

**GWYNEDD COUNCIL**

COMMITTEE	<b>AUDIT COMMITTEE</b>
DATE	<b>18 APRIL 2013</b>
TITLE	<b>OUTPUT OF THE INTERNAL AUDIT SECTION</b>
PURPOSE OF REPORT	<b>TO OUTLINE THE WORK OF THE INTERNAL AUDIT SECTION FOR THE PERIOD TO 31 MARCH 2013</b>
AUTHOR	<b>DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK</b>
ACTION	<b>TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE RECOMMENDATIONS THAT HAVE ALREADY BEEN PRESENTED TO SERVICES FOR IMPLEMENTATION</b>

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**1. INTRODUCTION**

- 1.1 The following report summarises the work of the Internal Audit Section for the period from 01 January 2013 to 31 March 2013.

**2. WORK COMPLETED DURING THE PERIOD**

- 2.1 The following audit work was completed in the period to 31 March 2013:

<b>Description</b>	<b>Number</b>
Reports on Audits from the Operational Plan	31
Other Reports (memoranda etc)	3
Follow-up Audits	6

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 March 2013, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Trunk Road Agency - invoices between councils	North and Mid Wales Trunk Road Agency		B	Appendix 1
Quality of Correspondence	Corporate		A	Appendix 2
Workforce Planning	Corporate		B	Appendix 3
Outcome Agreement	Corporate		B	Appendix 4
Staff DBS Checks	Corporate		C	Appendix 5
Contract Terms - DBS Checks	Corporate		C	Appendix 6
Use of Honoraria	Corporate		B	Appendix 7
Income System Bank Reconciliation	Finance	Financial	B	Appendix 8
Payments System - Review of Key Controls	Finance	Financial	B	Appendix 9
Payroll System - Review of Key Controls	Finance	Pensions and Payroll	A	Appendix 10
Discretionary Housing Benefits	Finance	Revenue	A	Appendix 11
Benefits System - Review of Key Controls	Finance	Revenue	A	Appendix 12
Paye.net System	Finance	Revenue	B	Appendix 13
Council Tax System - Review of Key Controls	Finance	Revenue	A	Appendix 14
Communities First - Exit Strategy	Economy and Community	Community Regeneration	B	Appendix 15
Communities First - Closedown Arrangements	Economy and Community	Community Regeneration	B	Appendix 16

<b>TITLE</b>	<b>DEPARTMENT</b>	<b>SERVICE</b>	<b>OPINION</b>	<b>APPENDIX</b>
Genesis Cymru 2 Scheme	Economy and Community	Community Regeneration	B	Appendix 17
Young Apprentices Employment Route Project	Economy and Community	Community Regeneration	A	Appendix 18
Thin Client	Customer Care	Information Technology	B	Appendix 19
Evaluation of the Social Media Pilot	Customer Care	Information Technology	B	Appendix 20
Change Management for IT Systems	Customer Care	Information Technology	C	Appendix 21
Processing of Energy Supplier Data	Customer Care	Council Land and Property	C	Appendix 22
Contract Management - Bro Dysynni Area School	Customer Care	Council Land and Property	A	Appendix 23
Client Finance	Social Services, Housing and Leisure		B	Appendix 24
Social Services Contracting Arrangements	Social Services, Housing and Leisure	Business	B	Appendix 25
Accommodation for Young Persons leaving care	Social Services, Housing and Leisure	Children and Families	B	Appendix 26
Community Transport	Regulatory	Transportation and Street Care	B	Appendix 27
TraCC Partnership	Regulatory	Transportation and Street Care	B	Appendix 28
Pont Briwet Project	Regulatory	Transportation and Street Care	A	Appendix 29
Equipment with Former Members	Strategic and Improvement	Democracy	C	Appendix 30
Members' Salaries and Expenses	Strategic and Improvement	Democracy	B	Appendix 31

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:

- **Wales Government – Arrangements for Processing Student Finance (Education).** Following a critical review of the general procedures across Wales for safeguarding student finance arrangements (on the basis of a sample of 4 councils), the Deputy Director of the Higher Education Division of the Welsh Government wrote to all local authority Chief Executives in Wales requesting that authorities to write to him by the end of January 2013 with specific details from the Education Department with regards to the resilience of their arrangements. There was also a request for the Head of Internal Audit to confirm the accuracy of the information presented. It could be confirmed that the Education Department has provided the necessary information, and that Internal Audit had verified the accuracy of the response, before being passed on to the Welsh Government in accordance with the request. A full review of student funding arrangements has been included in the 2013/14 audit plan.
- **Contract Management – Sailing Academy (Economy and Community).** The 2012/13 Internal Audit Plan contained a review of the contract management arrangements for the Pwllheli Sailing Academy development. Due to the timing of this audit in relation to the development of the project, the scope of the audit was limited to ensuring that risk registers are in place for this significant scheme, the process of advertising works contracts for the various aspects of the plan, and verifying that the contractor selection methodology has been established before advertising. Audit tests showed that the internal controls were in place to mitigate these risks effectively, with the expected measures in place. It was noted that three risk registers have been established, namely a risk register for the plan in its entirety, a risk register for the Academy building and a risk register the maritime / harbour project. The process of selecting contractors for the different aspects of the work, the process of managing the various contracts and checking the continuing evolution of the internal risk registers will be the subject of a further internal audit in the 2013/14 financial year.
- **Corporate Risk Management (Corporate).** An exercise was undertaken to receive departmental risk registers by contacting with each head of department. The result of this work was that the existence and quality of the registers varies significantly across the Council. Further work will take place during April and May 2013, in conjunction with the Strategic and Improvement Department, in order to establish an action plan for improving the situation in 2013/14. A further report to the Audit Committee in July 2013 is intended, when the action plan is in place.

## 2.3 Follow-up Audits

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

TITLE	DEPARTMENT	SERVICE	FOLLOW-UP OPINION
Administration of Travel Costs	Human Resources	Support Unit	<b>Unsatisfactory</b>
Licencing Unit	Regulatory	Public Protection	<b>Excellent</b>
Recruitment - Identity Checks	Human Resources	Support Unit	<b>Acceptable</b>
Joint Commissioning with BCULHB	Social Services		<b>Excellent</b>
Information Security	Corporate		<b>Acceptable</b>
Reducing Teacher Workload	Education	Schools	<b>Acceptable</b>

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

**Excellent** – all recommendations implemented as expected.

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

**Unsatisfactory** – several recommendations not implemented.

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

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

**Completion Target: Quarter ending 30 June 2013**

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

**Completion Target: Quarter ending 30 September 2013**

Equipment with Former Members  
Contract Terms - DBS Checks  
Staff DBS Checks  
Members' IT arrangements  
Recording and Managing Leave

**Completion Target: Quarter ending 31 December 2013**

Processing of Energy Supplier Data

**Completion Target: Quarter ending 31 March 2014**  
Change Management for IT Systems

**3 WORK IN PROGRESS**

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

**3.2 Draft reports released**

- Management of secondary school building maintenance – Value For Money (*Education*)
- Primary Schools - Dismissals due to redundancy (*Education*)
- Achievement of Savings Projects (*Strategic and Improvement*)
- Functions within the Capital Expenditure Monitoring Process (*Strategic and Improvement*)

**3.3 Work in progress**

- "Llwyddo'n Lleol" (*Economy and Community*)
- Corporate Complaints Procedure (*Corporate*)
- Officers' Interests Policy (*Corporate*)
- Proactive Anti-Fraud and Anti-Corruption Work (*Corporate*)
- NNDR Refunds (*Finance*)
- NNDR System - Review of Key Controls (*Finance*)
- Member Training (*Strategic and Improvement*)
- The Planning Service (*Regulatory*)
- Subsidised Travel Tickets - Payments to bus companies (*Regulatory*)
- Banking Arrangements in the Leisure Centres (*Social Services, Housing and Leisure*)
- Direct Payments (*Social Services, Housing and Leisure*)
- Support Workers Travel Costs (*Social Services, Housing and Leisure*)
- Enablement Schemes (*Social Services, Housing and Leisure*)
- Rechargeable Works (*Highways and Municipal*)
- Older / Disabled Persons - Adaptations to Homes (*Social Services, Housing and Leisure*)

**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 January 2013 to 31 March 2013, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

## **TRUNK ROAD AGENCY - INVOICES BETWEEN COUNCILS**

### **North and Mid Wales Trunk Road Agency**

#### Purpose of the Audit

The purpose of the audit is to ensure that proper controls are in place for receiving and paying invoices from Authorities involved in the partnership.

#### Scope of the Audit

The scope of the audit is to verify the Trunk Road Agency's procedures for preparing and processing payments for work to the Authorities involved in the partnership.

#### Main Findings

Tests were undertaken on 11 internal controls. The tests showed that good internal controls were present in 7 of these areas. The main weakness found during the audit was that 3 authorities do not send their invoices on a monthly basis to the Trunk Roads Agency in accordance with the Service Provider Schedule of the partnership and that there are long periods before the Unit Trunk Roads Agency receives the invoices.

#### Audit Opinion

**(B) The audit opinion is that partial assurance of financial propriety can be expressed in the arrangements of the Trunk Road Agency for processing invoices from other councils who are part of the partnerships as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:**

- **Authorities within the North and Mid Wales Trunk Road Agency partnership should ensure that they submit invoices for reimbursement on a monthly basis to the Trunk Road Agency to comply with the requirements of the Agency Service Provider Schedule.**
- **The Trunk Road Agency Performance and Procurement Manager should correct the miscoding to ensure that the details in the Council's ledger agree with the Trunk Road Agency's systems.**
- **The boxes on the coding slip should be completed to confirm the accuracy of the invoice.**
- **Efforts should be made to try to process invoices within 10 days of receipt in order to comply with the partnership's Provider Service Schedule.**

## QUALITY OF CORRESPONDENCE

### Corporate

#### Purpose of the Audit

The purpose of the review was to ensure that external correspondence receive a response of high quality by Council officers as declared in the 'Response to Emails from External Customers Policy', whose aim is "to ensure that a high standard of Customer Care is put in the response to the enquirer ", and ensuring that the Council's customers receive help with any queries or complaints.

#### Scope of the Audit

A sample of 25 tracks from a range of Council departments between April 2012 and the time of this audit was reviewed. The officers who had been noted in the correspondence tracking system as being responsible for the response were asked for copies of the original correspondence received along with a copy of their response. The original correspondence and response were reviewed to conclude whether the response was of acceptable quality and met the requirements of the customer. In addition it was verified that customers receive help rather than being passed on from one officer to another without receiving any acknowledgement.

#### Main Findings

In some of the original letters enquirers requested that the response be sent bilingually or sent by e-mail; in these cases it was found that the applications have received a response in the form requested.

All correspondence in our sample was seen to have received a response either to acknowledge the original letter or to give a full response. We also found that employees of the Council ensure that the public receives a quality response. We found that the officers refer to the matter at hand and endeavour to provide the public with accurate information. In many cases it was found that officers also refer to other services within the Council or other organisations in order to offer more advice to them. In one case it was not possible to evaluate the quality of the response since the earlier correspondence was not available to audit. Nevertheless it is clear that the officers involved are aware of the policy letter / e-mail response and act accordingly.

#### Audit Opinion

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



## WORKFORCE PLANNING Corporate

### Purpose of the Audit

The purpose of this audit is to ensure that appropriate measures are in place by the Council to achieve its objective of planning its workforce in order to provide services of the expected quality today, and in the future.

### Scope of the Audit

The audit was completed by holding meetings with appropriate officers from Human Resources, interviewing a sample of managers, and collecting relevant evidence.

### Main Findings

It was found that workforce planning is a tool used by the Council to monitor the workforce as it is today as well as planning for the future. The workforce planning process provides an overview to managers of the relevant service. A report is provided that includes a variety of information, including age and level of staff turnover in a given year.

Information can be obtained such as sickness levels as well as types illnesses, presented simply in a document that should enable managers to identify any emerging patterns and if there are any issues that need attention.

Personnel officers will assist managers in the first year to make sure that managers are familiar with what is needed for the process. After the first year managers are expected to deliver their appropriate service workforce action plans independently, after receiving the relevant reports.

### Audit Opinion

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

- **Personnel Officers should follow up with the managers and remind them to undertake the work annually.**

## **OUTCOME AGREEMENT Corporate**

### Purpose of the Audit

The purpose of the audit was to ensure that appropriate internal arrangements were in place to collect performance measures for the Outcome Agreement, as well as ensuring that monitoring mechanisms are able to identify any slippages so that the appropriate steps for dealing with them could be taken.

### Scope of the Audit

A sample of the objectives of the Outcome Agreement were checked, and the arrangements that are in place to identify and collect evidence and to ensure that proper audit trails exist were verified. In addition to this, the Strategic and Improvement Department's arrangements in challenging and monitoring performance measures were reviewed.

### Main Findings

When undertaking the audit it was seen that many internal controls already exist. The main weaknesses observed was that the September 2012 report on the Council's performance against the targets had been returned late to the Welsh Government. There is also a need to ensure that some of the definitions are less ambiguous.

### Audit Opinion

**(B) The audit opinion is that partial assurance of financial propriety can be expressed in the administration of the Outcome Agreement 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 reasons for the delay should be assessed in order to mitigate the risk that further applications are returned late, and modify procedures if necessary.**
- **It should be ensured that the information sent to the Welsh Government is correct and that there is clear evidence to support it. In addition, description of performance should be clear and unambiguous.**
- **When work is commissioned to an external company, it should be ensured that robust evidence is received of the work they have completed. Inserting a clause in an agreement with the company could be considered.**

## STAFF DBS CHECKS Corporate

### Purpose of the Audit

Ensure that the Council has clear and specific arrangements with regards to Disclosure and Barring Service (DBS) checks, and that they comply with the relevant guidance / legislation.

### Scope of the Audit

Audit a sample of services across the Council and check procedures and guidelines regarding Disclosure and Barring Service (DBS) verification.

### Main Findings

The audit showed that good quality work has been done by the relevant departments to reduce the gaps in individuals within the Council without a DBS check. Significant progress has been made by the departments since October 2012. Also, it was found that work is in place to try to strengthen DBS monitoring systems, new appointment arrangements within the Council, and procedures regarding allegations of professional misconduct. However, some key issues in terms of preparing and distributing clear and consistent guidance require further attention and appropriate action should be taken to strengthen the arrangements within the area examined.

### Audit Opinion

**(C) The audit opinion is that assurance of propriety cannot be expressed in the arrangements for staff DBS checks 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:**

- **To ensure consistent checks and reduce the risk of DBS checks being missed, a single corporate system should be agreed upon to ensure rigorous and accurate monitoring.**
- **It should be possible to demonstrate an official decision regarding the need for DBS checks for appointments before 2002 and evidence retained to support the decision.**
- **The latest correspondence should be sent out to schools regarding DBS checks on volunteers in schools to ensure that the correct decisions are made.**
- **Clear guidelines should be distributed to schools indicating that individuals should not work unsupervised until satisfactory DBS disclosures have been received.**
- **Clear guidance should be given by the Education Department to schools in the county in dealing with DBS checks and references.**
- **There should be measures to suspend officers from work or to ensure that they work under supervision until a satisfactory DBS check is received.**
- **Where there is concern with a DBS check a written record should be considered of any decisions taken by Heads of Service or a Senior Manager to reduce the risk of unsuitable officers making decisions.**

## **CONTRACT TERMS - DBS CHECKS**

### **Corporate**

#### Purpose of the Audit

Ensure that robust contractual arrangements are in place where Gwynedd Council commissions or regulates work with children and young people from agencies or other organisations.

#### Scope of the Audit

Audit a sample of services where Gwynedd Council has commissioned or regulated work with children and young people from other agencies / bodies and verify that procedures and guidelines on conducting Disclosure and Barring Service (DBS) checks are robust and in operation.

#### Main Findings

The audit highlighted the need to examine in detail arrangements where the Council commissions or regulates work with Children and Young People from other agencies or organizations as the current arrangements are inconsistent. Strong arrangements are seen in some departments for monitoring DBS checks and the staff of providers. Consistent arrangements are needed across the Council on undertaking and monitoring DBS checks and child protection training for providers.

#### Audit Opinion

**(C) The audit opinion is that assurance of propriety cannot be expressed in Contract Terms - DBS Checks 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:**

- **Clear guidance should be prepared to Council officers about which contracts should include the need to ask for DBS checks on providers' staff.**
- **Every contract with providers that relates to children and young people should be reviewed to ensure that they include a clause for DBS and child protection.**
- **Relevant clauses should be contained in the contracts to explain the consequences of not undertaking the expected DBS checks.**
- **Consistency should be ensured across departments in asking providers about safe recruitment procedures when contracts are awarded.**
- **Officers at the relevant departments should look for evidence of DBS checks, and evidence that staff of providers have attended safeguarding training, for relevant agreements.**
- **There should be regular monitoring arrangements in place to monitor agreements across the Council with providers.**
- **It should be emphasised to providers that they inform the Council of any change in the agreements in a timely manner.**
- **Consideration should be given to noting in the relevant contracts that Council officers should receive a list of employees who undertake the relevant work regularly.**

## USE OF HONORARIA

### Finance

#### Purpose of the Audit

The purpose of the audit was to ensure that appropriate and robust arrangements are in place for awarding honorarium payments and extending honoraria periods as well as ensuring the availability and completeness of policies and guidelines.

#### Scope of the Audit

The review included checking a sample of officers who have received honorarium payment in the current financial year and confirm that adequate documentation has been presented for each case, including extension of honorarium periods and changing rates of honorarium payments. Honorarium payments made to teachers did not fall into the scope of this audit.

#### Main Findings

Overall it was found that the use of honoraria is implemented in a fair, systematic and consistent manner in accordance with the Acting-Up and Honoraria Policy issued by the Human Resources Department in 2008 which is available on the intranet.

The business cases seen included the expected details and have been authorised by the appropriate officers, although these was not seen for the whole sample - according to the policy there is a need to submit a written business case. Nevertheless, there was clear evidence that all officers in the sample undertake additional duties and responsibilities. However, one group of officers receive honorarium payments since 2001 for circumstances that no longer appear to be "temporary", suggesting that more permanent arrangements should be introduced for these workers.

#### Audit Opinion

**(B) The audit opinion is that partial assurance of financial propriety can be expressed in the use of honoraria 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 business case should be presented before any payments are approved which is approved by authorised officers.**
- **There should be an official application will be submitted in all cases that is approved by the relevant authorised officer.**
- **The posts of officers who receive honoraria payments for undertaking duties relating to the A55 maintenance contract should be properly evaluated in accordance with the Council's job evaluation scheme.**
- **A formal justification for extending the payments should be kept on file.**

## **INCOME SYSTEM BANK RECONCILIATION**

### **Finance**

#### Purpose of the Audit

The purpose of the audit is to ensure that official procedures are in place and have been documented for undertaking bank reconciliations for the income system effectively, timely, completely and accurately and ensuring that adequate monitoring arrangements are in place, including an element of follow-up to the work carried out by Internal Audit and the Wales Audit Office (WAO) in relation to reconciliation arrangements for 2011/12. In addition, verify that adequate internal controls exist in the process of conducting monthly reconciliations.

#### Scope of the Audit

Review procedures in place for conducting bank reconciliations and ensure that guidance is available to officers. Select a sample of bank reconciliations in 2012/13 and ensure that they are consistent with the procedures. Ensure that bank reconciliations are reviewed and signed regularly.

#### Main Findings

It was confirmed that an officer receives training on the reconciliation process so that an officer is available to complete the work in the absence of the designated officer, however no current guidelines have been created that explain the daily and monthly process. It was also found that there is now an additional step to the process of reconciliation, with the Senior Revenues Manager certifying the reconciliation sheets as well as the Senior Income Officer. It was also explained that further steps have been taken within the Income Unit to ensure that they receive personal copies of bank statements and that a change in the filing system has facilitated reconciliation.

#### Audit Opinion

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

- **Up to date guidelines should be prepared for the daily and monthly reconciliation processes.**
- **Procedure should be able to identify obstacles to monthly reconciliation, in order to mitigate the obstacles as soon as possible.**

## PAYMENTS 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 payments system is considered a "major financial system" in accordance with the Wales Audit Office's definition.

The purpose of the audit was to ensure that appropriate controls are in place for the processing, implementation and reconciliation of payments.

#### Scope of the Audit

The audit reviewed a sample of payments made to creditors of the Council during 2012/13.

#### Main Findings

It was found that appropriate procedures and processes are in place for the majority of key controls reviewed for the Payments System. Systems are in place to ensure that key duties for processing and reconciling payments are allocated between officers, there is accountability for key operations, and there is no conflict in the responsibilities and rights of officials.

However, there was no proper procedure for updating the file that contains the signatures of officials who can authorise batch header forms (TR257). It is obvious that a number of the lists that are in place are not accurate and current, and that this, together with the number of lists in the possession of the Payments Service, makes them impractical for use and unreliable as a comprehensive and authoritative source of data. It was noted that some members of staff of the Payments Service can identify appropriate signatures through their experience in their job but that is not the case for new staff. It should be arranged for the Payments Service to receive new lists of authorised signatures for TR257 forms that are accurate and current, ensuring that the lists that are superseded are disposed of.

#### Audit Opinion

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

- **Services should state in all appropriate cases that they have received the items for which they have been billed.**
- **There should be a procedure in place to update the file that contains evidence of signatures of the officials who are authorised to complete TR257 form.**

## **PAYROLL 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 payroll system is considered a "major financial system" in accordance with the Wales Audit Office's definition, and it is therefore intended that a review of the key controls of this system is undertaken.

#### Scope of the Audit

This review focuses on the controls for maintaining the payroll system for the year 2012/13.

#### Main Findings

Overall it was found that strong internal control exists within the Payroll Unit in the process of administering and paying salaries. The roles of the officers concerned have been clearly outlined, with a Payroll Manual available.

Clear and detailed arrangements are in place to verify accuracy before running payrolls, and a clear process to implement changes, with appropriate separation of duties in place.

A copy of the Payroll Contingency Plan, which would have ensured that appropriate plans are in place should an emergency arise, was not obtained. However, there is a Service Continuity Plan for the whole Finance Department and the Payroll Manager confirmed that a backup of the payroll system is made daily and kept on a server off the main site. This means that system can continue to be worked upon through access from any Council server.

#### Audit Opinion

**(A) The audit opinion is that assurance of financial propriety can be expressed in Payroll System - Review of Key Controls as the controls in place can be relied upon and are being implemented. However, one recommendation is suggested:**

- **The Contingency Plan should be current and on hand with relevant officials being aware of its contents.**



## **DISCRETIONARY HOUSING BENEFITS**

### **Finance**

#### Purpose of the Audit

The purpose of the audit is to ensure consistency and transparency in the way that discretionary housing payments is allocated and that the Council complies with legislation and DWP best practice guidance.

#### Scope of the Audit

Review a sample of applications for discretionary housing payments granted during the 2012/13 financial year and review the process of allowing of discretionary housing payments by ensuring that decisions made are based on the general principles of a strong decision-making process, and review a sample of claims submitted but rejected and ensure that sufficient justification exists for the decision not to grant. The main objective is to ensure that all applicants are treated equally in administering the scheme.

#### Main Findings

Overall it was seen that good internal controls exist in the administration of discretionary housing payments. Ensuring that applicants are notified promptly and that a record sets out how each decision was made would be a means of strengthening the internal controls that already exist.

#### Audit Opinion

- (A) The audit opinion is that assurance of financial propriety can be expressed in Discretionary Benefits as the controls in place can be relied upon and have been adhered to. However, the following recommendation is presented in order to further strengthen the arrangements:**
- **Efforts should be made to keep a more detailed record of the decision to allocate discretionary housing payments so that a consistent procedure for making decisions can be demonstrated.**

## BENEFITS 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 benefits 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 appropriate arrangements are in place for assessing and processing benefit claims, that the system calculates amounts of benefits correctly and that these are paid in a timely manner. Confirm that appropriate reconciliations are carried out, reviewing the performance management arrangements of the unit and verify that adequate data protection arrangements are in place.

#### Scope of the Audit

Audit a sample of applications of benefit to ensure that appropriate assessments are carried out. Check that reconciliations are maintained and that the benefit payments are calculated and paid in an accurate and timely manner. Assess the performance status of the service in acting on applications and benefit notices benefit and verify that the benefit system is being managed effectively and that all data is properly safeguarded.

#### Main Findings

It was found that good internal controls exist in the process of administering benefits with applications assessed and processed correctly. The time taken to process applications was at the same level as the all Wales average for the first six months of the year 2012/13. It was also found that the system is properly safeguarded with arrangements to maintain backups and the system is protected against unauthorised access. There are a few issues in the reconciliation process where a problem that is outside the control of the Finance Department prevents reconciliation, but this is a small issue as it is a matter of ensuring that everything is running through the systems.

#### Audit Opinion

**(A) The audit opinion is that assurance of financial propriety can be expressed in Benefits System - Review of Key Controls as the controls in place can be relied upon and have been adhered to. However, one recommendation is presented in order to further strengthen the arrangements:**

- **The barriers that prevent reconciliation should be resolved i.e. that relevant officials look into any problems and that the relevant systems are working as expected.**

## **PAYE.NET SYSTEM**

### **Finance**

#### Purpose of the Audit

The purpose of the audit was to ensure that the Paye.net system is used appropriately and that officers' access to the system is in accordance with what is relevant to their job e.g. read-only rights. It was checked that all transactions are processed correctly, that the payments are regularly reconciled, that adequate security arrangements are in place and that any refunds are approved by authorised officers.

#### Scope of the Audit

A copy of the Council's guidelines that relate to the Paye.net system was obtained, and ensured that all users are aware of and complying with the requirements. It was checked that there are controls over establishing users and that a list of the system's current users is available and it was checked that they have appropriate access rights. Also, it was checked that daily reconciliations are carried out between the details received from the bank along with AIM system reports, as well as details of cheques. It was confirmed that refunds are properly authorised and that there are restrictions on the officers who can process refunds.

#### Main Findings

On the whole it was found that the Paye.net System is being used appropriately. It was found that an independent officer within the Information Technology Service is responsible for setting up new users on the system and is responsible for changing officers' rights if necessary. Other appropriate officers have been appointed for system administration - these officers have additional rights that include performing refunds and resetting passwords. The Chief Cashier monitors the system, by creating daily reports and checking them. The right to perform refunds is limited to a small number of officers.

Although new members of the Contact Centre team are trained fully, and guidelines have been created for them, the level of training and guidance is not consistent for other users.

All users of the system Paye.net are aware of the correct procedure to follow when informing customers about fees, and tests showed that this was being implemented correctly.

#### Audit Opinion

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

- **There should be up to date guidelines for all users of the system that are updated when necessary.**
- **It should ensured that all new users of the system receive training on how to use the system before use it and taking payments from the public.**
- **Supervisors should be reminded that need to e-mail the Chief Cashier with a reason for every refund to ensure an audit trail.**

## **COUNCIL TAX 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 Council Tax 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 Council Tax amounts have been set correctly and in accordance with the amounts that were approved by Full Council as well as other local authorities.

Ensure that the total of properties in Gwynedd has been recorded properly on the system and match Valuation Office reports. Confirm that the financial account has been updated appropriately and that appropriate arrangements are in place for council tax debt recovery as well as ensuring that arrangements are in place for monitoring and managing the performance of the Unit.

#### Scope of the Audit

Review and test that guidelines, records and appropriate procedures are in place for managing, collecting and distributing 2012-13 Council Tax.

#### Main Findings

It was seen that appropriate procedures and processes are in place for all key controls reviewed for local taxation system. Appropriate reconciliations are carried out to ensure the accuracy of the bills that are created, in number and value. The system parameters were checked against the value of the taxes approved by Full Council on 01/03/2012 for every parish, and found them correct. It was noted that there are appropriate processes for sending timely summonses for recovery purposes. There is proper authorisation for the tax debt has been written off up to the time of the audit, in accordance with Financial Procedure Rules. There is daily reconciliation between the system of local taxation and other sources of revenue, along with monthly reconciliation with the Valuation Office data. It was seen that appropriate investigation is undertaken to any inconsistencies that arise. There is monthly monitoring of collection against the target, with officers reporting according to a quarterly profile, in accordance with the Council's corporate performance monitoring arrangements.

#### Audit Opinion

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

## COMMUNITIES FIRST - EXIT STRATEGY

### Economy and Community

#### Purpose of the Audit

The purpose of the audit is to ensure that appropriate arrangements are in place for administering funds for activities of the Communities First Program Exit Strategy 01/10/12 - 31/03/13.

#### Scope of the Audit

The audit focused on the arrangements and controls in the following areas:

- That an appropriate officer accepts the grant offer on behalf of Gwynedd Council.
- Compliance with the grant offer letter as well as the terms and conditions of the grant.
- Appropriate evidence exists to support the use made of the grant money.
- Appropriate applications are made to the Welsh Government for the grant money.

#### Main Findings

There were some issues to be addressed by the officials administering the grant, but overall it was found that the Senior Cist Gwynedd Officer follows up regularly with the relevant organisations, to ensure that the appropriate evidence is received to support the expenditure.

#### Audit Opinion

**(B) The audit opinion is that partial assurance of financial propriety can be expressed in the administration of the Communities First 01/10/12 – 31/03/13 Exit Strategy as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:**

- **Organisations should submit invoices, not statements, when presenting evidence of their expenditure.**
- **Any travel expense forms used to claim money should have been checked and certified by an officer other than the employee as well as the employee themselves.**
- **Only money eligible under the grant terms and conditions should be paid out to the organisations.**

## COMMUNITIES FIRST - CLOSEDOWN ARRANGEMENTS Economy and Community

### Purpose of the Audit

The purpose of the audit is to ensure that appropriate arrangements are in place for closing down the Communities First program.

### Scope of the Audit

The audit focusses on the arrangements and controls in the following areas:

- Appropriate procedures are in place for dealing with Communities First staff where the offices are closed.
- Appropriate arrangements are in place for closing offices and dealing with property and contents of the offices.
- Appropriate procedure are in place for payment of any outstanding invoices after the offices have closed.
- Appropriate procedure are in place for closing the office imprest accounts.

### Main Findings

We found that the Communities First Monitoring Officer has made appropriate arrangements to ensure that the program was shut down in line with expectations but a few matters, in terms of imprest accounts and phone contracts, continue to require attention.

### Audit Opinion

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

- **The Communities First Monitoring Officer should contact the Desk Support again, in order to ensure that phone contacts are terminated and confirmation should be sought from the Orders Support Desk that the contracts have been cancelled.**
- **The Accounting Assistant should ensure that the imprest funds are paid into the Council account, that the imprest applications are processed and that the accounts are closed down as soon as possible.**

## **GENESIS CYMRU 2 SCHEME**

### **Economy and Community**

#### Purpose of the Audit

Ensure that there are appropriate internal controls for administering the Genesis Cymru 2 Scheme in accordance with the requirements of the Welsh Government and WEFO.

#### Scope of the Audit

Verify that an agreement is in place between the relevant parties on terms, conditions and guidelines for Genesis Cymru 2 and that the Council complies with these requirements, and that the grants with which the services are offered are targeted to the relevant individuals. Verify that there is control over expenditure from the grant, that the Council complies with the Data Protection Act, and verify that only appropriate institutions that are used to meet the grant targets.

#### Main Findings

It was seen that definite arrangements are in place for referring individuals to the scheme, with criteria in place to ensure that the correct individuals are supported, in line with the objectives of the scheme. In addition, it was found that arrangements are in place to keep the confidential details of participants safely on file, and that the EU logo and relevant wording appear on Genesis 2 documents in Gwynedd. The arithmetic on sample of invoices for payment from the scheme was correct.

The main weaknesses identified was that there was scope to strengthen IT security systems to further protect the scheme's sensitive electronic documents. In addition, there was no system in place for monitoring spending against the expenditure profile. Regular checks were not completed to ensure that mobile child care providers used were insured and that their employees have received DBS checks.

#### Audit Opinion

**(B) The audit opinion is that partial assurance of financial propriety can be expressed in Genesis Cymru 2 Scheme as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:**

- **Efforts should be made to deliver performance and financial reports to the Welsh Government in accordance with the claims table Genesis 2.**
- **The Gwynedd Genesis expenditure spreadsheet should be updated so that it can be used to monitor the scheme's actual expenditure against the expenditure profile.**
- **A list containing the staff details of mobile childcare providers used with the scheme should be requested, including the date on which workers received a DBS check, as well as requiring child care providers to notify Genesis Gwynedd immediately if there is any change to this information. If the childcare providers refused co-operate with this, their service should not be used in future.**

## **YOUNG APPRENTICES EMPLOYMENT ROUTE PROJECT**

### **Economy and Community**

#### Purpose of the Audit

Ensure that there are appropriate internal controls for administering the 'Young Apprentices Employment Pathway Project'.

#### Scope of the Audit

Check arrangements for administering the project and ensure that the arrangements comply with the agreement. Check also that expected controls are in place to mitigate any risk involved in the project.

#### Main Findings

The main findings arising from the audit was that apprentices in Gwynedd are trained in the field of engineering and related skills in accordance with the agreement. Up to October 2012, 46 apprentices were employed with the target in the agreement stating up to 90 apprentices by the end of the program on 30/03/14. It is not possible at the moment to see if the company will achieve this target, and the auditor understands that the company has had difficulties in registering new learners in 2012 due to poor interest from employers. However, it is understood that efforts have been made by the company to attract new apprentices by contacting employers on the current program and by writing to new employers.

The final accounts for Cwmni Prentis Menai for the year ending 31/07/12 had not been received on the day of the audit.

#### Audit Opinion

**(A) The audit opinion is that assurance of financial propriety can be expressed in Young Apprentices Employment Route Project as the controls in place can be relied upon and have been adhered to.**



## THIN CLIENT Customer Care

### Purpose of the Audit

The purpose of the audit was to review the thin client implementation at Gwynedd and ensure that relevant security and management considerations have been implemented.

### Scope of the Audit

The audit was undertaken by reviewing the policies, settings and access controls as well as discussing the implementation with staff.

### Main Findings

The thin client environment has been built and configured according to good practice, and is well secured. Some minor configuration issues were identified during the audit, which have already been addressed by IT. The only outstanding control issues now relate to IT's ability to monitor and review the thin client configuration, as the appropriate software tools have not yet been deployed. None of these issues represents a high risk and do not require any urgent action to address them.

### Audit Opinion

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

- **Administrator access should be restricted to those members of IT who are directly responsible for XenApp administration.**
- **Dormant accounts should be locked or deleted if no longer required.**
- **All Citrix policies should be re-located to the Active Directory.**
- **The XenApp configuration logging option should be enabled and a suitable SQL Server instance created to hold the log data for periodic review.**
- **IT should make use of the Powershell tool provided by Rimell Associates to list basic information about published applications and server configuration.**
- **The auditlog command should be evaluated to assess its usefulness in tracking user logons and logoffs.**

## EVALUATION OF THE SOCIAL MEDIA PILOT

### Customer Care

#### Purpose of the Audit

The purpose of the audit is to review the use of social media networks by Gwynedd Council.

#### Scope of the Audit

The audit will include a review of policies and usage in relation to social media networks and means of engagement with the public. Internal communication equipment is outside the scope of this audit.

#### Main Findings

It was noted that Gwynedd Council's Communications Team are focusing on Facebook and Twitter accounts at the moment. At the time of the audit, Gwynedd Council's Social Media Policy was at a draft stage. After this policy has been approved, it will be possible to promote its existence and its contents to staff and to enforce it. The Council should seek to raise public awareness about the social media accounts by displaying their addresses on all public documents and publications.

It was noted that good feedback had been received from members of the public in the use of social media by the Council during the floods of November 2012 and the period of severe weather in January 2013, with regular updates on the roads closed as well as which roads were being gritted and so on.

#### Audit Opinion

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

- **Efforts should be made to raise awareness of the Council's social media sites by displaying the addresses of these sites on all Council publications and documents, including letters and forms.**
- **Gwynedd Council's social media policy should be approved and implemented as soon as possible.**
- **Every service / department should be notified that the Council has a social media policy in place to enable staff to comply with the Council's objectives.**

## CHANGE MANAGEMENT FOR IT SYSTEMS

### Customer Care

#### Purpose of the Audit

The purpose of the audit is to ensure that appropriate controls are in place for managing changes to the Council's IT systems.

#### Scope of the Audit

The audit will review the processes in place for receiving, recording and monitoring changes along with arrangements for incorporating changes to live systems. The effectiveness of the controls in place will be evaluated by reviewing documents relating to a sample of changes that were completed during the last two financial years.

#### Main Findings

Within the Council, change management measures are defined in an official process, and actions are documented. At the time of the audit, the document that describes the process has draft status. A working group of officers has been established, with responsibility for assessing and authorising changes, and the information system in place gives the IT Service scope to implement a comprehensive process for managing change.

However, there is no wide implementation of the procedure across the IT Service. It seems that the idea of recording and waiting for each change to be authorised before it can be implemented is considered by some staff as an administrative process which adds delay and workload rather than elements of control. The IT Service needs to establish an action plan for implementing the procedure that has been designed as general practice for staff, taking into account steps such as assessing existing barriers and presenting practical solutions together with the introduction of enforcement action where appropriate. The draft process expresses that the working group has a role to identify any changes that have been implemented without following the expected steps. As the working group is aware of such cases it would be appropriate to establish a proper action plan for them.

#### Audit Opinion

**(C) The audit opinion is that assurance of financial propriety cannot be expressed in Change 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 Service Management should expand on their description of the changes they would expect to be subject to the official process for managing change, by providing examples where necessary, so that staff are clear about the requirements upon them and to remove elements of ambiguity in how the requirements can be defined at the time of the review.**
- **Efforts should be made to identify any barriers that prevent IT Service staff from complying with the official process for managing changes and establish a workable plan to overcome them through co-operation with individuals so that the process is adopted as a daily procedure rather than as an afterthought or unnecessary administrative task.**
- **After establishing a change management process that managers consider to be practical and executable to the level expected from IT Service staff, the change management working group (of officers) should act on their role of enforcing the procedure by monitoring any changes that are undertaken outside the official procedures, and take appropriate action to correct it.**

## PROCESSING OF ENERGY SUPPLIER DATA

### Corporate

#### Purpose of the Audit

The purpose of the audit is to review the arrangements in place to process energy consumption data for all Council properties and that payments made for energy consumption are accurate.

#### Scope of the Audit

The audit will include a review of the meters that are in place to record the energy use of all Council property, and ensure that arrangements are in place to enable the Council to issue reports that are complete and accurate.

#### Main Findings

It was seen that a system is in place for recording energy consumption readings at all Council properties, but many cases of estimated readings are received and the process is not automated. Because of the work required in processing and inputting readings to the system, there is no time left to undertake adequate exercises to identify and investigate exceptions.

Since the estimates are based on energy consumption trends, it would not be possible to identify any exceptions by using these figures. This undermines any process of identifying exceptions.

There is scope for site managers to be proactive by informing suppliers of energy true readings.

#### Audit Opinion

**(C) The audit opinion is that assurance of financial propriety cannot be expressed in processing of energy supplier data 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 Property Unit should evaluate the costs and benefits of ordering module for the 'Stark' system that enables the input of data received from energy suppliers automatically into the system.**
- **Steps should be taken to encourage site managers to send actual readings to energy suppliers to ensure data integrity and to enable energy conservation officers to identify exceptions earlier.**
- **Automatic Meter Readers should be installed in every building where this can be justified, eg where a building uses more energy than a certain threshold, to ensure the integrity of data from energy suppliers.**

## **CONTRACT MANAGEMENT - BRO DYSYNNI AREA SCHOOL**

### **Customer Care**

#### Purpose of the Audit

The purpose of this review is to examine Ysgol Ardal Bro Dysynni contract payments to ensure adequate contract management in this particular area.

#### Scope of the Audit

Review arrangements for authorising and paying the contractor by ensuring that appropriate arrangements are in place to ensure accuracy.

#### Main Findings

We found that on the whole good internal control exists for managing the Ysgol Ardal Bro Dysynni contract. The only weakness observed was that one interim payment had been made a few days late and that there was no VAT invoice to coincide with the first interim payment.

#### Audit Opinion

**(A) The audit opinion is that assurance of financial propriety can be expressed in Contract Management - Bro Dysynni Area School as the controls in place can be relied upon and have been adhered to. One recommendation is suggested in order to further strengthen controls:**

- **It should be ensured that all VAT certificates have been received.**

## **CLIENT FINANCE**

### **Social Services, Housing and Leisure**

#### Purpose of the Audit

The purpose of the audit is to review the measures and procedures that are in place in relation to requests by clients who attend residential / nursing homes for financial assistance in order to ensure compliance with CRAG (Charging for Residential Accommodation Guide) rules.

#### Scope of the Audit

Check a sample of client financial assessment forms to ensure that adequate financial support will be given to clients by Gwynedd Council in order to pay for their care. Ensure that Client Finance officials comply with CRAG rules when undertaking financial assessments and that the financial assessments are calculated correctly. Ensure that robust arrangements are in place by Client Finance officers to ensure that the information provided by clients on their assessment form is correct. A sample of 20 Gwynedd clients folders were audited - 12 clients from Arfon and 4 each from Dwyfor and Meirionnydd.

#### Main Findings

It was discovered that Client Finance Officers comply with CRAG rules when calculating residents' ability to pay for their care in residential / nursing homes. We found that appropriate forms have been designed for assessing the ability of residents to pay for care and found that appropriate steps are taken to explain to clients how their contribution towards their care will be calculated. Client complete E33 forms - "Application for Financial Assessment Residential / Nursing Care" when entering care; the details of their income, capital, property and details of their nearest relatives are included in these forms in order to allow Client Finance Officers to assess the contribution of the client towards the cost of their care. We found no robust controls in place for verifying client financial assessments. Appropriate steps should be taken to check client contributions towards the cost of their care. We found that minor errors had been made in some financial assessments when transferring figures to the 'Resident Capability Assessment to Pay for their Care' form, but controls are in place by Client Finance Officers to verify figures included on E33 forms. We found that officers need to take care when calculating the contribution of clients towards their care as there are some minor errors in client folders of the sample examined. 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 of propriety can be expressed in Client Finance 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 is suggested that the Declaration for Self Funders form is included the folders of all clients who fund their own care.**
- **Evidence of any correspondence with clients should be included in clients' folders. It is suggested that letters and calculations are checked to ensure that the information on the letters is correct.**
- **A written record should be included in clients' folders of phone calls made to check the details of clients.**

## **SOCIAL SERVICES CONTRACTING ARRANGEMENTS**

### **Social Services, Housing and Leisure**

#### Purpose of the Audit

To ensure that contracts / agreements exist across the department for each piece of work and for all providers, and that these are of acceptable quality / detail that they can be enforced. In addition ensure that the contract / agreements are monitored to ensure that the service received is consistent and of the quality expected to meet the needs of the user.

#### Scope of the Audit

Check internal controls that exist for a sample of contracts / agreements within the Social Services. The audit does not encompass the contractual arrangements of the Provider and Leisure services.

#### Main Findings

Several strong examples of good practice were found within the Commissioning and Contracts Unit and in the area of contracting arrangements. Progress is seen in the controls and procedures for monitoring contracts / SLA in particular. However, when looking at contracts across the Social Services, weaknesses in some arrangements were seen and 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 Social Services Contracting Arrangements as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:**

- **To protect the interests of the Authority, it should be verified that contracts exist with every provider, and where there isn't one, arrangements should be made to have one signed as soon as possible.**
- **Definite procedures should be agreed upon of who is responsible for keeping some contracts e.g. drugs and alcohol contracts.**
- **There should be regular contact between Social Services and the Legal Unit to establish that the contracts that are used are lawful and that evidence of approval exists.**
- **The contracts should include the need for providers to be registered with standards where appropriate e.g. ISO 9000 and should ensure that the Authority receives evidence of this at all times.**
- **Consideration should be given to changing point four in the volunteering monitoring framework if questionnaires are not going to be given out to service providers.**
- **The monitoring framework should be modified to reflect the changes in the new contract, and providers and officers then trained about the changes.**

## **ACCOMMODATION FOR YOUNG PERSONS LEAVING CARE**

### **Social Services, Housing and Leisure**

#### Purpose of the Audit

The purpose of the audit is to ensure that suitable providers have been identified on a shortlist and that the agreement with the providers is robust and appropriate. In addition it was verified that savings within the service have been achieved and are permanent.

#### Scope of the Audit

The short list of providers was checked, and on a sample basis it was verified that the tender process had been followed and that contracts have been appropriately completed and authorised. It was also verified that the savings plan had been achieved as expected.

#### Main Findings

Examples of good practice were seen in the arrangements for Accommodation for Young People Leaving Care, and success was seen in attracting companies on to a short list which consequently means that the unit cost has decreased, which has been reflected in the budget. However there was some weakness in internal controls. Because of this, appropriate steps should be taken to strengthen the arrangements within these areas as highlighted.

#### Audit Opinion

**(B) The audit opinion is that partial assurance of propriety can be expressed in Accommodation for Young Persons Leaving Care as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:**

- **Rule 7 of the Contract Procedure Rules should be followed at all times when awarding work to the value of less than £50,000, in order to demonstrate the integrity of the process, which will protect officers from allegations of improper arrangements.**
- **Since the contract has been newly adopted, legal assurance should be sought that it is robust enough to protect the Council should a legal challenge arise.**
- **The auditor acknowledges that risks are identified and mitigated in this plan, but there should be an official risk register for any plan / project of this kind in the future in order to facilitate monitoring and ensuring that all steps to mitigate risks are implemented.**
- **It would be useful to have a log of lessons learned prepared to ensure that no mistake is repeated in a scheme / project of the kind in the future.**



## COMMUNITY TRANSPORT Regulatory

### Purpose of the Audit

The purpose of the audit is to ensure that community transport provision fulfils the objectives that have been included in Gwynedd Council's Strategic Plan for 2012/13.

### Scope of the Audit

The scope of the audit was to receive confirmation that the Transport and Street Care Unit has undertaken a review of their provision for community transport and that the applications for the provision have been realised in 92% of cases. It was checked whether 2 new community transport agreements has been designated for on-call taxis and that residents within one community in the County have benefited from a pilot scheme to promote car sharing for local journeys.

### Main Findings

The Council receives a Local Transport Services Grant from the Welsh Government to provide local transport services, with 10% of the grant going towards providing and promoting Community Transport. The way in which this grant is administered along with a need to develop a regional strategy in the near future is going to have an impact on the way the Transport and Street Care Unit administer grant funds for Community Transport.

According to Gwynedd Council's Strategic Plan for 2012/13 one of the benefits to be implemented during 2012/13 by the Transport and Street Care Unit for Community Transport was that "We will understand users' satisfaction with regard to the community transport provision for the year". The Ffynnon Performance Management system shows that the Transport and Street Care Unit has conducted a survey in September / October 2011 on satisfaction with the provision of Community Transport. It was seen from the notes on the Ffynnon Performance Management system that performance for 2011/12 is good but that work is needed to ensure that data for 2012/13 is more robust. No evidence was seen that a survey has been carried out in 2012/13 but confirmation was received that a survey is to be held in April 2013. In addition there was need for the Transport and Street Care Unit to promote a car sharing pilot in one community in Gwynedd. Confirmation was received from the Transport Coordinator, Transport and Street Care Unit that members of the public have expressed interest in developing a car-sharing scheme in the Harlech area in 2012/13 but this has not been developed further.

### Audit Opinion

**(B) The audit opinion is that partial assurance of financial propriety can be expressed in Community Transport 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 Transport and Street Care Unit should strive to conduct a survey on the satisfaction with the community transport provision in accordance with Gwynedd Council's Strategic Plan.**
- **The Transport and Street Care Unit should consider how to develop a pilot scheme to promote car sharing in one community in Gwynedd.**

## TRACC PARTNERSHIP Regulatory

### Purpose of the Audit

To ensure that the TraCC Partnership has met its objectives and that Gwynedd Council selects projects to be submitted to TraCC for funding. To ensure that arrangements for monitoring projects have been established within the Transport and Street Care Unit.

### Scope of the Audit

The report is compiled by reviewing the agreement between Gwynedd Council, Ceredigion County Council, Powys County Council and TraCC and ensuring that the Transport and Street Care Unit is aware of the requirements and expectations of the agreement.

### Main Findings

Tests were undertaken on 16 internal controls. The tests showed that good internal controls are in place in 12 of these. The main issue to note seen during the audit was that Gwynedd Council has not developed a link on Council's website in accordance with the requirements of the Welsh Government review. There was no specific arrangements to monitor and record documents and correspondence for the projects, and there is a need to establish a protocol for commissioning work from Gwynedd Consultancy.

### Audit Opinion

**(B) The audit opinion is that partial assurance of financial propriety can be expressed in the arrangements within the Transport and Street Care Unit to respond to the requirements and expectations of the TraCC Partnership 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 Council should create a link on its website that provides access to TraCC website and to TraCC meeting papers.**
- **There should be a procedure to file the documents and any correspondence in chronological order per piece of work for each project, including the project monitoring sheet on the front of the file.**
- **When any work is commissioned from Gwynedd Consultancy, they should be notified when they are expected to complete the work and submit a report.**
- **A protocol should be established in order to receive regular feedback on project planning and managing that has been commissioned by Gwynedd Consultancy.**
- **The Transport and Street Care Unit should produce a standard form to be used to invite Gwynedd Consultancy to price for any piece of work.**

## PONT BRIWET PROJECT Regulatory

### Purpose of the Audit

The purpose of the audit was to ensure that Gwynedd Council has robust and sufficient arrangements for the management and delivery of the Pont Briwet renewal.

### Scope of the Audit

The scope of the audit was to examine the appropriate arrangements for the tendering process by ensuring that an agreement has been established between Gwynedd Council and Network Rail and that the expenditure on the project is reviewed regularly and that the project's risk register is updated continuously.

### Main Findings

The controls and procedures that are in place ensure treatment of the risks that have been identified in the Risk Register for the Pont Briwet Project, or are in the process of receiving attention following the Pre Contract Meeting held on the 14 February 2013.

A Project Manager was appointed in August 2012 to manage the project and it is understood that he will consider and approve and authorise any additional work in accordance with Delegated Powers that are currently being developed. The Project Manager is responsible to the Chief Engineer, Transportation and Street Care and the Project Board. It should be noted that the Pont Briwet Project Board meets quarterly but did not meet on January 15, 2013 due to non-availability of members to attend the meeting. A Pont Briwet Organisational Chart shows that arrangements had been made to appoint representatives to be responsible for resolving any dispute that may arise; this team has not yet been established. The Transport and Street Care Unit expects to receive the names of officers from Gwynedd Council and Network Rail that will be available to resolve any disputes that may arise.

### Audit Opinion

**(A) The audit opinion is that assurance of financial propriety can be expressed in Pont Briwet Project as the controls in place can be relied upon and have been adhered to.**

## **EQUIPMENT WITH FORMER MEMBERS**

### **Strategic and Improvement**

#### Purpose of the Audit

The purpose of the audit is to ensure that former Council members return items of IT equipment such as laptops and mobile phones to the ownership of the Council and that an adequate record exists so that it can account for each item of equipment and that controls exist over software installed on equipment sold to former members.

#### Scope of the Audit

Check the relevant Council contact lists and analyse them to ensure that the list is valid and current. Enquire which officers are responsible for collecting IT equipment, and review the equipment collection process. Inquire if the Council has policy / guidelines for IT equipment which are sold to former members and check that arrangements are in place to ensure that the software installed on the items comply with software licensing legislation.

#### Main Findings

It was not possible to produce evidence that there were appropriate controls for the processes of collecting IT equipment from former members. It was stated that many of the items in question have been returned and have been allocated to other users, but records were not available to identify which individuals (former members) returned what items, so it is not possible to follow up on any cases where this would not have happened.

It appears that one of the circumstances that have led to this is that the responsibilities transferred from the Democracy and Legal Department to the Strategic and Improvement Department following the last election, and records for former members were not given priority at that time. Since it was not possible to state that each item has been returned as expected, there is no way to for the auditors to give assurance in the process of collecting IT equipment from former members of the Council.

There is no IT security risks because the accounts of former members have been disabled.

In terms of financial losses, the purchase price of the original items would need to be considered as well as replacement costs, this would apply for identity verification tokens (Citrix).

It is noted that individual devices for the current plan has been formally recorded against individuals by the Information Technology Service, which will facilitate the process of accounting for their location. An agreement has been prepared and signed by all Members who have received these devices which includes a clause stating that the items are owned by the Council and would be returned at the end of the period. These records are in the possession of the Information Technology Service and the Strategic and Improvement Department.

#### Audit Opinion

**(C) The audit opinion is that assurance of financial propriety cannot be expressed in the procedures for collecting IT equipment from former members 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:**

- **When the time comes to collect the IT equipment relating to the previous IT Plan back from current Members, each return should be acknowledged by using a method such as an official central checklist to identify individuals and / or individual appliances to allow a review of any items that need to be follow up.**
- **It should be assessed if there is any way to know which IT items continue to be unreturned, and follow up on any cases where this can be done.**

## MEMBERS' SALARIES AND EXPENSES

### Strategic and Improvement

#### Purpose of the Audit

Significant changes came into force for Gwynedd Council's governance arrangements as a result of the Local Government (Wales) Measure 2011. The previous governance arrangements were not an option under the Measure, and so there were many changes in the system of paying salaries and expenses to members following the election of May 2012, including mandatory changes within the structure of Council officers. It is inevitable that a period of significant changes such as this increases the risk of error, so it was appropriate to conduct an internal audit review of the arrangements that are now in place to provide assurance that the new arrangements are working effectively.

#### Scope of the Audit

Evidence was received that expense claim forms are being reviewed by an appropriate officer and in accordance with the regulations. A sample of wages was verified in order to ensure that the payments made corresponded to the duties of Members and with the appropriate guidance. It was also verified that the claims submitted are approved by an authorised officer at all times. Confirmation was sought that claims are submitted on time, and queries were raised with regards to dealing with any incomplete or late submissions.

#### Main Findings

Guidelines were published in 2012 for the Members; these clarify the salaries and expenses for which members can claim. All Members have received training on how to complete the form during their induction week following their election in May, but the guidelines also provide an explanation.

The Members' Remuneration Panel for Wales rather than the Council is responsible for setting salaries and travel and subsistence rates. These rates are only actioned by the Council.

A designated officer checks all claims and ensures that the appropriate details are recorded as well as ensuring that VAT receipts and evidence have also been presented. They also check claims against Members' and committee and meetings attendance register. On the whole, the payments are correct - only a few minor errors were found in the sample; these did not have a material effect on the payments.

On several occasions, members presents many months of claims together.

#### Audit Opinion

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

- **Councillors should be reminded that applications need to be submitted monthly.**