OVERSPEND AT YSGOL TANYGRISIAU

Education

Purpose of the Audit

In accordance with a request by the Head of Finance, the budgetary controls at Ysgol Tanygrisiau were audited, together with the procedures within the Development Finance Unit. This was undertaken because of a substantial overspend was forecast by the end of the 2009/10 financial year.

Scope of the Audit

The financial transactions pertaining to 2007/08, 2008/09 and 2009/10, and the minutes of meetings of the governing body for 2007, 2008 and 2009 were audited

Main Findings

The main findings from the audit was that no meetings of the Finance Sub-Committee nor the full governing body were held during the period between July 2007 and July 2008, and that in a time in which the school's budget was in a very problematic situation. During this period the Governing Body could have discussed and started the process of dealing with expenditure.

Audit Opinion

The auditor is of the opinion that the school should have gone through the inevitable process of dealing with expenditure before September 2009 as this could have reduced the school's overspend. The school should not have waited until the former Head at retired before finding savings. The recommendations are as follows:

- **Further discussions should be held between the current Head and Council officers in order to agree on a strategy to clear the remaining debt.**
- **The full Governing Body should carefully consider each budget heading, in order to ensure that realistic budgets have been set before the budget is accepted.**