

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	17 NOVEMBER 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 OCTOBER 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 September 2011 to 31 October 2011.

2. WORK COMPLETED DURING THE PERIOD

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

Description	Number
Reports on Audits from the Operational Plan	18
Other Reports (memoranda etc)	1
Grant Reviews	2
Follow-up Audits	2

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

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 31 October 2011, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Primary Schools - Budgetary Control	Education	Schools	C	Appendix 1
Administration of Travel Costs	Corporate		B	Appendix 2
Benefits Investigation Unit	Finance	Audit and Risk	B	Appendix 3
Payments System - Arrangements for Separation of Duties	Finance	Financial	A	Appendix 4
Council Tax - Recovery and Enforcement	Finance	Revenue	B	Appendix 5
Non-Domestic Rates - Recovery and Enforcement	Finance	Revenue	B	Appendix 6
Council Residential Homes - Financial Arrangements	Provider and Leisure	Residential and Day	B	Appendix 7
Council Residential Homes - Security Arrangements	Provider and Leisure	Residential and Day	B	Appendix 8
The Coroner Service	Democracy and Legal	Registration	B	Appendix 9
Welsh Church Fund	Economy and Community	Community Regeneration	C	Appendix 10
Events	Economy and Community	Tourism, marketing and customer care	B	Appendix 11
Virtualisation	Customer Care	Information Technology	B	Appendix 12
Budget of the Adult Placement Scheme	Social Services	Across the department	A	Appendix 13
Children - Fostering	Social Services	Children and Families	A	Appendix 14
Tachographs and Diesel Security	Highways and Municipal	Fleet	B	Appendix 15
Collection of Data on Waste	Highways and Municipal	Waste Management and Streetscene	B	Appendix 16

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Food Hygiene, Health and Safety Inspection Programmes	Regulatory	Public Protection	C	Appendix 17
Property Services - Contractor Appointment	Gwynedd Consultancy	Buildings and Environmental	B	Appendix 18

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:

- **Integrated Children's System (Social Services).** The purpose of the Integrated Children's System was to introduce formal arrangements within local authorities to give assurance on the arrangement for protecting vulnerable children. ICS is built on the foundation of the Assessment Framework (2001) and the Child Protection Guidelines (2002 and 2008). A number of documents have been issued by both the Westminster and Wales Governments the define aspects of the ICS.
 - ICS 1a (WAGC 21/2005) to be implemented by 31/12/06.
 - ICS 1b (WAGC 37/2007) to be implemented by 31/12/08.
 - ICS 1c (WAGC23/2008) to be implemented by 30/04/10.

The 1c statutory guidance has now been withdrawn in England, but the statutory requirements have not yet been slackened in Wales, although local authorities have been awaiting similar direction from the Welsh Government since October 2010.

A progress report on the performance of the Social Services Department was presented to the Children and Young People's Scrutiny Committee on 30/11/10 that explained why the Council had not complied with ICS 1a, despite the original target being 31/12/06. In recognising the failure to implement 1a, it was explained that the ICS would not achieve its key targets for that period due to the more ambitious targets of ICS 1b and 1c that also need to be implemented. The situation with regards to resources and the pressure on the service as the number of referrals on children in care increases. As a result of the inquiry of the “Baby P” case, it was accepted that further changes are on the horizon in this area and that the ICS is expected to come to an end in its current form, although confirmation has not yet been received that the scheme is to come to an end in Wales. Therefore, as the ICS should continue, theoretically, until formal confirmation of its abolition has been received, audit assurance on the controls in place cannot be given as a large element of risk remains attached to it.

2.3 Grants

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

- Welsh Government Development Programme Extension for Thinking and Assessment for Learning Grant (*Education*)
- Public Convenience Grant Scheme 2010-11 (*Highways and Municipal*)

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
Bro Ffestiniog Swimming Pool	Provider and Leisure	Leisure	Unsatisfactory
Fire Risk Assessments	Customer Care	Property	Excellent

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 31 December 2011

Reconciliation of Parking and Fine Income
Updating the Website
Traffic Orders

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
Food Hygiene, Health and Safety Inspection Programmes

Completion Target: Quarter ending 30 September 2012

Primary Schools - Budgetary Control

Completion Target: Quarter ending 31 December 2012

Welsh Church Fund

3 WORK IN PROGRESS

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

3.2 Draft reports released

- School Uniform Grant (*Education*)
- Payments System - Certification and Coding Accuracy (*Finance*)
- Snowdonia Centre of Excellence Scheme (*Economy and Community*)
- Youth Justice Service (*Social Services*)
- Development Control - Delegated Decisions (*Regulatory*)

3.3 Work in progress

- North West Wales Education Consortium (*Education*)
- 14-19 Learning Pathways Grant (*Education*)
- Pilot Projects Relating to Behaviour and Attendance Grant (*Education*)
- Health and Safety - school trips (*Human Resources*)
- Former Housing Stock - Retention Monies (*Corporate*)
- NFI (National Fraud Initiative) (*Corporate*)
- Contract Management - Physical Regeneration in North Wales (*Corporate*)
- Contract Management - Ysgol yr Hendre (*Corporate*)
- Anti-Fraud Arrangements - CIPFA "Red Book" (*Corporate*)
- Sickness Recording and Management Arrangements (*Corporate*)
- Benefits - Free School Meals (*Finance*)
- Benefits - School Uniform Allowance (*Finance*)
- Main Accounting System (*Finance*)
- Payroll System - Manual Workers Monthly Salaries (*Finance*)
- Payments - Employment Status (*Finance*)
- Use of PDAs by Home Carers (*Provider and Leisure*)
- Control of Unofficial Funds (*Provider and Leisure*)
- Banking Arrangements in the Leisure Centres (*Provider and Leisure*)
- Gwynedd Museum and Gallery (*Economy and Community*)
- Lloyd George Museum (*Economy and Community*)
- Smallholdings (*Customer Care*)
- Social Services - Security of Files and Data (*Social Services*)
- Project Management, Social Services (*Social Services*)
- Social Services Complaints Procedure (*Social Services*)
- Follow-up - Traffic Orders (*Regulatory*)
- Use of Sub-contractors, Works Unit (*Highways and Municipal*)
- Environmental Enforcement Project (*Highways and Municipal*)

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 September 2011 to 31 October 2011, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

PRIMARY SCHOOLS - BUDGETARY CONTROL Education

Purpose of the Audit

To ensure that schools have appropriate budgetary control.

Scope of the Audit

To review the financial arrangements of Gwynedd's primary schools and to ensure that adequate internal controls exist. The transactions of the 2010-11 financial year were audited.

There are just over 100 primary schools in Gwynedd, and for this audit a sample of six schools was selected. Two schools from each area was chosen, and on the basis of their budget. Two schools with a small budget (less than £150,000), two with a medium-sized budget (between £150,000 and £250,000) and two schools with a high budget (more than £250,000) were selected.

Main Findings

Overall, it was found that adequate internal controls were not in place at the schools in managing their budgets. One significant weakness is a lack of appropriate arrangements for ordering where this is not possible on the e-procurement system. It was seen that a number of goods and services are ordered verbally where no record is kept to verify against the invoice. It is therefore not possible to ensure that the invoices are correct, and to reduce the risk of duplicate payments. In addition, it was seen that not every school has a Financial Management Policy that notes the Head's powers in terms of expenditure and budget virement. Where such a policy does exist, it is not always followed.

There was one occasion where the Head of a school had paid an invoice with their own personal money and had then reclaimed the money from the Council, without checking the invoice. This should not happen under any circumstances, and every invoice should be verified against the order before it is paid.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in Primary Schools - Budgetary Control 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 minutes of Governor meetings note clearly when any decision is made, whether accepting finance, accepting a document, or a decision giving the Head permission to spend or transfer budgets between headings. In addition, an electronic copy of school committee meetings should be sent to the SIMS Assistant.**
- **Every school should complete the balance report when there is an underspend of 5% or more of the budget, in accordance with the Financial Regulations for Schools with Delegated Budgets, which is signed by the Chair of Governors and the Head.**
- **The Head should present a budget monitoring report to the Finance Sub-Committee at least once a term (or to the Governing Body where there is no Finance Sub-Committee).**
- **The Governing Body should adopt the school's budget by 31st May each year, with this noted clearly in the minutes.**

ADMINISTRATION OF TRAVEL COSTS

Corporate

Purpose of the Audit

The purpose of the audit is to review the arrangements for administering travel costs across the Council to ensure efficiency and to avoid duplication of effort.

Scope of the Audit

In order to review the arrangements in place across the whole Council, a sample of travel claims from December 2010 and January 2011 was tailored to ensure a cross-section of claims from every department and each area.

Main Findings

It was seen that the document “Managing Travel – Guidance for Managers” had been established to give guidance to line managers on the expected procedures for auditing and certifying travel cost claim forms, but it does not direct line managers on the expected procedures with regards to processing the documents once the claim has been approved.

In our audit work, a number of claims were identified where duplication of work, and therefore inefficient processes, had been established when processing travelling claims for payment. In addition, there were some claims in our sample where line managers had not undertaken the expected procedures in accordance with the guidance in the document. Claims were seen where the administrative officers had undertaken duties on behalf of their line managers.

The auditors are of the opinion that the establishment of self-service arrangements is the long-term solution to reduce inefficiency by streamlining the process and to mitigate the risk of documents being lost. It is acknowledged that this is one consideration when scoping the requirements for a payroll and human resources integrated system. Until this is achieved, there are steps that can be taken to improve the current process.

Audit Opinion

(B) The audit opinion is that partial assurance of propriety can be expressed in the administration of travel costs as controls are in place, but instances were seen where excessive controls were in place, leading to duplication and inefficiency. The main recommendations of the report are as follows:

- **Guidance should be prepared and sent to line managers reminding them of the need to comply with the guidance in the document “Managing Travel – Guidance for Managers” when reviewing and certifying the travel cost claim forms of their officers.**
- **Directives on administering travel claims should be prepared and distributed to managers that includes the following guidance:**
 - **The documents do not need to be processed further once the claims have been authorised.**
 - **Officers should not receive their claim forms back once they have been checked and authorised.**
 - **Claim forms should be sent directly to the individuals who input them, wherever possible.**

BENEFITS INVESTIGATION UNIT

Finance

Purpose of the Audit

The purpose of the audit is to ensure that the Benefit Investigation Unit has acted in accordance with the arrangements for issuing administrative penalties to individuals for benefit fraud in an appropriate and correct manner.

Scope of the Audit

To select a sample of individual who have accepted an administrative penalty during the 2010-11 financial year and to review the files and arrangements for making the decision to issue an administrative penalty. To review the Unit's administrative and data protection arrangements.

Main Findings

It was seen that robust arrangements are in place for dealing with investigations. The cases selected in the sample of administrative penalties issued had been dealt with appropriately. It was seen that case files were comprehensive, i.e. there was sufficient evidence to prosecute, that appropriate arrangements had been followed, and there was compliance with legislation. It was seen that systems and been secured properly and that an audit trail exists, with the case notes being updated regularly. The sample audited showed that cases had been approved by an independent officer and the amount of the administrative penalty had been applied correctly by officers in the Income Unit. However, it was found that the Security and Anti-Fraud Strategy (Housing and Council Tax Benefit) was not current, reflecting the requirements of the Department of Work and Pensions, and there is a lack of suitable arrangements for declaring interests.

Audit Opinion

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

- **The guidance / policy as well as the Security and Anti-Fraud Strategy (Housing and Council Tax Benefit) should be reviewed and updated in order to ensure that they are current and in compliance with the Unit's procedures (i.e. DWP policy).**
- **The revised Security and Anti-Fraud Strategy (Housing and Council Tax Benefit) should draw attention to propriety of declaring interests in relation to both the Benefit Investigation Unit and the Benefits Unit.**

PAYMENTS SYSTEM - ARRANGEMENTS FOR SEPARATION OF DUTIES

Finance

Purpose of the Audit

The purpose of the audit is to ensure that appropriate arrangements and procedures are in place in order to establish proper separation of duties when paying creditors.

Scope of the Audit

To review the management and arrangements within the Payments Unit for the inputting, verification and releasing payment to creditors. The arrangements for processing payments within the Education and Provider & Leisure Departments were not included in the audit as these departments have different processes to the corporate arrangements.

Main Findings

During the audit work, the auditor observed that appropriate arrangements are in place within the Payments Unit for the processing of invoices, with duties separated between officers for the batching of invoices, inputting details, checking details and releasing payments to suppliers.

In addition, the auditor saw that there is a system in place to identify what duties have been performed by officers, with the need for officers to record what duties they have performed by recording on a mandatory form that is in place on every batch.

The auditor received evidence that showed that an arrangement is in place to control the access of Council officers to the payments module of the financial system. It was seen that no officer from outside the Payments Unit could input data, action changes nor authorise payments. In addition, it was seen that the access of officers from the Payments Unit to various screens within the payments module varied, and corresponded with the duties that they perform when processing invoices.

Audit Opinion

(A) The audit opinion is that assurance of financial propriety can be expressed in Payments System - Arrangements for Separation of Duties as the controls in place can be relied upon and have been adhered to.

COUNCIL TAX - RECOVERY AND ENFORCEMENT

Finance

Purpose of the Audit

The purpose of the audit is to ensure that appropriate arrangements are in place for the administration, enforcement and recovery of Council Tax, and that they comply with the Council Tax (Administration and Enforcement) Regulations 1992 and the Local Government Finance Act 1992.

Scope of the Audit

To review the Council Tax recovery arrangements by reviewing a sample of accounts that are in debt to ensure that the recovery arrangements have been performed appropriately and lawfully. To ensure that appropriate arrangements are in place to secure access and recovery records.

Main Findings

A sample of council tax debtor accounts where recovery action had been taken were audited and traced; i.e. a sample from the summons list. From the sample audited, it was seen that every case had been undertaken lawfully by the recovery officers. It appears that robust procedures are in place with regards to the collection and provision of appropriate evidence for court hearings, and that these are in accordance with legislative requirements for recovery proceedings. Following a request by the Council Tax service, the providers of the Council Tax system have established a programme for scoring risk against each account. It is understood that in the past, because of the amount of information in the Council Tax system, that it has not been possible to identify a status to allow targeting. Following this, the Senior Recovery Officer demonstrated that it is now possible to identify accounts with a high risk that are in debt, which can be prioritised by denoting a recovery status to them. This has been a valuable exercise to allow prompt recovery and to identify high-risk accounts that have not been recovered.

However, it was identified that there is a deficiency in data protection with regards to the arrangements with the bailiffs. In addition, the unit does not perform timely checks or reviews of the repayments through attachment of earnings because of resource prioritisation. It was also seen that there are no means to undertake reconciliation for attachment of earnings receipts.

Audit Opinion

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

- **Every e-mail sent to the bailif that contains personal information about taxpayers should be protected by enquiring with the IT Unit about data protection procedures, e.g. encryption.**
- **It should be ensured that the bailif company acts to the same requirements with regards to e-mail security, as well as ensuring that the bailif complies with part 1.21 of the Bailif Code of Conduct.**

NON-DOMESTIC RATES - RECOVERY AND ENFORCEMENT Finance

Purpose of the Audit

The purpose of the audit is to ensure that appropriate arrangements are in place for the administration, enforcement and recovery of non-domestic rates and that they comply with The Non-Domestic Rating (Collection and Enforcement) Regulations 1989 and the Local Government Finance Act 1988.

Scope of the Audit

To review the Council's non-domestic rates recovery arrangements. To audit a sample of accounts that have been subject to recovery arrangements to ensure that they have been performed appropriately and lawfully. To verify that the system is appropriate to secure and manage recovery arrangements, as well as enquiring about the performance of the unit in ensuring that recovery arrangements are being followed effectively.

Main Findings

It was seen that appropriate arrangements exist for the recovery of non-domestic rates debts. A sample of non-domestic rates for which a summons had been issued in 2010/11 was verified. From the sample it appeared that every case had been implemented promptly and it also appeared that robust procedures are in place with regards to the collection and provision of proper evidence for court hearings and that this has been done in accordance with legislative requirements pursuant to recovery proceedings.

A meeting was held with the bailif company to discuss repossession arrangements and dealing with recovery requests on behalf of the Council. A sample of non-domestic rates on the bailif's system was checked, and relevant documentation about recovered rates was received. It appeared that requests had been performed in accordance with the law and that the Council was aware of any steps taken. Further, it was seen from the sample checked that the bailifs have a system in place for inputting and sharing information with the Council. It was also seen that the Council has access to the system and can update it promptly with any information received from the debtor. However, it was discovered that the Unit had been sending personal data to the bailifs through unsecured email. Following the discovery, the Unit is advised to adopt controls over the sending of information to the bailifs via email, and also to ensure that the bailif secures any information sent back to the Council.

Audit Opinion

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

- **Every e-mail sent to the bailif that contains personal information about taxpayers should be protected by enquiring with the IT Unit about data protection procedures, e.g. encryption, passwords etc.**
- **It should be ensured that the bailif company acts to the same requirements with regards to e-mail security, as well as ensuring that the bailif complies with part 1.21 of the Bailif Code of Conduct.**

COUNCIL RESIDENTIAL HOMES - FINANCIAL ARRANGEMENTS Provider and Leisure

Purpose of the Audit

To ensure that the financial arrangements at the Council's Residential Homes are appropriate and in accordance with the Council's Financial Procedure Rules.

Scope of the Audit

To audit the main areas of expenditure and income according to the record in the ledger for the 2010/11 financial year and the start of 2011/12.

Main Findings

Robust examples of good practice were found within the financial arrangements of the Residential Homes. However, it appears that there were also examples of contraventions of the Council's administrative arrangements and, consequently, of the Financial Procedure Rules. As a result, appropriate steps should be taken to strengthen the arrangements within the area audited.

Audit Opinion

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

- **The managers of each individual home should check their budget regularly and attempt to discover the reasons for overspend so that lessons can be learnt, so that this can be avoided in future.**
- **Every effort should be made to keep within the financial budget by using the information from the accountant as a basis for making decisions on expenditure on different elements of the budget.**
- **Efforts should be made to discover, by consulting with Senior Managers and the accountants, the possibility of identifying areas to reduce costs at Plas Ogwen.**
- **The Council should raise an official order for every work, goods or services ordered, and when a verbal order is made due to urgency, a written confirmation order should be sent the same day or the following working day.**
- **Homes need to formalise the process of denoting who has permission to certify orders.**

COUNCIL RESIDENTIAL HOMES - SECURITY ARRANGEMENTS Provider and Leisure

Purpose of the Audit

To ensure that security arrangements at the Council's Residential Homes are appropriate.

Scope of the Audit

To audit the main security areas within the Homes, checking for compliance with the Council's guidance.

Main Findings

Examples of good practice were discovered in the security arrangements of Residential Homes. However, it appears that there are also examples of acting in contravention of the Council's security and property arrangements. As a result, steps should be taken to strengthen the arrangements in the areas audited.

Audit Opinion

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

- **There is a need to ensure that all items kept on behalf of residents are recorded on individual cards that have been signed by two members of staff, and also to ensure that service users and/or family or friends sign when a user arrives at a home. It would also be good practice to note on a resident's personal file when there is no property to protect.**
- **It would be good practice if a member of staff who is independent of the process were to verify residents' property cards to ensure that they are correct and current. This officer should sign and date the record to confirm that the check has been undertaken, and that the record is correct and current.**
- **It should be ensured that Hafod Mawddach and Plas Gwilym have an up-to-date inventory in accordance with the Financial Procedure Rules and that any recent acquisitions with a value of over £100 is noted on the inventory.**
- **The inventories should be checked and signed annually by an officer who is not responsible for keeping the record.**
- **To discourage theft, any desirable items should be marked as being Council property.**

THE CORONER SERVICE

Democracy and Legal

Purpose of the Audit

The purpose of the audit is to ensure that there are appropriate control procedures for the administration of the Coroner Service, and reimbursements due to the Council invoiced correctly.

Scope of the Audit

The scope of the audit is to review the transactions in the ledger for the 2010-11 financial year, including checking any invoices processed, the correctness and frequency of imprest account reimbursement claims, salary payments and income received from another authority.

Main Findings

Overall it was found that the administrative arrangements for the Coroner Service are operating adequately and that the Administrative Officer had established procedures to facilitate the processing of invoices. It was seen that the Coroner receives the maximum allowed to employ a deputy as expressed in the Coroners' Circular, despite not presenting claims to support the payments as required by the Circular. When this was highlighted by the auditor, they were informed that the Democracy and Legal Department are not willing to accept that the Coroner should present claims for the allowance; in this respect, they are unwilling to comply with the requirements of the Joint Negotiating Committee for Coroners

It was seen that many responsibilities fall on the Administrative Officer and it appears that the Coroner's Office does not perform appropriate verifications on the invoices before they are passed to Gwynedd Council to be processed. In addition, the Coroner's Officer are not administering the imprest account in accordance with the Council's Financial Procedure Rules, and it was seen that the reimbursements are occasionally made without supporting evidence.

Audit Opinion

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

- **Responsibilities should be clear with regards to verifying prices and details on invoices, i.e. whether this should be the responsibility of the Coroner's Office or Gwynedd Council.**
- **The appropriate boxes on the coding slip should be completed by an appropriate officer. Boxes should be signed to confirm that the good supplied or work undertaken is acceptable, that prices are correct and that the calculations are arithmetically correct. The current arrangements should be reviewed to reflect these requirements.**
- **The arrangement for receiving and processing invoices should be reviewed and the Coroner's office reminded of the importance of sending the documents to the Administrative Officer promptly. Failure on the part of the Coroner's office could reflect negatively on the Council if creditors are paid late, which could lead to interest charges on late payments.**
- **The agreement of the Head of Finance should be obtained if the Coroner's imprest reimbursement claims are to be presented less frequently than monthly, in accordance with the requirement in Financial Procedure Rule 16.16, which is part of the Council's Constitution.**

WELSH CHURCH FUND Economy and Community

Purpose of the Audit

The purpose of the audit is to verify that adequate internal control is in place in the process of administering the Welsh Church Fund.

Scope of the Audit

To review the arrangements within the department for administering the fund, ensuring that this is in accordance with the requirements and that any attached risks are being mitigated.

Main Findings

The Senior Cist Gwynedd Officer noted that she is aware that not many appropriate arrangements are in place for administering the Welsh Church Fund and that she is eager to change this and to ensure that it is being administered to the same standard as other funds. It was seen from the audit that the administrative procedures need to be tightened, such as having appropriate monitoring arrangements.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in the administration of the Welsh Church Fund 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:

- **More evidence should be obtained from societies and eisteddfodau (e.g. a bank statement) with the original claim.**
- **There should be formal arrangements for assessing requests for funding from the Welsh Church Fund.**
- **A record of the panel's decision should be kept on file, e.g. records of the meeting and a signed sheet.**
- **A letter should be sent to applicants to note whether or not their request has been successful.**
- **The terms and conditions that are produced from the database should refer to the Welsh Church Fund and not the Improvement Fund.**
- **A question should be added to the application form asking if the applicant is VAT registered.**
- **The VAT element should not be included when considering payments to applicants who are registered for a reimbursement of VAT.**
- **Monitoring arrangements should be established to ensure that those who have been awarded grants comply with the requirements of the terms and conditions. Consideration should also be given to reviewing the terms and conditions.**

EVENTS

Economy and Community

Purpose of the Audit

To review the arrangements of the Events function within the Marketing and Customer Care Unit in order to ensure that adequate internal controls exist for arranging substantial events.

Scope of the Audit

Events held during 2010/11 will be reviewed, ensuring that adequate internal controls are in place to mitigate risks. One of the largest events to be held during this period was the BBC Radio 1 “Big Weekend” that took place in May 2010; the Council had to play a key role in the arrangements.

Main Findings

It became apparent when undertaking this audit that the Events Team, together with other units within the Council had worked very hard to ensure that the Big Weekend event was held in Bangor and was a success. The Council had to collaborate not only with the BBC but also with other groups and establishments to ensure that the arrangements came together appropriately. It was seen that the number of visitors to the Council’s tourism website had increased significantly following the announcement of the location for 2010.

The main finding of the report was that the tendering process had not been followed correctly; the following errors were observed:

- Tenders had been returned to the Creative Enterprises Officers rather than the Head of Department.
- Tenders had not been returned in an appropriate unmarked envelope without indication of the sender.
- Correct procedures for opening tenders had not been followed.
- Three companies had been selected to tender without following a pre-qualification process.
- Tender had not been advertised on the Buy4Wales website.

Audit Opinion

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

- **If another event is arranged where there is an arrangement to collect income from other companies, it should be ensured that information is given by the company of what has been sold, e.g. serial numbers of tickets sold.**
- **When income is collected on behalf of the Council at an event, it should be ensured that the responsible officer signs the income collection sheets and that the receipt from the cash collection company is kept as evidence that the relevant bags have been collected.**

VIRTUALISATION Customer Care

Purpose of the Audit

The purpose of the audit was to review the implementation of the virtualisation project.

Scope of the Audit

The audit reviewed the implementation of the virtualised architecture, including aspects of disaster recovery, and the security considerations, including access privileges and patching.

Main Findings

The audit has concluded that the virtualisation project has been well implemented using industry standard hardware and software, and with the assistance of a well-known and experienced external partner. Some minor control and security issues were identified during the audit, but these are already being addressed by the IT department. None of the issues identified is considered to be a serious risk to the virtualisation project and all can be addressed at little or no cost.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Virtualisation 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 company should be asked to provide a technical opinion on this issue and to confirm that they have other clients with similar installations where direct conversion has been used without problems.**
- **Security on the ESX hosts should be brought up to the same standard as the Windows domain by any one of three methods.**
- **The company's maintenance account should be removed from Domain Admins and demoted to a standard Windows user account. The account should be disabled when not required.**
- **The logs within the virtualised infrastructure should be monitored for events.**

BUDGET OF THE ADULT PLACEMENT SCHEME

Social Services

Purpose of the Audit

The purpose of the audit is to verify the arrangements for managing the budgets of the Adult Placement Scheme, within both the Provider and Leisure and Social Services Department, in order to ensure that the arrangements mitigate the risks of financial loss to the Council as well as ensuring appropriate accountability.

Scope of the Audit

The audit encompasses the arrangements for managing and monitoring the budgets of the Adult Placement Scheme, by verifying the departments' expenditure and budgets for the 2011/12 financial year up to September 2011.

Main Findings

The main finding of the audit is that there is no additional material risks deriving from the Provider and Leisure Department's responsibility for the expenditure of the Adult Placement Scheme, which is a budget that is the responsibility of the Social Services Department. This is due to the fact that formal delegation arrangements have been followed, together with Social Services' monthly monitoring and reporting to officers of the department on expenditure against the budget.

Audit Opinion

- (A) The audit opinion is that assurance can be expressed in the controls that are in place for the budgetary control of the Adult Placement Scheme. There is one recommendation:**
- **Segregation of duties should be ensured when approving an invoice for payment.**

CHILDREN - FOSTERING Social Services

Purpose of the Audit

To ensure appropriate control within the Fostering Service.

Scope of the Audit

This audit follows a Care and Social Services Inspectorate Wales inspection report in 2010. The report contains recommendations and comments with regards to the service. As a result, this audit is based on these recommendations and on budgetary matters and payments within the Fostering Service.

Main Findings

Robust examples of good practice were found in the arrangements of the Fostering Service, with only minor suggestions as noted below.

Audit Opinion

(A) The audit opinion is that assurance of financial propriety can be expressed in Fostering service as the controls in place can be relied upon and have been adhered to. However, there are two recommendations:

- **It is suggested that the Administrative Assistants contact the Accountant to receive current reports on payment to Foster Parents on a regular basis.**
- **It should be ensured that claims for fostering allowances are stamped with the date on which they are received in the office, and they should be processed promptly.**

TACHOGRAPHS AND DIESEL SECURITY

Highways and Municipal

Purpose of the Audit

The purpose of the audit is to ensure that appropriate internal controls are in place within the Fleet Unit to mitigate the risks involved with the use of tachographs and fuel security

Scope of the Audit

To review the process of administering and using tachographs within Gwynedd Council vehicles and ensure that the Council has preventive and detective controls for protecting the fuel stock.

Main Findings

Audit tests were performed on 13 internal controls. The tests showed that good internal controls were in place in 5 of these areas. The main weaknesses observed during the audit was that the Fleet Unit does not use the TruTac system to its full potential in order to ensure that the drivers of Gwynedd Council's relevant vehicles comply with VOSA regulations.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Tachographs and Diesel Security 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 Fleet Unit should produce monthly reports on the use of fuel by each service that use fuel, encouraging them to check the reports to avoid misuse of fuel.**
- **The workshops should ensure that they forward certificates to the Fleet Unit as evidence that the tachograph of the relevant vehicle has been calibrated.**
- **The Fleet Manager should receive a monthly "Missing EDR/SDR" report from the TruTac system in order to ensure that Gwynedd Council's drivers are complying with VOSA requirements by presenting information from the tachograph.**
- **The "Graduated Penalties Summary" report should be used to highlight those drivers who are regular offenders so that additional training can be offered or demanded.**
- **The Fleet Manager should consider establishing an arrangement where reports are automatically sent to the Team Leaders.**
- **The training database should be maintained and kept updated.**

COLLECTION OF DATA ON WASTE Highways and Municipal

Purpose of the Audit

The purpose of the audit is to ensure the accuracy of performance indicators and waste collection data of the Highways and Municipal Department to ensure that indicators reflect a true and fair view of the area under consideration.

Scope of the Audit

The scope of the audit is to ensure that the performance indicators of Gwynedd Council's Waste Management Service have been correctly reported on the Ffynnon and Waste Data Flow systems and that there is adequate evidence to support the data. The main focus was on data for June 2011, which was being reported as part of the statistics for the first quarter of the year.

Main Findings

It was seen that the Waste Management and Commissioning Service have appropriate for collecting, collating and reporting on waste data. With the exception of a few errors, the data appeared to be correct. However, there are some risks in the arrangements, such as the dependence of the system on one officer, and the system was completely reliant on the robustness of the information and evidence that was being transferred to the officer by other parties in order to calculate the data, and errors and inconsistencies were found in this data.

Audit Opinion

- (B) The audit opinion is that partial assurance of propriety can be expressed in arrangements for collecting data on waste 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 Municipal Works Service should review their internal procedures in order to ensure that information on waste that is collected and reported upon is more reliable.**
 - **It would be advantageous if the Senior Waste/Recycling Officer were to undertake a periodic quality control audit of the Municipal Works Service's systems for collating data on waste.**

FOOD HYGIENE, HEALTH AND SAFETY INSPECTION PROGRAMMES

Regulatory

Purpose of the Audit

To ensure that the Public Protection Service's arrangements for preparing hygiene review programmes for food, health and safety are appropriate and in accordance with industry rules and standards.

Scope of the Audit

To review the service's arrangements for preparing, assessing, implementing and recording the results of hygiene review programmes for food and health & safety.

Main Findings

It was seen that the Service has an essential function for the protection of the health of the public in Gwynedd in relation to food, together with ensuring the businesses that trade in Gwynedd are complying with their health and safety responsibilities. The main findings of the audit were:

- Although the Flare system supports the officers within the Service in undertaking inspections there is a need to resolve issues within the system to strengthen it and make it more efficient, i.e. to configure it with the LLPG, ensure the accuracy of all the data, and end the dependency on one officer to administer the system.
- Not every food hygiene inspection and health and safety inspection is being completed within the review period following completion of a risk assessment on the business.

Audit Opinion

(C) The audit opinion is that assurance of propriety cannot be expressed in Food Hygiene, Health and Safety Inspection Programmes 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:

- **Steps should be taken to coordinate the business addresses on the Flare system with the Local Land and Property Gazetteer so that the names and addresses of businesses comply with BS7666 (2006) accreditation.**
- **A weekly report from Flare should be considered that highlights any programmed inspections on properties that have not yet been undertaken.**
- **It should be ensured that audits are programmed on businesses in compliance with the Food Law Code of Practice (Wales) 2008.**
- **The risk score of companies must be calculated correctly on Flare, so that the frequency category of food hygiene interventions are correct.**
- **It should be considered if the service needs a management structure. One of the advantages of this would be to ensure quality control over food hygiene and Health and Safety work.**
- **Business inspections should be programme in accordance with "Advice/Guidance to Local Authorities on Priority Planning (HELA)".**
- **Businesses should receive a Health and Safety audit in accordance with the set annual programme.**

PROPERTY SERVICES - CONTRACTOR APPOINTMENT

Gwynedd Consultancy

Purpose of the Audit

The purpose of the audit is to ensure that Gwynedd Consultancy have arrangements for effectively and transparently selecting contractors in order to ensure that they achieve their objectives of maintaining Gwynedd Council's property portfolio.

Scope of the Audit

The report will be drawn up by reviewing the arrangements for high-value contract purchases (over £50,000) and the arrangements for purchasing small works (works up to £50,000), ensuring that controls are in place for commissioning work from contractors in accordance with the Council's Contract Procedure Rules.

Main Findings

Tests were undertaken on 31 internal controls. The tests showed that good internal controls are in place in 12 of these areas. The main weaknesses that were observed during the audit was that it is not possible to give complete reliance of contractor appointment arrangements and that there is not full compliance with the Contract Procedure Rules. Vanguard are currently assisting with a "Systems Thinking" review of Gwynedd Council's property repairs and maintenance arrangements. The results of this review could influence some of the recommendations in this report.

Audit Opinion

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

- **Gwynedd Consultancy should review the cumulative value of work undertaken by contractors during a financial year to ensure that they are complying with the Council's Contract Procedure Rules and European Procurement Rules.**
- **The Property Unit should consider using the North Wales Collaborate Framework Agreement for the provision of Planned Schedule Minor Building Works or Buy4Wales in order to select contractors to undertake work on behalf of the Council.**
- **A financial assessment should be performed on all contractors before they are invited to tender for work.**
- **The Property Unit should ensure that contractors that have been invited to tender for work have been registered with CHAS or an equivalent.**