

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	22 NOVEMBER 2012
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF THE INTERNAL AUDIT SECTION FOR THE PERIOD TO 30 SEPTEMBER 2012
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 August 2012 to 30 September 2012.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following audit work was completed in the period to 30 September 2012:

Description	Number
Reports on Audits from the Operational Plan	14
Other Reports (memoranda etc)	2
Grant Reviews	5

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 30 September 2012, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Appointment of Management Consultants, Education Department	Education		B	Appendix 1
Supply Appointments	Education	Schools	B	Appendix 2
Administration of Car Loans	Human Resources	Support Unit	B	Appendix 3
Barclaycard Credit Cards	Corporate		B	Appendix 4
Debtors System - Review of Key Controls	Finance	Financial	A	Appendix 5
Payroll System - Deductions of Tax and National Insurance	Finance	Pensions and Payroll	A	Appendix 6
Payroll System - Parameters and Algorithms	Finance	Pensions and Payroll	A	Appendix 7
Supervision of Duty Managers	Provider and Leisure	Cleaning and Caretaking	B	Appendix 8
Protection from Legionella	Customer Care	Council Land and Property	B	Appendix 9
Client Assets Management Unit - Internet Banking	Social Services		A	Appendix 10
Brokerage Service	Social Services	Business	B	Appendix 11
Workshops - Health and Safety Supervision	Highways and Municipal	Fleet	B	Appendix 12
Appointment of Engineering Contractors	Gwynedd Consultancy	Engineering and Building Control	B	Appendix 13
Bridges	Gwynedd Consultancy	Engineering and Building Control	B	Appendix 14

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:

- **General IT Controls: Council Tax, Benefits and NNDR (Follow-up to WAO audit) (Finance).** The report *Accounts Audit - General IT Controls: Council Tax, Housing Benefits & Council Tax and National Non-Domestic Rates (NNDR)* published in August 2010, first came to the attention of Internal Audit in April 2012, via the Wales Audit Office, with a request to consider the recommendations and their implementation. It is understood that the original report had limited distribution. Four out of the seven recommendations were tested during this audit. The areas that are addressed by the other three recommendations, change management and service continuity, will be specifically addressed in audits from the Internal Audit Plan 2012/13 and therefore opinions on the outcomes of these recommendations will be expressed when reporting on the findings of these audits. Of the four recommendations that were tested, it was found that two had been implemented, one in the process of being achieved and one was not yet implemented.
- **Extra Care Housing (Social Services).** The Internal Audit Plan 2012/13 for Social Services includes the examination of the development of Extra Care Housing. It is seen that Cymdeithas Tai Clwyd and Gwynedd Council have identified shared objectives to provide accommodation in Extra Care Housing for older people. These houses include a variety of activities for the tenants and for non-residential persons. By September 2012 the Awel y Coleg Extra Care Housing has been built in Y Bala, and includes 23 units with two rooms, and 7 units with one room. We investigated the role of Gwynedd Council as part of this partnership with Cymdeithas Tai Clwyd and the duties attached to the agreement. Given the agreement that exists between Cymdeithas Tai Clwyd and Gwynedd Council, the conclusion is that there are no additional risks to the Council with this project beyond the normal risks involved with commissioning or providing care for older people.

2.3 Grants

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

- Appetite for Life Grant (*Education*)
- Community Focused Schools Childcare Allocation (*Education*)
- Wales Coastal Monitoring Centre Grant (*Regulatory*)
- National Framework for Animal Health and Welfare Grant (*Regulatory*)
- Local Transport Service Grant (*Regulatory*)

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 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 2012

Recruitment - Identity Checks
Joint Commissioning with BCULHB
IT Security in Schools

Completion Target: Quarter ending 31 March 2013

Licencing Unit
Information Security
Reducing Teacher Workload

3 WORK IN PROGRESS

3.1 The following work was in progress as at 1 October 2012.

3.2 Draft reports released

- Social Services Performance Measures - Accuracy of Core Data (*Social Services*)
- Functions within the Capital Expenditure Monitoring Process (*Strategic and Improvement*)

3.3 Work in progress

- Post-16 Education Grant (*Education*)
- Trunk Road Agency - invoices between councils (*North and Mid Wales Trunk Road Agency*)
- Recording and Managing Leave (*Corporate*)
- Workforce Planning (*Corporate*)
- NFI (National Fraud Initiative) (*Corporate*)
- Site Manager Functions (*Corporate*)
- Arrangements for Dealing with Correspondence (*Corporate*)
- Discretionary Benefits (*Finance*)
- Income collection at offices (*Finance*)
- Benefits System - Review of Key Controls (*Finance*)
- Control of Unofficial Funds (*Provider and Leisure*)
- Youth Clubs (*Economy and Community*)
- Contract Management - Blaenau Ffestiniog Regeneration (*Economy and Community*)
- Social Services - Implementing Savings (*Social Services*)
- Accommodation for Young Persons leaving care (*Social Services*)
- Commissioning Framework Standard 7 (*Social Services*)
- Social Services Contracting Arrangements (*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 August 2012 to 30 September 2012, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

**APPOINTMENT OF MANAGEMENT CONSULTANTS, EDUCATION
DEPARTMENT
Education**

Purpose of the Audit

To verify that consideration is given to the suitability of appointing management consultants by the Education Department rather than employing individuals on the payroll.

Scope of the Audit

Check a list of consultants that have been used by the Education Department and ensure that employment status checks have been made prior to appointment. Check also that appropriate procurement arrangements are in place for appointments.

Consultants were identified by extracting a report from the ledger identifying all invoices paid by the Education Department. The list was then examined to identify the names of individuals who potentially may be consultants, and had received over £5,000.

Main Findings

Only one case was seen where an individual had been appointed as a consultant. This person had retired from the Education Department. The relevant procurement processes had not been followed to appoint this person for the work. Although there is a rationale for appointing the individual, no work had been done to see whether another company or other relevant persons could have performed the work and therefore there was no means of ensuring best value for money for the Council. It is noted that personnel changes have occurred within the Department since the consultancy work was undertaken.

Audit Opinion

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

- **A record should be kept of the decision for appointing a self-employed consultant or placing them on the payroll.**
- **It must be ensured that the Council's Contract Procedure Rules are followed.**
- **Efforts should be made to try to pay invoices within 10 working days of receipt in accordance with the instructions of the Welsh Government.**

SUPPLY APPOINTMENTS

Education

Purpose of the Audit

Ensure that there are appropriate arrangements for the appointment of supply teachers that are accepted onto the approved list as well as ensuring that only teachers from the approved list are selected for supply work in schools.

Scope of the Audit

Check that there is appropriate supporting documentation for the supply teachers who are on the approved list as well as verifying the administrative arrangements pertaining to the process.

Main Findings

Generally good internal control were found to exist within the Education Department's Contracts and Salaries Unit, but there are some areas where it could tighten controls. It is understood that a new officer has been appointed during the year to undertake the duties of ensuring that CRB declarations are received prior to the commencement of supply teachers and that references are received. This will therefore help to mitigate the risk of any improper person working on their own with children and young people.

One of the key recommendations in this report is the requirement to repeat CRB checks in accordance with good practice, every three years. This will help to ensure that only appropriate teachers continue to be on the Council's supply list. Again, it is understood that discussions are ongoing about this.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the administration of supply appointments 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 references are received for individuals seeking to be on the list of supply teachers.**
- **It should be ensured that CRB statement is received for any supply teacher in a school before they start work.**
- **CRB checks should be renewed periodically.**
- **Guidelines for the appointment of supply teachers should be created and circulated to the Heads of the Authority's Schools.**
- **Relevant officers should attend the Council's Data Protection course.**

ADMINISTRATION OF CAR LOANS

Human Resources

Purpose of the Audit

The purpose of the audit is to ensure that the administration of applications for car loans complies with the Council's Financial Procedure Rules and Car Loan Scheme Procedures, and that the Council receives adequate documentation with applications as well as establishing agreement with the individual. In addition, ensure that appropriate arrangements are in place for reclaiming the loan.

Scope of the Audit

Select a sample of car loan applications and check that only authorised applications are processed. Check that applications were processed in accordance with the rules and verify if adequate documentation was received with applications. Confirm that the arrangements for calculating and reclaiming loans are adequate and comply with the rules and ensure that a contract is established for each loan.

Main Findings

Overall it was found that robust arrangements are in place for the administration of car loans. A standard application form is used for applications; an application form had been submitted and completed fully for each car loan in the sample. In addition, the Council has a standard agreement that is established between the Council and the applicant for a loan.

For each loan in the sample, it was found that the calculation is correct and the loan interest rate is used appropriately, and that the amounts of repayments were accurate and deducted monthly from the salaries of officers.

It was noted, however, that two different versions of the Car Loan Scheme Procedures appear on the Intranet.

An electronic system is used by the Human Resources Department for processing and administration of car loan applications and accurate and complete documentation in accordance with the scheme was found in the majority of the sample selected. However, some cases were identified where adequate evidence and documentation were not on file by the Support Services within Human Resources to ensure that the car loan complies with the regulations.

Audit Opinion

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

- **The intranet pages for Human Resources should be updated to ensure that only the current Car Loan Scheme Procedures appear.**
- **A checklist should be prepared of relevant documents that Support Services should receive with every application for a car loan, which is completed for each car loan application that is received.**

BARCLAYCARD CREDIT CARDS Corporate

Purpose of the Audit

The purpose of the audit was to ensure that appropriate controls exist for issuing credit cards to officers; any use of the cards complies with the Council's Financial Procedure Rules and that robust management procedures have been established.

Scope of the Audit

Review arrangements for issuing credit cards, and check that there is appropriate use of the cards and that there are appropriate arrangements for dealing with monthly statements by analysing the transactions for March 2012. Confirm that any expenditure made was valid and that there is adequate documentation to support all the transactions and that any expenditure has been coded correctly in the financial ledger. Review any policies / guidelines established to control the use of credit cards.

Main Findings

It was found that there is good control over credit cards within the Council, with a formal process having been established for officers applying for and receiving a credit card. It is necessary for credit card holders to sign a statement confirming that they accept the Council's Credit Card Regulations and that the safety of the credit card in their possession is their responsibility. In addition, there was evidence that the credit cards had been issued and approved by the Head of Finance in accordance with the Council's Financial Procedure Rules.

The Credit Cards Regulations document highlights what is expected for the management of credit cards, but they can be further strengthened by the inclusion of a clause stating the implications of misusing of the card, and how to ensure security on the card when ordering online. A number of credit card holders and administrators stated that they are having problems receiving a valid VAT receipt / invoice by some companies that had been paid by credit card. We found that every attempt is being made to try to obtain the relevant documentation.

The auditors' attention was drawn to a small number of transactions where spending appeared to be beyond the Council's policies. Since these transactions were not included in the sample for this audit, these issues will be addressed in a separate investigation.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the administration of Barclaycard credit cards 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 implications of misuse of the Council credit card should be added to the 'Credit Card Regulations', eg disciplinary proceedings.**
- **The Information Technology Service should be consulted so that a clause can be included in the 'Credit Card Regulations' detailing the security of credit card details when ordering online, eg SSL - Secure Socket Layer.**
- **To avoid duplication, Support Services should cease to complete an 'Official Order' but rather modify the 'Application to Use Credit Card' with the relevant additional information.**

DEBTORS SYSTEM - REVIEW OF KEY CONTROLS

Finance

Purpose of the Audit

The Code of Audit Practice of the Auditor General for Wales, April 2010, states that the external auditors, when carrying out their audit of the Council's accounts, will rely where possible on the work of Internal Audit (and others). As a result, the Joint Protocol between External Audit and Internal Audit, approved by the Audit Committee on 17 November 2011, states:

As part of their key role in reporting upon the adequacy of internal control, and providing a basis for the authority's Annual Governance Statement, which is required to be published with the Council's annual statement of accounts, it is expected that Internal Audit will test key controls of the Council's major financial systems on an annual basis

The debtors system is considered a "major financial system" in accordance with the Wales Audit Office's definition. The purpose of the audit is to ensure that the duty of raising customer invoices is designated to authorised officers and that the information that appears in the ledger is complete and correct, as well as ensuring that the income received is appropriately coded and that reconciliations are carried out on a regular basis. Also, ensure that appropriate arrangements are in place for recovery and write-offs with information provided to managers.

Scope of the Audit

Check which officers have the duty for raising and distributing invoices to customers by selecting a sample of invoices and verifying that the information appearing in the financial ledger is correct. Verify that any income the Council receives is posted in the ledger and that reconciliation is carried out regularly. Check if the recovery procedures are documented and that recovery monitoring takes place by checking if the write-off arrangements comply with the Financial Procedure Rules. Check that the monitoring of income against budgets take place.

Main Findings

The processes, procedures and segregation of duties were found to be in place for debt collection. Generally, the process of creating the debt is implemented by the relevant services, with recovery being implemented and co-ordinated by the Income Service. It was found that the Service has procedures in place to correspond with income debtors as well as the Legal Service and collection agencies. A sample of disputed debts from 2011/12 was reviewed and evidence was seen that the Income Service acts and records activity on both the operating system and in paper files. A sample of the debts had been written off during 2011/12 was reviewed and it was found that the actions have been taken and that authorisation for writing-off was in line with expectations.

Audit Opinion

- (A) The audit opinion is that assurance of financial propriety can be expressed in the Key Controls of the Debtors System as the controls in place can be relied upon and have been adhered to. However, one recommendation is offered:**
- **There should be a procedure of producing reports that highlight the debt in dispute periodically (eg monthly) as an attempt to ensure that no inappropriate items among them.**

PAYROLL SYSTEM - DEDUCTIONS OF TAX AND NATIONAL INSURANCE

Finance

Purpose of the Audit

The purpose of the audit is to ensure that tax and national insurance deductions paid by individuals through various payrolls are complete and accurate and that there are adequate procedures and controls over updating parameters and paying the deductions to third parties.

Scope of the Audit

Check the accuracy of system parameters and ensure that adequate separation of duties exists between the processes; select a sample of individuals and confirm that their tax and national insurance deductions are correct and ensure that the use of temporary tax and national insurance codes is within time limits and that the deductions are paid to a third party timely and correctly.

Main Findings

Measures were found to be in place by the Council to record the appropriate deductions for tax and national insurance. It was noted that the system is being used and supported by a supplier who is accredited by Her Majesty's Revenue and Customs.

It was noted that appropriate priority is given by the Payroll Service to ensure that national insurance rates and tax codes for staff are correct so that the deductions are appropriate. Deductions were reviewed for a sample of salaries across the of payrolls by comparing them to the expected amounts, and they were found to be correct. We found that appropriate processes and controls to ensure that the amounts transferred to Her Majesty's Revenue and Customs are correct and timely.

Audit Opinion

(A) The audit opinion is that assurance can be expressed in the financial propriety of deductions of tax and national insurance from the Payroll System as the controls in place can be relied upon and have been adhered to.

PAYROLL SYSTEM - PARAMETERS AND ALGORITHMS

Finance

Purpose of the Audit

The purpose of the audit is to ensure that the parameters of the Payroll System are updated appropriately and accurately to ensure the correct payment of salaries to employees of the Council, together with reviewing management arrangements over system algorithms including the processes to test and authorise any changes.

Scope of the Audit

The audit will include checking the accuracy of system parameters in order to ensure compliance with Her Majesty's Revenue and Customs requirements; confirm that adequate separation of duties exist between inputting processes and authorising amendments to parameters and algorithms as well as checking any relevant exception reports generated.

Main Findings

We found that the changes to statutory parameters, such as tax and National Insurance deductions, are incorporated within the year-end bulletin by the suppliers of the payroll system, which is accredited by Her Majesty's Revenue and Customs. It was noted that arrangements are in place within Payroll Services to check their accuracy.

Changes that apply only to Gwynedd Council, eg salary increases, are entered by Payroll Service management with a verification regime in place. Changes to the parameters are not identified in an exception report, however the limit on rights is a mitigation to ensure that there is control over adjustments to the parameters.

The main system parameters were reviewed by collecting printouts of applications and comparing them with information from independent sources, and were found to be correct. A random sample of salary payments was checked in order to ensure that the basic pay amounts, overtime and pension contributions matched what was expected. We found that every one in the sample was correct.

Audit Opinion

(A) The audit opinion is that assurance of financial propriety can be expressed in the parameters and algorithms of the Payroll System as the controls in place can be relied upon and have been adhered to.

SUPERVISION OF DUTY MANAGERS

Provider and Leisure

Purpose of the Audit

Ensure that robust arrangements are in place for the supervision of Leisure Centre Duty Managers.

Scope of the Audit

Check that the Duty Managers undertake their duties and carry out their functions in line with expectations. A sample of four leisure centres was audited - the sample contained Arfon Leisure Centre Leisure Centre (Caernarfon), Glan Wnion Leisure Centre (Dolgellau), Plas Silyn Leisure Centre (Penygroes) and Glaslyn Leisure Centre (Porthmadog).

Main Findings

Examples of good practice were seen in the supervision and control of the Duty Managers. However, we found that some supervision issues require further attention, which are ensuring that guidelines / policies have been produced to assist the Duty Managers with their work, and ensuring that arrangements for monitoring of web use are in place by the Managers as this is an area of high risk.

Audit Opinion

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

- **Another copy of their job description should be sent to the Duty Managers who have not signed and returned their job description to Human Resources, and it should be ensured that these are signed and returned to Human Resources as confirmation that the managers accept and understand their content.**
- **Guidelines detailing Duty Managers' duties should be produced by the Department.**
- **The Centre Manager should sign and date the monitoring sheets to show that they have been checked. In addition, random checks should be conducted to ensure that the standard of work is acceptable. The date on which this is done should be noted, and the form signed as confirmation.**
- **Managers should ensure that Leisure Centre Managers receive reports of use of the web on a regular basis eg weekly, and check them to ensure that no abuses occur. The reports should then be dated and signed as confirmation that the checks have been carried out.**
- **There should be a robust system in place by the department to ensure that that Managers are evaluated annually.**

PROTECTION FROM LEGIONELLA

Customer Care

Purpose of the Audit

The purpose of the audit is to ensure that the Council has adequate procedures in place for managing the risk of legionella and legionnaires disease at its establishments, and ensure that they comply with relevant legislation and Health and Safety Executive guidelines.

Scope of the Audit

Review procedures and the legionella and legionnaires disease risk management programme and check if risk assessments comply with the requirements of the HSE. Check if any risks that are identified receive appropriate attention and check that qualified officers are involved in the risk management of legionella and legionnaires disease.

The audit will not include site management responsibilities because the topic is addressed in the audit "Site Manager Functions" that is part of the 2012-13 Internal Audit plan.

Main Findings

It was identified that the Council has acted on the recommendations made following an investigation by the Health and Safety Unit in 2009 into the legionella event at Bangor Swimming Pool.

Due to delays in the appointment of a Building Safety Surveyor in the Property Unit, there was a delay in the tender process to appoint a qualified company to complete legionella risk assessments in establishments. However, the legionella risk assessment plan within Council establishments is now in place and is continuing, with the target of completing the plan in accordance with the original plan, with high risk establishments having already received a legionella risk assessment.

It was seen that Council establishments receive a standard risk assessment which complies with relevant legislation and recommendations are made to correct any deficiencies identified.

The Council is now providing Safe Site Management training for site managers that is part of the corporate training package.

The legionella risk assessment provides a recommended control system for establishments to control the risk of legionella, with arrangements in place for the Property Unit to complete this framework on high-risk Council establishments on a monthly basis. However, there are no arrangements in place to introduce the recommended management regime to all establishments.

The auditor received a spreadsheet from the Regulatory Department of cooling towers and evaporative condensers that are present within the authority boundaries. This is required by The Notification of Cooling Towers and Evaporative Condensers Regulations 1992.

Audit Opinion

(B) The audit opinion is that partial assurance of propriety can be expressed in the administration of arrangements to protect from Legionella 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 Surveyor Building Safety and Building Safety Manager should undertake the appraisal process and complete form H4 to ensure that their qualifications have been recorded on the Council's corporate training database.**
- **Certificates should be received annually from the insurance provider to verify that the insurance policy is adequate and in line with the requirements of the agreement.**

CLIENT ASSETS MANAGEMENT UNIT - INTERNET BANKING Social Services

Purpose of the Audit

The purpose of the audit is to review the measures and arrangements in relation to the internet banking system to ensure that the internal controls are robust.

Scope of the Audit

Review the security arrangements of the system in terms of technology, access and authorised activities. Ensure that the Client Asset Management Unit complies with guidelines and the bank's terms and conditions for using the internet banking system. To ensure that no unauthorised officer has access to the internet banking system and that a robust system is in place for authorising transfers. To ensure that a robust system for monitoring client accounts exist to ensure that the bank accounts are kept current.

Main Findings

Strong controls were found to be in place by the Client Asset Management Unit for the internet banking system. The use of the banking system was seen to be safe in terms of technology. Proper administrative arrangements were found for all user aspects of the electronic banking system; specific rights have been allocated for each user of the system. Measures are in place in the event of the failure of the internet banking system.

Audit Opinion

(A) The audit opinion is that assurance of propriety can be expressed in the Client Assets Management Unit's arrangements for internet banking as the controls in place can be relied upon and have been adhered to.

BROKERAGE SERVICE

Social Services

Purpose of the Audit

Ensure that controls are in place in the Brokerage Service to ensure the appropriateness of arrangements when choosing home care providers on behalf of the Authority.

Scope of the Audit

Check that the Brokerage Service complies with their guidelines / policies and check if users of the plan receive an acceptable standard of care.

Main Findings

Examples of good practice and controls were seen within the Brokerage Service. However, there are some issues within the service that require further attention, namely ensuring that service guidelines are approved, that clear arrangements are in place for relief in the event of absences, and a firm and clear process for closing cases. Because of this, appropriate measures 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 Brokerage 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 Brokerage Team should present the guidelines to the Commissioning Manager for approval.**
- **A record should be kept that the Brokerage Officers have read and understood the Brokerage Service guidelines, once it has been approved.**
- **The Brokerage Service guidelines should clearly state the procedures to be followed in order to complete the duties of the officers if they were to be absent concurrently.**
- **Social workers should make every effort to use the traffic light system appropriately when sending requests to the Brokerage Service.**
- **Sending an e-mail to the Senior Management Service Provider should be considered in order to ensure that they present the appropriate information regularly to the Brokerage Service.**
- **It is suggested that e-mails are sent to Social Workers to remind them to notify the Brokerage Service when cases need to be closed.**
- **The process of closing cases should be added to the guidelines with information being circulated to the relevant officers.**

WORKSHOPS - HEALTH AND SAFETY SUPERVISION

Highways and Municipal

Purpose of the Audit

The purpose of the audit is to ensure that workers in the workshops of the Highways and Municipal Department comply with Health and Safety legislation and act in accordance with Council Policy and Guidelines.

Scope of the Audit

The audit encompasses visiting the Highways and Municipal Department workshops to verify their Health and Safety procedures and ensure that employees are aware of, and familiar with, the Health and Safety policy and procedures of the Council.

Main Findings

Tests were undertaken on 18 internal controls. The tests showed that good internal controls were present in 10 of these areas. The main issue to note seen during the audit was that there was no evidence that the Fleet Unit nor Health and Safety Unit have arrangements in place to follow up any shortcomings highlighted in the tools / equipment when audited by external companies.

Audit Opinion

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

- **Ensure that the workers' courses / training are updated and kept current.**
- **Ensure that the fire extinguishers are visible and have easy access to them.**
- **Waste containers should be emptied regularly to ensure they do not over fill.**
- **If an accident has occurred as a result of an employee not following the approved steps in the risk assessment this should be brought to the attention of the employee.**
- **Arrangements should be in place to ensure that any defect in tools / equipment exposed in any report received as a result of an independent investigation receives prompt attention.**
- **Records of any tools / equipment that are old or broken and have been disposed by the workshops should be sent to the Fleet Manager.**
- **Employees who have been designated as First Aid officers should receive full training every 3 years with refresher training every year.**
- **It should be ensured that the Administrative Officers' register is kept current with the latest details of workers' training.**

APPOINTMENT OF ENGINEERING CONTRACTORS Gwynedd Consultancy

Purpose of the Audit

Purpose of the audit is to ensure that the selection procedure of Gwynedd Consultancy for engineering contractors is effective and transparent.

Scope of the Audit

The report is compiled by looking at the purchasing arrangements for high-value contracts (over £50,000) and the arrangements for purchasing small works (works up to £50,000) ensuring that controls are in place for commissioning the work to contractors in accordance with the Council's Contract Procedure Rules.

Main Findings

Audit tests were undertaken on 16 internal controls. The tests showed that good internal controls were present in 10 of these areas. The main weaknesses found during the audit was that the Roads and Procurement Unit did not always comply with the Council's Contract Procedure Rules in appointing contractors for works between £5,000 and £49,999 and over £50,000.

Audit Opinion

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

- **Project Managers should contact the Business Development Manager when there is a requirement for inviting contractors to tender for work with an estimated price of £50,000 or less so that contractors are select from the approved list.**
- **Project Managers should notify the Business Development Manager of the details of the tenders received together with details of the successful tender.**
- **There should be evidence available to confirm that the Council's Contract Procedure Rules are followed when appointing contractors.**
- **There should be confirmation on the project file to show that all contractors have received a complete tender. This is one of the steps that is suggested to prevent fraud between individual officers and contractors.**
- **Contract Procedure Rules should be complied with when evaluating tenders received for projects with an estimated value of £ 50,000 or more.**
- **The Business Development Managers should design a key performance measure questionnaire that is suitable for maintaining the approved list of contractors.**
- **At the end of the project the Business Development Manager and relevant Project Manager should meet to discuss the contents of the key performance measure questionnaire on the performance of the contractor.**

BRIDGES

Gwynedd Consultancy

Purpose of the Audit

The purpose of the audit is to ensure that Gwynedd Consultancy has an Asset Register for the bridges on the road network and that the arrangement for the selection of contractors for maintenance of bridges is effective and transparent.

Scope of the Audit

The report is compiled by examining the procedures for managing and maintaining the asset register and how the Structures Unit purchases high value contracts (over £50,000) and the arrangements for purchasing small works (works up to £50,000), by ensuring that controls are in place for commissioning the work to contractors in accordance with the Council's Contract Procedure Rules.

Main Findings

Robust controls were found to be in place in the Structures Unit for bridges. An Asset Register was found to be in existence for bridges in Gwynedd; the register was seen to be comprehensive, but there is a need to ensure that it is current. An effective procedure was in place for the selection of contractors, but errors were found in this process. Because of this, appropriate steps should be taken to strengthen controls in place at present within the Structures Unit.

Audit Opinion

(B) The audit opinion is that partial assurance of propriety can be expressed with regards to Bridges 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 all information about the bridges is transferred to the BridgeStation system as soon as possible to ensure that full information for each bridge will be included in the system.**
- **The Structures Unit should include adequate justification and explanation in the folders to explain why the contractor has been selected for the project.**
- **The Structures Unit should ensure that it receives quotations from contractors for all work that is selected outside the Framework; a quotation should be received for any work including emergency work.**
- **Currently there are no arrangements for the rotation of contractors. It would be good practice if the Structures Unit were to keep a record of how much work it has appointed for all contractors to ensure that no company receives inappropriate preference.**
- **A record should be kept in the projects folder on how contractors were selected to be invited to quote. In accordance with Contract Procedure Rules records should be kept of who awarded them the contract, and the reasons why (the lowest price or best value proposal to the Council and why), so that that best value and integrity of the process can be demonstrated.**