

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	29 JANUARY 2013
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF THE INTERNAL AUDIT SECTION FOR THE PERIOD TO 31 DECEMBER 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 October 2012 to 31 December 2012.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following audit work was completed in the period to 31 December 2012:

Description	Number
Reports on Audits from the Operational Plan	16
Other Reports (memoranda etc)	2
Grant Reviews	1
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 December 2012, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Primary Schools - Information Security	Education	Schools	B	Appendix 1
Recording and Managing Leave	Corporate		C	Appendix 2
Administration of Invoices before passing to the Payments Unit	Corporate		C	Appendix 3
Site Manager Functions	Corporate		B	Appendix 4
Arrangements for Dealing with Correspondence	Corporate		C	Appendix 5
Main Accounting System - Upgrade Project	Finance	Accountancy	A	Appendix 6
Income collection at offices	Finance	Revenue	B	Appendix 7
Contract Management - Blaenau Ffestiniog Regeneration	Economy and Community	Community Regeneration	B	Appendix 8
Youth Clubs	Economy and Community	Youth	B	Appendix 9
Backups and Service Continuity	Customer Care	Information Technology	C	Appendix 10
Social Services - Implementing Savings	Social Services		B	Appendix 11
Social Services Performance Measures - Accuracy of Core Data	Social Services		C	Appendix 12
Street Cleaning	Highways and Municipal	Municipal Works	B	Appendix 13
Works - A55 Contract	Highways and Municipal	Highways Works	A	Appendix 14
GwyrAD Scheme	Highways and Municipal	Waste Management and Streetscene	B	Appendix 15
Members' IT arrangements	Strategic and Improvement	Democracy	C	Appendix 16

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:

- **Standard 7 of the Commissioning Framework** (*Social Services*). Standard 7 of the statutory framework states that the Council needs to have "ensured that its Financial and Contract Standing Orders allow social care commissioners to be efficient and effective in developing the local social care market". Consideration was given to the statutory requirements of Standard 7 when preparing for a review of the Financial Procedure Rules.
- **Inclement Weather Policy** (*Customer Care*). As part of wider work on the Corporate Risk Management system, particular attention was given to the Inclement Weather Policy, taking into account the mitigation measures offered with regards to Service Continuity Risks, Risks to staff Safety, Health and Welfare and the risk that individuals could abuse the right to special leave at times of severe weather. Internal Audit supports the Service Continuity During Bad Weather Policy as a means of ensuring clear and unambiguous arrangements for officers. As only a year has passed since the adoption of the Policy, and as the Management Group has reiterated its support for the policy in December 2012, Internal Audit accepts that the Policy will not be updated in the near future. However, some modifications suggested by the Internal Audit would be beneficial for consideration when the policy is being reviewed.

2.3 Grants

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

- Post-16 Education Grant (*Education*)

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
Coastal Defence Contractor Selection	Gwynedd Consultancy		Acceptable
IT Security in Schools	Education	Schools	Acceptable

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

Excellent – all recommendations implemented as expected.

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

Unsatisfactory – several recommendations not implemented.

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

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

Completion Target: Quarter ending 31 December 2012

Recruitment - Identity Checks
Joint Commissioning with BCULHB

Completion Target: Quarter ending 31 March 2013

Licensing Unit
Information Security
Reducing Teacher Workload

Completion Target: Quarter ending 30 June 2013

Social Services Performance Measures - Accuracy of Core Data
Administration of Invoices before passing to the Payments
Backups and Service Continuity
Arrangements for Dealing with Correspondence

Completion Target: Quarter ending 30 September 2013

Members' IT arrangements
Recording and Managing Leave

3 WORK IN PROGRESS

3.1 The following work was in progress as at 1 January 2013.

3.2 Draft reports released

- Social Services Contracting Arrangements (*Social Services*)
- Equipment with Former Members (*Strategic and Improvement*)
- Functions within the Capital Expenditure Monitoring Process (*Strategic and Improvement*)

3.3 Work in progress

- Trunk Road Agency - invoices between councils (*North and Mid Wales Trunk Road Agency*)
- Workforce Planning (*Corporate*)
- Outcome Agreement (*Corporate*)
- Staff CRB Checks (*Corporate*)
- NFI (National Fraud Initiative) (*Corporate*)
- Discretionary Benefits (*Finance*)
- Use of Honoraria (*Finance*)
- Consultancy Work - Finance Department Intranet Site (*Finance*)
- Corporate Risk Management (*Finance*)
- Benefits System - Review of Key Controls (*Finance*)
- Paye.net System (*Finance*)
- Genesis Scheme (*Economy and Community*)
- Evaluation of the Social Media Pilot (*Customer Care*)
- Contract Management - Bro Dysynni Area School (*Customer Care*)
- Accommodation for Young Persons leaving care (*Social Services*)
- TraCC Partnership (*Regulatory*)
- Pont Briwet Project (*Regulatory*)

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 October 2012 to 31 December 2012, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

PRIMARY SCHOOLS - INFORMATION SECURITY Education

Purpose of the Audit

The purpose of the audit is to ensure that Primary Schools comply with the Data Protection Act and that Heads, Teachers, School Governors and Support Staff are aware of their responsibilities regarding the processing, storage, security and disposal of information, in particular sensitive personal data.

Scope of the Audit

A sample of Primary Schools in Gwynedd was chosen. We visited the schools to carry out checks to ensure they comply with the main principles of the Data Protection Act.

Main Findings

The main findings arising from the audit were that there were good overall arrangements for the protection of personal information in the schools, but some controls need tightening. Schools need to ensure that they are re-register with the Information Commissioner annually. It is necessary that no personal data is transported from the school on a memory stick without encryption of the memory stick.

Audit Opinion

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

- **Ideally, the Education Department would produce a template for Primary Schools detailing the type of 'Data Protection' document they expect to see in a Primary School.**
- **It should be ensured that appropriate training is available on the Data Protection Act and the Freedom of Information Act for new Heads as well as any others heads who wish to attend such training.**
- **Consideration should be given to holding courses for Governors on the Data Protection Act and the Freedom of Information Act.**
- **At the beginning of each Autumn term, every school should send out a privacy notice detailing what the school intends to do with the personal information they collect.**
- **Guidance should be provided for schools on how to prepare an emergency plan to manage the impact of any incident where personal information may be disclosed contrary to the Act.**

RECORDING AND MANAGING LEAVE Corporate

Purpose of the Audit

The purpose of the audit was to ensure that officers' annual leave has been allocated correctly and in accordance with the Council's Conditions of Service and the National Conditions of Service. Check that annual leave has been properly approved by managers / supervisors and that an adequate record of the holidays is held in an appropriate and safe manner. In addition, ensure that holidays due are transferred accurately at the end of the leave year and that any transfer has been approved and recorded.

Scope of the Audit

A sample of units / services / establishments from a cross-section of all Council departments was selected covering full-time staff, part-time, seasonal, casual etc. in order to establish that officers have received the correct days / hours of annual leave in accordance with Council's Conditions of Service. Teachers and classroom assistants were excluded from the audit because they receive standard holidays, and catering and cleaning staff schools because they get paid the average salary.

Main Findings

Good practice was found in several departments, and that the Human Resources Department has prepared guidelines on annual leave entitlement, available on the intranet. In addition, the former Provider and Leisure Department had prepared a handbook which contains the procedures and formulas for calculating holiday entitlement for different types of staff working within the Department.

It was further noted:

- All managers (except one) are aware of the correct number of days of annual leave to be granted.
- It was verified as far as possible, that the total recorded holidays correlate with that recorded in the work contract, but arrangements for preparing holiday cards varies across the Council.
- In general no line managers / supervisors allow workers to transfer holidays except in special circumstances or following a period of long term sickness. However, one exception was discovered where 90 days leave had accrued over several years and carried from one year to the next.
- We found that most departments use a holiday card to record and approve annual leave, but a standard leave card is not used, with some continuing to use the cards of the former directorates and Gwynedd Commercial Services.

Audit Opinion

(C) The audit opinion is that assurance of propriety cannot be expressed in Recording and Managing Leave 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:

- **Managers and employees under their supervision should be aware of the need to use an appropriate card to record their annual leave absences.**
- **Consideration should be given to designing a standard procedure (whether electronic or card-based) for recording absences including annual leave, sickness etc, and present the system as a corporate solution (unless there is a strong business case to suggest otherwise).**
- **That annual leave absences are being recorded should be ensured by holding random tests on a regular basis.**

ADMINISTRATION OF INVOICES BEFORE PASSING TO THE PAYMENTS UNIT Corporate

Purpose of the Audit

The purpose of the audit was to review the appropriateness and effectiveness of the use of the invoice tracking system.

Scope of the Audit

The audit included a review of the invoice tracking system which is a module within the corporate correspondence tracking system. The audit did not include a review of the Payments Unit's arrangements and processes, or the payments module within the main accounting system.

Main Findings

It was found that the invoice tracking system has been constructed and developed with various options to generate reports about the invoices that have been recorded on it, including the number of processing days, number of invoices per department and details of invoices that have not been certified. A number of boxes need to be filled in by users to get the information needed to create meaningful and useful reports for monitoring purposes.

However, it was seen that no use is made of these functions since there is no formal procedure in place to monitor invoices. As a proportion of all invoices paid, only a very low percentage is recorded in the invoice tracking system. The use that is being made of the invoice tracking system is to create invoice batch header sheets (TR257) for invoices that are ready to be transferred to the process of creating a payment. In addition, the system is used to produce the statistic of the number of days it takes to process an invoice in order to report on performance measurement, although this is not necessarily representative of the Council's invoices since only a low proportion is tracked. There is a need to modify the measure in place as it does not match the Gwynedd Economic Recovery Action Plan.

When considering the use of the system to track invoices, it appears that unnecessary data is recorded, and if there are no plans to use it in the future, there is no value in recording it.

In reviewing the timeliness of the payment of invoices that have been entered in the invoice tracking system, it is seen that they have on the whole been paid on time. Since the system does not itself add efficiency or punctuality measures, it is likely that this result is based on the invoice processing procedures specific services that use it.

Audit Opinion

(C) The audit opinion is that assurance of propriety cannot be expressed in the efficiency of the invoice tracking arrangements before they are passed to the Payments Unit 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:

- **The performance target for the number of days to process invoices should be reviewed by either abolished it or reducing it to a reasonable number of days which would enable the Council to pay invoices within 10 working days in accordance with the Action Plan to Respond to the Recession.**
- **The current use of the invoice tracking system and any plans for it for the near future should be reviewed, and if there is no intention to use them for any further facet other than to create batch header sheets, the unnecessary collection and recording of information on the system should be terminated.**

SITE MANAGER FUNCTIONS Corporate

Purpose of the Audit

The purpose of the audit was to ensure that Site Managers are aware of their duties in respect of the Council's Fire Management, Asbestos and Legionella Plan and that Site Managers undertake their duties properly. These duties include the responsibility to obtain permission from the Property Unit or Consultancy Department prior to any work taking place and to ensure contact with the contractors by providing an introduction to the building and to inform them of any asbestos risks.

Scope of the Audit

A sample of 13 Council establishments was selected, and were checked that Site Managers had been designated who have received appropriate training and are aware of their duties in relation to fire safety, asbestos and legionella. It was verified that fire safety, asbestos and legionella tests are completed regularly, with adequate records kept.

Main Findings

It was found that internal control arrangements are in place, but there may be some weakness in following the guidelines or procedures introduced. The biggest weakness was that educational establishments do not undertake water hygiene tasks during the school holidays. These tasks need to be completed on water sources that are not often used to mitigate the risk of growth of Legionnaires' disease bacterium. This means therefore that the tasks should be completed during the school holidays.

It was also found that there is a lack of a generic Emergency Evacuation Plan in establishments that are open to the public eg leisure centres, libraries. One needs to be created so that a scheme exists that sets out how to ensure that everyone, including members of the public with disabilities, leave the building safely and effectively in an emergency.

A member of staff from each establishment have attended the Safe Site Management course and as a result have received a copy of the relevant documents and policies to be retained, though not all policies are included in the blue box. Information was also received from site managers that the Health, Safety and Welfare Advisors are ready to visit assist them with their health and safety arrangements.

An example of good practice was seen in one school where the Caretaker in Charge was responsible for completing safety tests. To ensure that all tasks are completed, a weekly checklist has been produced which sets out all the tasks to be completed.

Audit Opinion

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

- **Relevant officials i.e. fire marshals and fire co-ordinators, should receive fire training periodically. In addition, this should be recorded in the Fire Log Book. Also, consideration should be given to holding Safe Site Management refresher courses.**
- **Site Managers should ensure that policies and guidelines are present in the blue box as well as ensuring that they are current.**
- **A record should be kept when water hygiene tasks are completed.**

ARRANGEMENTS FOR DEALING WITH CORRESPONDENCE**Corporate**Purpose of the Audit

The purpose of the audit was to review the arrangements in place across the Council for ensuring that each item of correspondence from an external source is treated properly, and to ensure that the response is sent in a timely manner, if applicable. This work stems from a report submitted to the Management Group in December 2011 by the Head of Customer Care raising concerns about the arrangements for responding to correspondence when it was decided to undertake work to better understand the nature of the problem.

Scope of the Audit

The audit included a review of measures for recording and managing paper and electronic correspondence across all Council services, including a review of the correspondence tracking system that has been established by the Customer Care Department.

Main Findings

Significant weaknesses were found with regards to the correspondence tracking database. Some of the major weaknesses had been identified in the last review conducted in 2006/07 and include a lack of audit trail, specifically the ability to delete or edit track details with no track record or log being created. We found that complaints are recorded in the database despite the specific indicator box not having been selected. It was also seen that any user can see details of complaints when using the search facility and that sensitive details are contained in the information recorded. We found that problems exist in terms of what is being recorded and tracked, there is failure to distinguish between what should be tracked or not, and the ability to change track status, eg removing the "track" to improve apparent performance. We found that internal correspondence is recorded by some while some external establishments comply with the Letter Response Policy but did not log them because they were not aware of the system.

The arrangements for electronic enquiries are operating satisfactorily - these enquiries are received at Galw Gwynedd and it was seen that suitable arrangements exist for either responding directly to a query or be referred to the relevant service.

In short, the Council's performance reports and statistics are not accurate and reliable because there is no control over what is being recorded and officers may take steps to skew statistics because of the deficiencies that exist in the system.

Audit Opinion

(C) The audit opinion is that assurance of propriety cannot be expressed in the arrangements for dealing with correspondence 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:

- **Officers across the Council should be reminded (via an arrangement such as Internal Communications) about the importance of responding to external correspondence in accordance with the Letter Response Policy. Only external correspondence needs to be tracked and there is no need to waste resources entering details of internal correspondence which can have an impact on the Council's performance indicators for responding to letters.**
- **Performance reporting on responses to external letters should be evaluated because despite the fact that the performance is good, it is not a true reflection of the real situation because of the variation in what is being tracked, items are removed from the system and no consideration is given to correspondence received by e-mail to officers directly.**

MAIN ACCOUNTING SYSTEM - UPGRADE PROJECT

Finance

Purpose of the Audit

The purpose of the audit is to ensure that the upgrade of the main financial system in the summer of 2012 has been completed in a successful and appropriate manner.

Scope of the Audit

Project documents, including the monitoring and testing work and risk management, were reviewed along with measures for contacting system users.

Main Findings

We found that the upgrade of the accounting system has been carried out successfully, within the revised schedule and authorised budget. It was noted that the principles of formal project management methodology have been accomplished as part of the activities, with roles defined and specific actions achieved. Evidence was received of briefing documents and monitoring as well as testing the success and accuracy of the upgrade. We found that users have received guidance on how the upgrade has affected them.

Audit Opinion

- (A) The audit opinion is that assurance of financial propriety can be expressed in the arrangements of the project to upgrade the Main Accounting System as the controls in place can be relied upon and have been adhered to.**

INCOME COLLECTION AT OFFICES

Finance

Purpose of the Audit

The purpose of the audit was to ensure that appropriate controls and arrangements are in place for receiving money at the Council offices and that adequate records are kept of income; ensuring that the money is being banked consistently and completely as well as checking that adequate security arrangements exist.

Scope of the Audit

Check a sample of services that receive money from the public to ensure that adequate records are kept of income, and that the arrangements are in accordance with the Council's Financial Procedure Rules. In addition, verify that income records match the ledger. Check security arrangements for the money that is kept overnight in offices, and the frequency and completeness of bankings. The audit focused primarily on establishments that previously paid income in the cash office, but the investigation was not limited to those establishments.

Main Findings

Officers in the sample of establishments / units selected confirmed that they are satisfied with their duties and the process of receiving and banking income in offices, and guidelines are provided to assist in the process. However, the guidelines have not been updated for a significant period and are dated when considering the requirements of receiving and banking income at the establishments today. A number of officers expressed that they were unable to comply with current guidelines because of their other job duties and lack of resources within their establishments.

The auditor found that the official Council receipt book was present at the majority of establishments, with officers distributing receipts to their customers, and the information appears and matches the income banking forms (TR34). In addition, it was found that the majority of the establishments in the sample completed TR34 forms correctly and completely, with the forms being submitted to the Income Unit / Cash Office promptly. However, instances were identified where establishments do not distribute receipts to their customers for payments to the Council.

The Income Unit has arrangements for clearing income from the suspense accounts and it was seen that establishments have arrangements for safe keeping any income overnight.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in income collection arrangements at offices 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 'Official Receipts - Notes to Consumers' guidelines should be updated to reflect the current situation.**
- **Guidance should be prepared and sent to the relevant establishments reminding them of the importance of banking each item of income that is received in the establishments to the Council's accounts promptly.**

CONTRACT MANAGEMENT - BLAENAU FFESTINIOG REGENERATION Economy and Community

Purpose of the Audit

The purpose of the audit is to ensure that payments to contractors with the Blaenau Ffestiniog Centre Regeneration grant comply with the Financial Procedure Rules and to ensure that the payments are calculated accurately, with adequate documentation to justify payments.

Scope of the Audit

To select a sample of payments to contractors that have been completed, by checking that the payments are correct and authorised and that the Council has adequate documentation to justify the payments. Verify that any variations to the contract are reviewed, that the treatment of value added tax is correct and that no payments have been made for assets not used on the contract.

Main Findings

It was seen that the consultants on the Blaenau Ffestiniog Centre Regeneration scheme carry out regular reviews of the work of the main contractor, with signed interim certificates, net of VAT, received and with adequate appraisal to justify the payments that are provided. In addition, retention money was taken out of interim certificates correctly.

The main weaknesses identified was the retention money was not taken out of payments to the plan's artist in accordance with the contract and some variation orders were found that had not been signed when there were modifications to the original contracts with the artist and the consultant.

Audit Opinion

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

- **Following a review of the artist's work, the Senior Strategic Regeneration Officer should complete a signed and dated Activity Register in order to support the payments made.**
- **Arrangements should be in place in the future so that agreed 'Variation Orders' are signed by a Gwynedd Council representative or consultant and a representative of the contractor pursuant to an agreement for the price of the work between the relevant parties.**
- **Retention money should be deducted from any payments to contractors following a review of their work in accordance with the agreement.**

YOUTH CLUBS

Economy and Community

Purpose of the Audit

To ensure that arrangements are in place in Gwynedd Youth Clubs, in order to manage and mitigate risks appropriately and in accordance with the Council's Financial Procedure Rules and other relevant procedures.

Scope of the Audit

To audit the main areas of expenditure and income in the Council's ledger for 2011/12 and 2012/13. Also test the arrangements of the central Youth Service and the Youth Clubs themselves for managing a diverse range of risks.

Main Findings

The main findings from the audit was that the arrangements are generally good overall at Gwynedd's Youth Clubs. However, it was found that some of the clubs need to improve their system of administrating their accounts books and need to bank more regularly.

Audit Opinion

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

- **Valuable equipment at the clubs should be marked using the appropriate device to show that they are owned by the clubs.**
- **Youth workers should have the opportunity to attend the 'Weight Handling and Lifting' course from the Council's training and development matrix.**
- **Development of the database should proceed so that it is possible to create output which can be part of the payroll data presentation process.**
- **The person who banks should sign the entry in the account books on each occasion.**
- **From now on the Leaders should keep more thorough records by ensuring that the correct details of the actual dates and amounts banked appear in the accounts books.**
- **If any building is hired out by the Youth Service to an external company in the future, a contract should be created between the company and the Youth Service.**
- **Current copies of driving licenses of minibuses drivers should be kept on file and drivers should be aware that they must disclose any changes to their driving licenses immediately to the Youth Service.**

BACKUPS AND SERVICE CONTINUITY

Customer Care

Purpose of the Audit

The purpose of the audit is to ensure that appropriate plans are in place to provide robustness within the Information Technology Service, so that it can continue to provide services to its clients in cases of event(s) that interfere with the normal procedures.

Scope of the Audit

To review the documentation that has been prepared for business continuity by assessing their appropriateness. The audit also reviewed the measures in place to create and maintain backup copies of data.

Main Findings

It was seen that the IT Service has provision in place, and further measures are planned, to enable business continuity for services and systems that have been identified to be crucial. It is understood that the Information Technology Service is in the process of documenting a plan based on a template that has been produced by a collaboration forum between the services of North Wales authorities and is designed to be completed for the Council's infrastructure and systems.

Some tests of the functionality of the service continuity measures have been carried out successfully, and further exercises can be undertaken following upgrades of specific software. Although the service continuity measures in place are reasonable, with substantial investment having been made to establish them, there are some aspects that need to be completed to mandate these measures as being the Council's official corporate plan.

There is a need to ensure that individuals with responsibility for the provision of Council services are given an opportunity to discuss and consider the continuity measures available to them so that they can assess whether they are adequate or appropriate. As part of establishing an appropriate scheme, the individuals involved are as critical as the technology, so there is a need to identify specific roles for authorisation and implementation of certain aspects of it. To ensure the viability of the scheme, it is necessary to ensure that the criteria for its implementation are clear to individuals who have responsibility for it.

Audit Opinion

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

- **As part of the planning process for services continuity in terms of information technology, appropriate representative of each Service should have the opportunity to express their views about the provision in place for them and an opportunity to consider what additional resources would be needed to improve it**
- **Since the Information Technology Service provides services for Council departments, representatives of the Departments should use the relevant forum, the IT Governance Group, to discuss and comment on the provision for continuity service so that there is an appropriate mandate for the plans that are in place.**
- **As part of achieving the service continuity plan, specific roles should be established for appropriate individuals who have the authority to implement various aspects of it, along with the appropriate criteria for that activity.**

SOCIAL SERVICES - IMPLEMENTING SAVINGS

Social Services

Purpose of the Audit

To ensure that internal controls are in place to mitigate the risks that may prevent the achievement of the savings objectives of the Social Services, Housing and Leisure Department, and the risk of missed targets.

Scope of the Audit

Check a sample of savings plans to be completed over the next 3 years. A sample of six savings plans to be delivered within the next 3 years was reviewed: Enablement, Review of Home Care Packages, Day Services - Older People, Learning Disability Day Care Service Review, Efficiency of Foster Placements and Re-modeling Support Services for Children and Families.

Main Findings

Examples of good practice were seen in the control of the savings plans. When looking at the sample of schemes, variation was found in the approach for managing these savings plans. However there was evidence that all savings plans are managed in one place by the Financial Resources Manager. It was seen that the Financial Resources Manager prepares progress reports and keeps a spreadsheet that shows if the plans are on track to achieve the total savings. It was seen that plans are in place for trying to achieve the savings target for all plans in the sample. Evidenced was seen from the 2012-13 Housing and Social Services Department budget spreadsheet that the savings targets aimed for in 2012-13 have been reflected in the budget for the year. In examining a sample of schemes, it was found that one of these schemes has followed the Project Management Handbook although there is no expectation to do so, and it was found that this savings plan is structured clearly as a result of this. We found that some of the management issues of the plans need further attention, namely to ensure that risks are identified and that clear structures have been prepared for the plan. Because of this, appropriate measures should be taken to strengthen the arrangements within the area examined.

Audit Opinion

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

- **It would be good practice to prepare a brief for the savings plans so that there is written scope and structure that gives focus to the plan.**
- **It would be good practice to prepare a business plan for the savings plans in the form of a Gantt chart to clearly identify the tasks and associated timelines and how the project objectives are to be achieved.**
- **A risk register should be prepared for all savings plans, to identify all the risks and threats that may hinder the savings plan from succeeding. It is important to identify the risks and put plans in place to mitigate these risks.**
- **It is suggested that a lessons learned log should be prepared for all savings plans to identify anything that went wrong in the plan or anything material that has arisen during the plan so that the same mistakes are not repeated in future.**

SOCIAL SERVICES PERFORMANCE MEASURES - ACCURACY OF CORE DATA

Social Services

Purpose of the Audit

To ensure that accurate and appropriate arrangements, processes and systems are in place by the Performance and Data Unit of the Social Services Department for data and information collection which can be measured in order to manage and monitor performance.

Scope of the Audit

To ensure the accuracy of the performance measures of the Social Services, Housing and Leisure Department by selecting a sample of indicators from 2011/12 and new ones.

Main Findings

Some examples of good practice were found within the Unit Performance Data in the area of data integrity. Progress was seen in the controls for data collection in Children's Services in particular which was seen to be further advanced than Adults' Services. However, when looking both areas the need to keep a little more evidence and records for some measures was observed, and there is a need to move forward to put the information on a single system and to provide feedback to relevant officers for confirmation of data integrity. Because of this, appropriate steps should be taken to strengthen the arrangements within the area examined.

Audit Opinion

(C) The audit opinion is that assurance in the propriety of data integrity cannot be expressed for in Social Services Performance Measures 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:

- **Consideration should be given to sending national definitions and guidelines, or relevant the link, to every officer responsible for inputting data / data collection, and a record kept of who has received them.**
- **Requests that have been made to attend courses / training with the Data Unit Wales should be followed-up to try to ensure specialised training to enable officers to undertake their tasks more effectively.**
- **As much evidence as possible should be collected to confirm the accuracy of the data received for the performance measures.**
- **The department should make every effort to collect all the information about the clients in one place (eg RAISE), where possible, and that this information is checked for accuracy which will ensure that the reports from the system provide accurate information for the performance measures.**
- **A record should be kept of any information that has been challenged as confirmation that it is accurate and reliable.**
- **Information on the record cards should be kept current.**

STREET CLEANING Highways and Municipal

Purpose of the Audit

The purpose of the audit was to ensure that the street cleaning strategy and work programme is based on relevant legislation and good practice to ensure that the services achieves its objective of keeping Gwynedd tidy effectively.

Scope of the Audit

The report is compiled by ensuring that controls are in place to guarantee that the agreement contributes effectively to Gwynedd's Community Strategy.

Main Findings

Tests were undertaken on 19 internal controls. The tests showed that good internal controls are in place in 17 of these controls. It shows that Gwynedd's cleanliness index (a measure of hygiene) has improved steadily since 2008/09, and continues to improve. Based on Keep Wales Tidy's independent surveys for 2011-12, Gwynedd's cleanliness index was the highest in Wales at 72%. The Waste Management and Commissioning Unit needs to review the Street Cleaning Agreement so that it is consistent with the Code of Practice on Litter and Refuse and Associated Guidance 2007.

Audit Opinion

(B) The audit opinion is that partial assurance of propriety can be expressed in the arrangements of the Waste Management and Commissioning Unit and Municipal Works Unit for achieving their objectives of keeping Gwynedd tidy 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 Street Cleaning Agreement should be reviewed to ensure that it complies with the Code of Practice on Litter and Refuse and Associated Guidance 2007.**
- **The Waste Management and Commissioning Unit should receive monthly reports that highlight complaints that have been identified as still being open.**
- **The Waste Management and Commissioning Unit should contact the Information Technology Unit to arrange to receive monthly reports that highlight areas that need attention and to help them plan a programme of work for those areas.**

WORKS - A55 CONTRACT Highways and Municipal

Purpose of the Audit

The purpose of the audit is to review the controls and procedures in place to ensure that the A55 Project contract between Gwynedd Council and Highways A55 UK Ltd is administered and maintained in a profitable manner and in accordance with the agreement.

Scope of the Audit

To review arrangements within the A55 Project to ensure that provisions have been made to maintain the highway in accordance with the contract.

Main Findings

The controls and procedures that are in place ensure that the A55 Project agreement between Gwynedd Council and Highways A55 UK Ltd is administered and maintained in a profitable manner and in accordance with the agreement. We found strong examples of good practice within the A55 project. It was also seen that there is collaboration and a good relationship between the Council and Highways Ltd UK. The "Operational Phase Project Health and Safety Plan" which are specific to the project has been revised recently.

Audit Opinion

(A) The audit opinion is that assurance of propriety can be expressed in the arrangements of the A55 Contract as the controls in place can be relied upon and have been adhered to.

GWYRIAD SCHEME Highways and Municipal

Purpose of the Audit

The purpose of the audit is to review GwyriAD's risk register in order to ensure that it is comprehensive and that it is kept up to date and that it is updated regularly to ensure that all the projects risks have been accounted for. Ensure that the risk register is used as a guideline in order to make decisions.

Scope of the Audit

Review the content of the risk register in order to ensure that it is comprehensive and current. Ensure that adequate controls are in place for the GwyriAD Project to mitigate the risks.

Main Findings

It was discovered that a Risk Register exists for the GwyriAD project, and that it is comprehensive. However there is a need to ensure that it is reviewed regularly. There was evidence that the register has been updated recently. It was seen that there are efficient procedures in place to identify modifications and additions that have been made to the risk register. We found that robust arrangements are in place in order to discuss progress with the project, with meetings of the GwyriAD Liaison Committee held monthly. When looking at a sample of the risks that are included in the risk register we found that appropriate controls have been taken to try to protect against these risks. We found that some risks in the register need to be amended and for this reason appropriate steps should be taken to strengthen the controls already in place with GwyriAD Project risk register.

Audit Opinion

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

- **The Project Manager should ensure that they regularly assess the Risk Register to ensure that it is up to date. The risk register should be assessed regularly to ensure that the risks have received appropriate risk score and that all risks are included. It should be ensured when the draft risk register is approved by the management team that changes made to the register are recorded.**
- **It is suggested that the risk of the weather disrupting the construction of facility is included in the risk register and the potential impact on the schedule reflected.**
- **It is suggested that comments should be amended in the 'Actions' for risk number 26 as the level of risk has now been amended following the renewal of the risk register.**

MEMBERS' IT ARRANGEMENTS

Strategic and Improvement

Purpose of the Audit

The purpose of the audit was to ensure that IT arrangements for members comply with that approved by the Council Board in March 2012. Ensure that members have received training and instructions of what is expected with regards to the Council's IT arrangements and that an agreement in place which states that members accept the Gwynedd Council's IT Usage Policies.

Scope of the Audit

During the audit, it was verified that the IT arrangements comply with those approved by the Council Board in March 2012 by inquiring what instructions and training members of the Council had been received. It was checked whether the IT equipment that members have received is adequate to fulfill their duties, and that there is contract in place which states that members accept ownership of IT equipment and the policies involved.

Main Findings

Many resources have been assigned to implement the ambitious IT Plan for Members. A significant provision for training and support is in place and it is clear that officers are determined for the plan to proceed successfully.

At the time of the audit, it was not possible to state that all objectives of the Plan will be achieved because the new plan has not been fully implemented nor the previous arrangements terminated. It was not possible to assess financial savings in relation to printing costs because their production has not come to an end. It appears that there had not been an arrangement of collecting and evaluating quotations in advance.

The assessment of which technology to invest in is based on a review by another authority in an effort to avoid duplication of work but there are aspects, such as the sample size assessed, that limit the usefulness of that assessment for Gwynedd Council.

It seems that a high percentage of Members is endeavouring to adopt the new plan, but some are reluctant to use the Council's e-mail and others are struggling to cope with the technology. These cases impair the ability of the Council to achieve its objectives and undermine the security measures that the Plan offers. The current Plan replaces the previous plan that had failed partly because of lack of participation of Members in it. The Council needs to assess why such a situation arises and take practical steps to respond to any issues or worries so that the current plan does not fail.

Audit Opinion

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

- **A review should be undertaken to assess why individuals are not willing to use the technology in which the Council has invested for them and take steps to respond to any issues and allay any concerns to ensure that the existing Plan, and any subsequent plans, does not fail.**
- **Cases where there is a significant order of IT hardware or software in order to fulfill the requirements of a specific plan should be foreseen and a process of gathering quotes carried out with an agreement established with suppliers.**