

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	29 SEPTEMBER 2011
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 2011
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 June 2011 to 31 August 2011.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following audit work was completed in the period to 31 August 2011:

Description	Number
Reports on Audits from the Operational Plan	17
Other Reports (memoranda etc)	2
Grant Reviews	7
Follow-up Audits	3
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 2011, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Efficiency Savings	Corporate		B	Appendix 1
Data Protection Act - CCTV	Corporate		C	Appendix 2
Management of Flexible Hours Scheme and "TOIL"	Corporate		B	Appendix 3
Payments System - Amendments to Static Data	Finance	Financial	B	Appendix 4
Council Tax - Collections and Refunds	Finance	Revenue	A	Appendix 5
Sport Development	Provider and Leisure	Leisure	A	Appendix 6
Members' IT arrangements	Democracy and Legal	Democracy	C	Appendix 7
Members' Expenses	Democracy and Legal	Democracy	B	Appendix 8
Neuadd Dwyfor	Economy and Community	Record offices, museums and the arts	B	Appendix 9
Library Internet Use Management System	Customer Care	Libraries	B	Appendix 10
Asbestos Control	Customer Care	Council Land and Property	B	Appendix 11
Social Services Revenue Contracts	Social Services	Business	B	Appendix 12
Winter Maintenance	Highways and Municipal	Highways Works	B	Appendix 13
Highways and Municipal on call and on duty arrangements	Highways and Municipal	Highways Works	B	Appendix 14
Reconciliation of Parking and Fine Income	Regulatory	Transportation and Street Care	CH	Appendix 15
Briwet Bridge Project	Regulatory	Transportation and Street Care	No Category	Appendix 16

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Sustainable Procurement	Strategic and Improvement	Procurement and Efficiency	B	Appendix 17

2.2.2 The opinion categories within the reports affirm the following:

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

2.2.3 In addition to the above, the following audits were undertaken where a memorandum was produced, rather than a full report, and an opinion category was not given:

- **Site Manager Functions** (*Corporate*). This audit was included in the 2011/12 audit plan as a result of discussions with officers from the Property Unit following an audit of the arrangements for assessing fire safety in 2009/10. The purpose of this audit was to verify that there are robust arrangements in place to ensure that everyone that has been identified as “site managers” for the Council’s different buildings are aware of their functions in relation to fire risk assessments, asbestos and legionnaire’s disease. During the audit it was seen that officers from the Health and Safety Unit has established a work programme to review and audit site manager functions. As a result, I came to the conclusion that to conduct a similar audit by Internal Audit would not be an efficient use of Council resources. A further audit is intended later in 2011/12, to verify that this work is continuing in accordance with the programme described in August 2011.
- **Environmental – Maintenance of the Gazetteer** (*Regulatory*). The National Land and Property Gazetteer (NLPG) is an unambiguous list of national addresses that gives property and land a unique identifier. It is the Local Authority’s responsibility to update the NLPG for their individual area, as well as to maintain a local register – a LLPG. The database contains details of a property such as a unique identifier, post code, street number (where relevant) and grid co-ordinates. The scope of the audit was to review Gwynedd Council’s arrangements for ensuring that the data is processed correctly. The accuracy of information in the local register was tested against provisional plans at the Development Control Unit, property data – not personal data – in the Council Tax system and the electoral register, and the web-based Royal Mail database. It was seen that the addresses from the other systems had been contained in the LLPG, and that every property on the same street had the same street reference number.

2.3 Grants

2.3.1 The administrative procedures for the following grants were reviewed during the period:

- Primary Schools Free Breakfast Initiative Grant (*Education*)
- Welsh Government Community-Focussed Schools Grant (*Education*)
- National Referral to Exercise Scheme Grant (*Provider and Leisure*)
- Youth Club Grant - Capital Grant (*Economy and Community*)
- Youth Club Grants - Revenue Grant (*Economy and Community*)
- The Development Of Transition key Working In Wales Grant (*Social Services*)
- Intensive Supervision & Surveillance Programme Grant (*Social Services*)

2.3.2 Although these grants have been reviewed by Internal Audit, this does not mean that external auditors from the Wales Audit Office or other agencies may undertake audits of these grants. However, it is expected that the work that Internal Audit has undertaken, and the assurance that can be stated with regards to the control environment, means that less audit work will be needed by these organisations. This, in turn, should mean a reduction in the fees that the Council will have to pay for an external audit.

2.4 Follow-up Audits

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

TITLE	DEPARTMENT	SERVICE	FOLLOW-UP OPINION
Mobile Working and Perimeter Security	Customer Care	Information Technology	Acceptable
Road Maintenance Framework Agreement	Highways and Municipal	Highways Works Unit	Excellent
Checks on Staff Lists	Human Resources	Support Unit	Acceptable

2.4.2 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.

- 2.4.3 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 2011

Neuadd Chwaraeon Bro Ffestiniog
Traffic Orders

Completion Target: Quarter ending 31 December 2011

Reconciliation of Parking and Fine Income
Updating the Website

Completion Target: Quarter ending 31 March 2012

CCTV Data Protection
Public Transport Unit
Verification of Performance Indicator
Control of Mobile Phones

Completion Target: Quarter ending 30 June 2012

IT for Members

2.5 Responsive Audits

- 2.5.1 One responsive audit was completed during the period. In this work, the auditor offered advice and guidance to the Economy and Community Department with regards to the administration and use of a specific grant.

3 WORK IN PROGRESS

3.1 The following work was in progress as at 1 September 2011.

3.2 Draft reports released

- Grant - Welsh Government Development Programme Extension for Thinking and Assessment for Learning (*Education*)
- Payments System - Certification and Coding Accuracy (*Finance*)
- Council Tax - Recovery and Enforcement (*Finance*)
- Non-Domestic Rates - Recovery and Enforcement (*Finance*)
- Events (*Economy and Community*)
- Virtualisation (*Customer Care*)
- Waste data collection (*Highways and Municipal*)
- Council fleet - tachographs and Diesel key fobs (*Highways and Municipal*)
- Food Hygiene, Health and Safety Inspection Programmes (*Regulatory*)
- Property Services - Contractor Appointment (*Gwynedd Consultancy*)

3.3 Work in progress

- North West Wales Education Consortium (*Education*)
- Primary Schools - Budgetary Control (*Education*)
- Health and Safety - school trips (*Human Resources*)
- Former Housing Stock - Retention Monies (*Corporate*)
- Administration of Travel Costs (*Corporate*)
- NFI (National Fraud Initiative) (*Corporate*)
- Contract Management - Blaenau Ffestiniog Regeneration (*Corporate*)
- Contract Management - Ysgol yr Hendre (*Corporate*)
- Benefits - Free School Meals (*Finance*)
- Benefits - School Uniform Allowance (*Finance*)
- Main Accounting System (*Finance*)
- Payroll System - Manual Workers Monthly Salaries (*Finance*)
- Benefits Investigation Unit (*Finance*)
- Council Residential Homes - Security Arrangements (*Provider and Leisure*)
- Control of Unofficial Funds (*Provider and Leisure*)
- The Coroner Service (*Democracy and Legal*)
- Lloyd George Museum (*Economy and Community*)
- Welsh Church Fund (*Economy and Community*)
- Smallholdings (*Customer Care*)
- Social Care Workforce Development Grant (*Social Services*)
- Children - Fostering (*Social Services*)
- Social Services Complaints Procedure (*Social Services*)

4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 1 June 2011 to 31 August 2011, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

EFFICIENCY SAVINGS Corporate

Purpose of the Audit

The purpose of the audit is to review the efficiency savings procedures, including ensuring that the Council's efficiency savings projects meet the corporate definition of efficiency.

Scope of the Audit

The audit encompasses checking a sample of efficiency savings projects across Council departments that have been presented to and accepted by the I% Board, as well as schemes under consideration, and verifying that these are savings that have been achieved through efficiencies and not through cutting services.

Main Findings

The main findings arising from the audit is that some schemes have been accepted as efficiency savings although they are, technically, cuts. However, as these cuts effect so few Gwynedd residents, the I% Board is of the opinion that the savings justify the cuts. It was also felt at the time (July 2011) that these was insufficient information to support the schemes and to ensure that the I% Board can make the correct decisions.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Efficiency Savings as controls are in place, but there are aspects where some procedures can be strengthened.

Internal Audit's analysis and assessment for each scheme (on a sample basis) was included in a table for the attention of the Strategic and Improvement Department.

DATA PROTECTION ACT - CCTV Corporate

Purpose of the Audit

The purpose of the audit is to ensure that appropriate measures are in place to monitor Closed Circuit TV systems within schools, on school buses and within Gwynedd Council's establishments, and that any use of CCTV systems comply with the Data Protection Act 1998 and the CCTV Code of Practice.

Scope of the Audit

To take a sample of invoices that have been coded to the CCTV systems expenditure analysis code for the 2009/10 and 2010/11 financial years. To select invoices that are relevant to the maintenance of CCTV systems within schools and also for the maintenance of systems on school buses. To contact a sample of schools and Gwynedd Council establishments to enquire if they have a CCTV system and if they do, their arrangements for storing and releasing data, and check if the information corresponds with the registration on the website of Information Commissioner's Office.

Verify that appropriate details have been included in the school bus contracts and that there is adequate monitoring of expenditure.

Main Findings

When enquiring with a sample of schools and checking the website of the Information Commissioner's Office, it was found that not every school has registered, in accordance with the requirements of the Data Protection Act, to state that they use a CCTV system. It also appears that not every school is aware of the CCTV Code of Practice in relation to releasing information following a request for disclosure.

Appropriate controls had not been established over CCTV systems on buses. There was significant complexity with regards to the ownership of data and substantial variations were seen in the prices charged by companies for the maintenance of CCTV systems, with a lack of clauses in the school transport contracts.

For Gwynedd Council establishments, a lack of data protection and freedom of information training was seen for some establishments in addition to a lack of awareness of the CCTV Code of Practice and its requirements. At some establishments, there was a lack of awareness on how to deal with requests from members of the public or the police to see the data from the CCTV system, and how to receive data. In some establishments, a lack of control was seen with regards to the number of staff who had access to the CCTV system.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in the administration of the Data Protection Act - CCTV 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:

- **Guidance should be prepared and sent to schools, emphasising the importance of registering the use of CCTV systems with the Information Commissioner's Office.**
- **Guidance should be prepared and sent to establishments that have a CCTV system informing them of the requirements of the CCTV Code of Practice and the document 'Guidance of the Use of Gwynedd Council CCTV Systems', and the need to comply with the requirements.**

MANAGEMENT OF FLEXIBLE HOURS SCHEME AND "TOIL"

Corporate

Purpose of the Audit

The purpose of the audit is to ensure that the flexible working hours scheme is being implemented in accordance with the Local Terms and Conditions of Employment across Council services and that there is appropriate control over time off.

Scope of the Audit

To review the administrative arrangements and to monitor the flexible hours scheme across a random sample of Council units (A.P.T. & C. staff only) to ensure compliance with the policy and to make recommendations to remedy any weaknesses discovered.

Main Findings

It was seen that a policy is in place for the implementation of the Flexible Hours Scheme by staff and managers, and that a policy for recording additional working hours (TOIL) was in the process of being implemented.

When reviewing the procedures in place across the Council's services, variation was seen in compliance with the Scheme's clauses, with several cases of bending the rules to correspond with individuals' work patterns.

It was seen that there is scope to review the clauses of the current Scheme in order to consider if they are relevant as conditions of work for every individual that use them, and if its clauses match the objectives of the Council and its services. It was noted that there are some aspects without a policy, and that there is a need to formalise the guidance so that there is consistency and fairness across the Council, and so that its implementation promotes the Council's services.

In terms of the clauses within the Scheme that have been judged to be appropriate following the review, it appears that managers and staff need to be reminded of them to increase the level of compliance.

In terms of supervision, it was seen that the measures and levels vary from one service to another. The auditor is of the opinion that it would be appropriate for each supervisor to put measures in place so that their staff can be managed, and then implement them according to discretion. The auditors believe that simple measures could be put in place to allow such arrangements for managing the Flexible Hours and TOIL Schemes to ensure the expected compliance.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the administration and management of the Flexible Hours Scheme and "TOIL" 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 Flexible Hours Scheme and its clauses should be reviewed, taking into consideration if it remains relevant for the purposes of the Council and its services.**
- **It should be ensured that managers are able to supervise the time recorded by their staff, and insist that the are saved in a multi-user location (e.g. the departmental "L drive"), but protected from unauthorised amendment.**
- **The guidance on recording hours in ambiguous circumstances, e.g. attending medical appointments or training, should be formalised in a corporate policy or guidance so that there is consistency and fairness across the Council. It should be ensured that this guidance promotes the best service by the Council.**

PAYMENTS SYSTEM - AMENDMENTS TO STATIC DATA
Finance

Purpose of the Audit

The purpose of the audit is to ensure that there are appropriate arrangements in place to accept and implement instructions to amend standing data within the payments system.

Scope of the Audit

To review the controls and arrangements in place for receiving and implementing instructions to amend standing data, including reviewing access rights to the systems, and records for amendments.

Main Findings

It was seen that the Payments Unit has procedures that have been designed for dealing with requests for changes to creditor standing data when they are received. It was seen that the principles of this process were appropriate but there is a lack of recording and justifying proceedings by staff which leads to a lack of evidence of compliance with the procedure which could mean insufficient evidence if there were a need to investigate a specific case and seek accountability for an amendment. The auditors are of the opinion that the lack of records and justification for actions undermined the principles of the procedures that have been put in place.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Payments System - Amendments to Static Data as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendation of the report is:

- **The procedure for processing requests for changes to static data should be amended by creating a formal process for recording activities, including a description and the result of any enquiry that has occurred.**

COUNCIL TAX - COLLECTIONS AND REFUNDS

Finance

Purpose of the Audit

The purpose of the audit is to ensure that the collection and refunds of Council Tax have been implemented in an appropriate and legal manner that complies with the Local Government Finance Act 1992.

Scope of the Audit

To review the arrangements for the collection and refund of Council Tax in order to ensure that appropriate and legal arrangements are in place for the activity. To select a sample of relevant Council Tax accounts to test and report on the appropriateness of the collection and refund of Council Tax.

Main Findings

It was found that robust arrangements are in place for the collection and refund of Council Tax. The procedures for collecting Council Tax income, transfers to the Academy system, refunds, reconciliation of collections and the process for identifying and clearing the suspense account and refund arrangements are audited. From the sample taken no inconsistencies were found.

Audit Opinion

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

SPORT DEVELOPMENT Provider and Leisure

Purpose of the Audit

The purpose of the audit is to verify how effective and efficient Gwynedd Council's arrangements are in promoting the number of residents that participate in sporting activities, as part of a national Sport Wales scheme, and that the projects are being managed and monitored effectively.

Scope of the Audit

This audit encompasses Gwynedd's arrangements for implementing locally Sport Wales' general objectives, looking in more detail at Dragon Sport, Disability Sport Development and the Gwynedd Community Fitness Scheme. The audit will not look at the 5x60 scheme as this has recently been the subject of a separate audit. The audit will verify that the schemes achieve the national aims of the Welsh Government and Sport Wales.

Main Findings

The administrative arrangements as well as performance indicators were checked by looking at a sample of Sport Development programmes. It was seen that the national aims of Sport Wales were being implemented, but the service's arrangements for ordering and paying for goods through the Council's creditor payments system could be strengthened.

The total cost of the Sport and Physical Activity Introduction Scheme for the 2010-11 financial year was £709,335 which was principally financed by the Sport Council for Wales (£667,241), the Lottery and the Welsh Government. The Wales Disability Sport Development Officer has been successful in ensuring a variety of additional grants to disability sports clubs including grants from the CAE Sustainable Development Fund, 'Let's Walk Cymru' as well as private sponsors. This means that Gwynedd Council's financial contribution to the Sport Development Scheme has been relatively small.

Audit Opinion

(A) The audit opinion is that assurance of financial propriety can be expressed in the internal controls for Sport Development in Gwynedd.

MEMBERS' IT ARRANGEMENTS

Democracy and Legal

Purpose of the Audit

The purpose of the audit was to review the arrangements for information technology provision for members.

Scope of the Audit

The audit will concentrate on the provision of computers to Members and the support resources available to allow their us to fulfil members' duties in a secure manner.

Main Findings

Overall, the aims of the IT Scheme for Members have not been achieved. Although a majority of members have signed up to be a part of it, and the related allowances have been paid on a monthly basis, only a minority are acting in accordance with the Scheme. It was calculated that an estimated £12,675 out of £18,375 (that is, 69%) paid as IT allowance in 2010/11 was paid to individuals who were not complying with the scheme. These payments continued at the time of the audit, and it was estimated that over £1,050 of monthly payments are for Members who are not complying with the scheme. Further to this, a sum of £2,990 was calculated as the value of unused Citrix devices provided to Members. In addition, there are annual licence costs of £150.

It was seen that many Members are not using IT resources that had been provided to them and use different e-mail accounts. Since it is not possible to give assurance about the security of any non-corporate e-mail addresses, documents of a confidential nature are not sent to them, and are instead posted in a paper format. The Auditors are not of the opinion that there should be compromise in this area, as there are also risks associated with sending material on paper. The auditors feel that Members need to acknowledge the risks that are associated with unauthorised access to confidential information as a result of physical distribution or to a non-corporate email address, and that they should co-operate to establish method for transferring information that reduce these risks.

Members have a number of different way of operating. This is mainly because there were various arrangements in place before the current Scheme came into existence, and in introducing the scheme a new layer needed to be supported. The Auditor feels that it is important to ensure that any further IT schemes introduced in the future do not add another further layer.

Audit Opinion

(C) The audit opinion is that assurance of propriety cannot be expressed in Members' IT arrangements 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:

- **From the perspective of information security and in order to reduce expenditure, the Council should proceed to establish arrangements so that every document (confidential and ordinary) is sent to Members in an electronic format in the same way as agenda and minutes currently are, by informing members (or prospective candidates) that this is the only format in which they may have access to the documents.**
- **Any IT allowance should only be paid where it is appropriate to do so, that is if the recipient is operating in accordance with the purpose of the allowance, e.g. for the current scheme, to link the payment to records of logging onto the corporate network.**
- **The number of occasions on which licenced software has been installed onto laptops that are to be sold to members should be reviewed; this should be reflected in the IT Service's licences records.**

MEMBERS' EXPENSES

Democracy and Legal

Purpose of the Audit

The purpose of the audit is to ensure that payments of Members expenses are correct and appropriate and in accordance with the Council's rules and legislative requirements.

Scope of the Audit

To review the instructions given to Members for claiming expenses, to confirm that they are clear and straightforward. Select a sample of travel and subsistence claims and confirm that the forms have been completed and properly authorised and that the record in the financial systems are correct.

Main Findings

It was found that the Registration Service has appropriate arrangements in place for administering members' expenses. It was seen that the Administrative Officer undertakes thorough checks on the travel claims of Members and that there is a record of the claims submitted. It was seen that several checks are made before payment is released; it was seen that expenses had been paid at the correct rate.

The allowance claim form was reviewed, and it is Audit's opinion that the form should be redesigned to include a column the note the name of the individuals that are carried as well as including a 'date' column to give details of other subsistence costs. This will facilitate and assist the Administrative Officer to undertake checks and to cross-reference claims.

It was found that a majority of Members present claims promptly, but one case was seen where the claims for 7 months were presented together. Failure to present claims in accordance with the guideline can skew budget management reports. It was also seen that claims for several months were presented for several months on the same form – the Guidance of Claiming Members' Allowances state clearly that each month should be claimed on a separate form.

Audit Opinion

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

- **Consideration should be given to amending the Members' Allowances Claim Form to include the details of those who are passengers, and with complete details of any other subsistence costs that are claimed, together with removing the requirement to record the opening and closing mileages and other boxes of little value, in order to reflect the real needs and purposes of processing members' expenses.**
- **The Claiming Members' Allowances Guidance should be amended to reflect any changes made to the Members' Allowances Claim Form.**
- **Full details of members who are passengers should be recorded completely on each claim that is presented in order to ensure transparency.**
- **Members should be reminded to present travelling and subsistence allowance claims by the end of the first full week of any month, emphasising that no claim that is presented late will be paid (except in special circumstances).**

NEUADD DWYFOR **Economy and Community**

Purpose of the Audit

The ensure that arrangements at Neuadd Dwyfor in order to manage and mitigate risks are appropriate, and in accordance with the Council's financial procedure rules and other relevant procedures.

Scope of the Audit

The main areas of expenditure and income according to the record in the Council's financial ledget for 2010/11 were audited. Neuadd Dwyfor's arrangements for managing a various range of risks were also tested.

Main Findings

The main findings of the audit was that arrangements were generally good at Neuadd Dwyfor.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Neuadd Dwyfor 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 two officers are present when cash received is reconciled.**
- **Arrangement should be made with the Finance Unit to ensure that the VAT element of hire income is always treated correctly.**
- **The Welsh and English version of the document 'THE SCHEDULE OF GENERAL TERMS BEFORE REFERRED TO IN AN AGREEMENT WITH NEUADD DWYFOR PWLLHELI' should be amended in accordance to that noted in the report.**
- **Staff should attempt to complete an official order when goods/services are order, not after receipt of the invoice.**
- **Imprest money should be reclaimed regularly.**
- **Inventories should be reviewed and updated annually, and should be signed and dated by those who have reviewed and updated them as evidence.**
- **Fire drills should be performed regularly in Neuadd Dwyfor.**
- **The fire risk assessments should be completed as soon as possible.**

LIBRARY INTERNET USE MANAGEMENT SYSTEM

Customer Care

Purpose of the Audit

The purpose of the audit was to review the security arrangements that are in place for the delivery of network services to members of the public within libraries.

Scope of the Audit

The review concentrated on the measures that are in place for managing sessions and protecting resources within libraries.

Main Findings

It was seen that a system for managing public computer sessions was in use by the Library Service. It was noted that the system allows the Service to fulfil its requirement to provide an appropriate service and that staff report a good relationship with the supplier.

It was seen that measures are in place to secure the infrastructure including isolation of the domain, content filtering, anti-virus controls and rejection of any unofficial amendments to applications. It was seen that adequate reporting facilities are available to the administrators of the management system.

It was seen that a usage policy has been designed that contains information regarding specific expectations. Whilst undertaking the audit work it was noted that circumstances can arise where users must express that they accept the requirements and continue the session before having the opportunity to read it. The auditor is of the opinion that users must see the policy, in a summary form, with an option whether to accept or not before any applications can be used.

Audit Opinion

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

- **The format of the start of a computer session within libraries should be amended to that users must see a summary of the policy, and accept it, before access is allowed to any applications.**

ASBESTOS CONTROL

Customer Care

Purpose of the Audit

The purpose of the audit is to ensure that there are adequate controls in place for the management of asbestos within Council buildings, including the undertaking of inspection and proper treatment of any cases of asbestos where relevant.

Scope of the Audit

To review the arrangements in place by enquiring with relevant officers within the Property Unit and review a sample of work done during the 2010/11 financial year.

Main Findings

Overall, it was seen that an appropriate systems is in place for the management of asbestos within the Council's corporate buildings.

It was seen that an Asbestos Management Policy and Plan were in place, with periodic review arrangements and asbestos training sessions have been developed to raise awareness of the risks and expected controls for asbestos.

It was seen that an electronic system is in place for managing all Council buildings, with a comprehensive module for the management of asbestos. It was seen that a work programme is in place for inspecting asbestos risks in all buildings.

Evidence was seen that the relevant officers have the appropriate qualifications for managing asbestos, and it was noted that every external company used by the Council for the management of asbestos has the appropriate licences or accreditation.

It was noted at the time of the audit that the identification work had not been completed in accordance with the timetable in the work programme. It was suggested that specific circumstances had caused this, and that a plan is in place to complete the work before the current contract expires in October 2011.

When reviewing a sample of files it was noted that the work briefs had not been created for every case. It was noted the the Unit had developed their arrangements during the previous 12 months and that the brief, together with the estimates for work costs, have been kept on file since then.

It was also seen that application forms for asbestos information and issues were not on file on each occasion. These are forms that would be presented by site managers. The Health and Safety Executive have already noted that there is a need to ensure awareness and co-operation with regards to asbestos matters across the Council. To this end, it was seen that the Property Unit and the Health and Safety Unit have attempted to draw the attention of staff to the Asbestos Management Policy and Plan by providing training in the area as well as placing a notice on every wage slip and writing directly to each head of department.

Audit Opinion

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

- **The Property Unit should ensure that the Asbestos Policy and the latest Asbestos Management Plan is updated following the transfer of Gwynedd Council's housing stock to Cartrefi Cymunedol Gwynedd and changes to the Council's structure.**

SOCIAL SERVICES REVENUE CONTRACTS

Social Services

Purpose of the Audit

The purpose of the audit is to ensure that the tendering arrangements and monitoring of Social Services revenue contracts are in accordance with legislation and good practice.

Scope of the Audit

The audit encompasses the verification of tendering arrangements and monitoring a sample of recent Social Services revenue contracts. The sample includes the arrangements for inviting providers of home care to join the list of approved providers as well as checking a recent learning disabilities care contract awarded to an external provider.

Main Findings

It was found that the tendering arrangements and monitoring of Social Services revenue contracts were adequate, however it was seen that there is a risk of contracts being incorrectly awarded due to errors in evaluating contracts against the selection criteria.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Social Services Revenue Contracts 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 would be good practice if contract were to contain the need for a certificate that shows compliance with any standards, e.g. CSSIW or ISO 9000.**
- **The job title of individuals who sign contracts should be noted so that the agreement was been signed by a valid person from the contractors and an authorised Council officer.**
- **Calculations of criteria should be verified by two suitable officers, in order to ensure correctness.**
- **It should be ensured that tenders have been verified for correctness and completeness, including verification that all references do not come from Gwynedd Council officers.**
- **Invoices should be coded correctly to the Council's financial system.**

WINTER MAINTENANCE Highways and Municipal

Purpose of the Audit

The purpose of the audit is to review the strategy and service management programme for Winter Maintenance, ensuring that there are adequate controls in place in order to achieve the service's objectives.

Scope of the Audit

The report was drawn up by auditing the management records of the winter maintenance service.

Main Findings

Audit tests were conducted on 21 internal controls. The tests showed that good internal controls were in place in 16 of these areas. The main weaknesses that were seen during the audit was that it was not possible to give complete reliance on the system used for obtaining evidence of Gwynedd Council's gritting activities and the workers in the Highways Works Service were not always implementing the instructions of the Commissioning Service when spreading salt on Gwynedd roads.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the arrangements of the Winter Maintenance Service 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 information detailed in Gwynedd Council's and the North Wales Trunk Road Agency's Winter Service Implementation Plan with regards to machines and gritting vehicles that are available should be reconciled and corrected.**
- **Gwynedd Council should ensure that it amends the Winter Maintenance Operating Procedures to correspond with the North Wales Trunk Road Agency scheme as amended in October 2010.**
- **It should be ensured that complete gritting reports can be produced from the system that traces the history of all grit spreading activities.**
- **Drivers should be made aware of the importance of spreading grit at the rate decided upon by the relevant officers.**
- **Instructions regarding gritting start times should be adhered to by workers in the Highways Works Service.**
- **Area Engineers should perform random checks by obtaining "Detailed Gritting Reports" for gritting vehicles and follow the report contents back to the decision made.**

HIGHWAYS AND MUNICIPAL ON CALL AND ON DUTY ARRANGEMENTS

Highways and Municipal

Purpose of the Audit

To ensure that 'on call' and 'on duty' payments made by the Highways and Municipal Department are being administered correctly and in accordance with the Council's rules of work.

Scope of the Audit

To review a sample of 'on call' and 'on duty' payments made to some workers within the Highways and Municipal Department for the 2010/11 financial year, ensuring that there are robust procedures within the Department to justify the payment. Review the arrangements of the Highways and Municipal Department for the administration of 'on call' and 'on duty' arrangements.

Main Findings

The Highways and Municipal Department's on call and on duty service costs £150,000 per annum to maintain (2010/11 figures). This allows the Department to maintain a 24-hours a day service throughout the year. It was seen that some of the activities that are undertaken outside normal working hours are emergency works (such as gritting), but it could be reasoned that other works are less urgent (e.g. unblocking drains). There were instances where officers had received payment for being on call or on duty but where no calls had been received. However, it was also seen that there were a number of occasions where officers had been required to work unsocial hours when receiving the allowance. Although some of the Department's staff work voluntarily outside work hours (except for claims for overtime) it could be reasoned that paying employees for the inconvenience of being on call or on duty ensures service. There are robust arrangements in place within the Highways and Municipal Department in order to ensure service (e.g. rotas in place). However, there were weaknesses in payment arrangements and there is a need for the Department to collaborate with the Finance Department to resolve inconsistencies that were identified in order to reconcile and correct the procedures.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Highways and Municipal on call and on duty 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:

- **There should be consistency across the Highways and Municipal Department in the levels paid in recognition for being on call and on duty. From April 2011 the correct rates are £252.50 per week for being on duty and £151.50 per week for being on call.**
- **The Highways and Municipal Department should withdraw the home phone allowance from all officers who also have a mobile phone, but consideration should be given to requests from officers for a home phone allowance if the need for the facility can be justified. If payment of a phone allowance is decided upon there should be consistency in the pay level across the Department.**
- **Claims for on call and on duty subsistence should be prompt, especially at the end of a financial year, so that the payments are shown in the correct accounting period.**

RECONCILIATION OF PARKING AND FINE INCOME

Regulatory (Planning, Transportation and Public Protection)

Purpose of the Audit

The purpose of the audit is to ensure that internal controls are in place to reconcile and process the money that has been collected on behalf of the Council.

Scope of the Audit

The scope of the audit is to review the arrangements for reconciling the car park money that has been collected by a security company and parking fines that are processed by Denbighshire County Council.

Main Findings

Audit tests were undertaken on 18 internal controls and tests showed that good internal controls were in place in 7 of these areas. The main weaknesses that were seen during the audit were that arrangements were not in place in the Parking Unit to reconcile the income collected from pay-and-display machines, nor to monitor and verify that the machines were being emptied in accordance with the contract. It was also seen that Gwynedd Council had paid the collection company for services that had not been received. Also, the "ringfenced" income had not been coded to the correct account in the ledger.

Audit Opinion

(CH) The audit opinion is that assurance of financial propriety cannot be expressed in Reconciliation of Parking and Fine Income as acceptable internal controls are not in place. Losses / fraud resulting from these weaknesses were discovered

- **The Parking Unit should verify the contents of the schedules that are attached to invoices for correctness and the collection company should be informed immediately about any changes to the arrangements for collecting from the machines.**
- **The Parking Unit should use the "GCCP Reconciliation" reports received from the collection company to confirm that machines have been emptied promptly and to highlight any inconsistencies in the total amounts collected.**
- **In order to ensure consistency in monitoring the income from car parks, it should be ensured that the pay and display machines within the Snowdonia Green Key Initiative come under the supervision of the Parking Unit at the Town Hall, Bangor.**
- **The Environmental Group Finance Unit should receive a monthly report of cases where Parking Unit officers have cancelled parking fines. A sample of cancelled fines should be checked and an explanation and justification obtained for the reasons for cancelling the fines.**
- **The Environmental Group Finance Unit and the Parking Unit should reconcile the income that appears on the debt management system to the income that appears on the Council's ledger at the end of the financial year.**

PONT BRIWET PROJECT

Regulatory (Planning, Transportation and Public Protection)

Purpose of the Audit

The purpose of the audit was to ensure that Gwynedd Council has robust and adequate arrangements for undertaking upgrade work on Pont Briwet bridge.

Scope of the Audit

This review encompasses discussing the latest situation of the project with the relevant officers (May 2011) and assesses the Regulatory Department's arrangements under different headings for administering the project, in particular the conditions set by WEFO.

Main Findings

Since Gwynedd Council is the promoter of the project and is accountable for ERDF and TraCC grant funding, there are substantial risks - financial and reputational - to the Council from this project. The project is complex in terms of accounting and the dynamic of working in partnership, and the risks that are attached to constructing a new bridge structure. There is a need to ensure that administrative support arrangements are in place as soon as possible, and before work starts on the scheme, so that assurance can be given on the control environment. The establishment of robust arrangements to manage the grant is required in order to comply with the Council's Financial Procedure Rules that note (paragraph 24.2) that chief officers "must ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body, whether Gwynedd Council or a third party, are clearly understood".

Audit Opinion

The audit opinion is that assurance of financial propriety cannot be expressed in the Pont Briwet upgrading scheme 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:

- **Arrangements should be made, in co-operation with the Finance Department, to ensure that all project costs have been recorded (the costs of both Network Rail and Gwynedd Council) and that robust arrangements are in place to demonstrate who is financing elements of the work. This would ensure that payments of match-funding for the scheme can be identified (e.g. direct expenditure by Network Rail), as well as setting out controls for the identification of eligible and ineligible elements of the grant.**
- **A revenue budget should be established for the Pont Briwet scheme (as required by 24.2(c) of the Council's Financial Procedure Rules). Consideration should be given to advertising the post of Projects Co-ordinator so that the salary can be capitalised as part of the asset and in order to reclaim grant for the employment costs. Consideration should also be given to recovering the costs of other officers that are attached with the project, but officers who do not work full-time on the project would need to complete timesheets.**
- **It must be ensured that costs are not capitalised in contravention of capital accounting rules.**

SUSTAINABLE PROCUREMENT Strategic and Improvement

Purpose of the Audit

The purpose of the audit is to ensure that the greatest possible value is derived from Gwynedd Council's sustainable procurement policy.

Scope of the Audit

The audit verifies if the Procurement Unit has arrangements in place to measure the effect of the policy within Gwynedd Council and to ensure that targets and arrangements are in place for the future.

Main Findings

It was seen that the policy expresses that "Sustainable procurement is all about taking social, economic and environmental factors into consideration alongside financial factors in making these decisions. It involves looking beyond the traditional economic parameters and making decisions based on the whole life cost, the associated risks, measures of success and implications for society, the economy and the environment".

When the audit was conducted, compliance with the following objectives of the Sustainable Procurement Policy were tested:

1. Minimise our environmental impact through better selection and improved usage of goods, works and services.
2. Ensure that procurement activities are undertaken in such a way that all suppliers, including small and medium enterprises are encouraged to bid for council contracts;
3. Create an environment that provides opportunities to maximise the benefits arising from the inclusion and application of social criteria within procurement activities.
4. Ensure value for money assessments are based, where appropriate, on whole life costing and not just initial purchase price.

It was seen that the main findings derived from the audit is that the Unit does not have targets or a format to measure the effect and success of the Sustainable Procurement Policy as noted above. However, it can be seen that the service has a policy and clear and simple guidance in place in order to give support to other services within the Council.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Sustainable Procurement 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 ideas for publicising the policy should be implemented as soon as possible and before the end of September 2011.**
- **It is suggested that the Procurement Unit contacts directly the Heads of Department and Senior Managers of the services that are not complying with the Unit's Policies and Guidelines, e.g. on tenders worth over £500k, ensuring that these are understood and agree to comply in future.**
- **Services should contact the Procurement Unit in accordance with the policy.**
- **Arrangements should be in place in the service to measure the future effect of the policy.**