

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	18 JULY 2013
TITLE	REPORT OF THE CONTROL IMPROVEMENT WORKING GROUP
PURPOSE OF REPORT	TO REPORT ON THE MEETING HELD ON 28 JUNE 2013
AUTHOR	TREVOR O EDWARDS, CHAIR OF THE AUDIT COMMITTEE
ACTION	TO RECEIVE THE REPORT AND CONSIDER THE RECOMMENDATIONS

I. INTRODUCTION

1.1 The executive summaries of 31 internal audit reports were presented to the Audit Committee meeting on 18 April 2013, which represented reports that had been released between 1 April 2013 to 30 June 2013. Five of these reports received a 'C' opinion.

1.2 Consequently, the Committee resolved:

a) To accept the reports on the Internal Audit Section's work for the period between 1 January and 31 March 2013 and to support the recommendations already submitted to the managers of the relevant services for implementation.

b) To establish the following Working Group to consider the audits that received opinion category C -

The Chair and Vice-chair of the Audit Committee and Councillors Aled Ll. Evans, Sion W. Jones and Angela Russell, but that all committee members are given the opportunity to serve on the Working Group in the future and to be chosen on a rota basis.

2 WORKING GROUP MEETING

- 2.1 The Working Group meeting was held on 28 June in Ystafell Llyfni, with the Chair and Vice-Chair of the Committee, the Councillors Angela Russell and Aled Ll. Evans and Dewi Morgan, Senior Manager Audit and Risk, present.
- 2.2 Officers attended to discuss 4 out of 5 of the reports.
- 2.3 The reports that had received a 'C' opinion during the period under review were:

TITLE	DEPARTMENT	SERVICE
Contract Terms - DBS Checks	Corporate	
Staff DBS Checks	Corporate	
Equipment with Former Members	Strategic and Improvement	Democracy
Change Management for IT Systems	Customer Care	Information Technology
Processing of Energy Supplier Data	Customer Care	Council Land and Property

- 2.4 These summaries were addressed in turn by the Working Group members. The Senior Manager Audit and Risk offers further background, including the introduction of relevant points of the full report. Senior Managers had been invited to attend the meeting to discuss issues that arise, and primarily the work that has been done since the publication of the report in order to strengthen internal controls in question.

2.5 Contract Terms - DBS Checks and Staff DBS Checks

- 2.5.1 The main findings of these reports were:

Contract Terms - DBS Checks

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 organisations 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.

Staff DBS Checks

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.

- 2.5.2 Geraint Owen, Senior Manager Personnel, Safety, Health and Welfare, attended the meeting in his capacity as the Senior Manager within Human Resources who is responsible for effective recruitment, but also because he is the Chair of the Safeguarding Children and Adults Operational Panel, which includes representation from all departments, and is responsible for the dissemination of good practice for safeguarding arrangements across the Council, and implement projects in the field of protection.
- 2.5.3 The report was presented by the Senior Manager Audit and Risk. He explained that Internal Audit has been commissioned to undertake this work by the Head of Human Resources and the Operational Panel, in order to gain an independent picture of the actual situation across the Council.
- 2.5.4 Detailed confirmation was received from the Senior Manager Personnel, Safety, Health and Welfare about the steps being taken across the Council in order to improve the arrangements:
- The Education Minister wrote to all Chief Executives in 2011 following a critical report on the arrangements at one local authority by Estyn and the Care Inspectorate. The Minister was keen to ensure that more robust arrangements were in place in other authorities, and where they were not that urgent action is taken.
 - The Council is now awaiting the return of only 34 checks by the Disclosure and Barring Service (DBS) – this in the context of the thousands of workers that are checked.
 - DBS came into existence on 1 December 2012, replacing the CRB and ISA. This followed the Protection of Freedoms Act 2012.
 - A new policy is now in place to verify workers. Since 17 June 2013, the Disclosure and Barring Service has stated it will not provide a copy of the criminal record disclosure to the employer. This means that only the person named in the request for verification is now provided with a certificate. The Service reports that it is doing this due to a change in the law which states that only the person being checked can be provided with a certificate.
 - Reference was made to a recent case in England, where a person has won a court case because a minor offence that had been committed several years earlier had prevented him from getting a job. It was explained that new regulations have come into force following that case and that the Council has already taken steps to comply with the changes arising from the Protection of Freedoms Act approved in May 2012.
 - An outline was given of the Council's arrangements to request information from DBS, and of the staffing database that is being developed within the Council which will facilitate the procedure.
 - The Safeguarding Children and Adults Operational Panel is accountable to the Safeguarding Children and Adults Strategic Panel, which includes two members of the Cabinet (Care and Education), Head of Social Services, Housing and Leisure, the Corporate Director who is Lead Director for Children, Head of Education, Head of Democracy and Legal, Senior Managers from Social Services and Education, the Child Protection Board for Gwynedd and Anglesey Co-ordinator as well as the Head of Human Resources and Senior Manager Personnel, Safety, Health and Welfare. The Strategic Panel has already discussed the Contract Terms - DBS Checks report, and the Operational Panel shall give further attention to the Action Plan at its meeting on 12 July; this will be one of the main items on the agenda. The Council recognizes that it needs to consider its monitoring arrangements.
- 2.5.5 The Senior Manager was thanked for attending the meeting and for the update on the situation within the Council with a view to continually improving the situation.**

2.6 Equipment with Former Members

2.6.1 The main findings of this report were:

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 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.

2.6.2 After a presentation by the Senior Manager Audit and Risk, an explanation of the arrangements was given by Huw Ynyr, Senior Manager - IT and Business Transformation:

- The Senior Manager - IT and Business Transformation and Senior Manager Audit and Risk agreed that the audit report has focused on the CITRIX fobs used under the old system. A record of these are kept on a spreadsheet that was not updated frequently.
- The role of the Information Technology Service in the context of this audit is to act as technology providers and leaders. The decision to invest in iPads for members was the result of research based on the work of members.
- The Senior Manager acknowledged that the plans for recording items have been fragmented in the past, but he was able to provide assurance to the Working Group that the arrangements were now much more robust, especially for tablet computers:
 - A record is made of the serial number of each machine
 - A contract is signed by members
 - All inquiries are logged by the Help Desk
 - Software on each tablet means that it is possible for the Council to know what use is made of machines (but not to read the contents of emails etc).
- The Senior Manager noted that Democratic Services is responsible for recalling equipment (and ID badges etc). This service moved from the Democratic and Legal Department to the Strategic and Improvement Department during 2012.

2.6.3 There was a brief discussion about the need for each individual member to attend Information Security training, and that it is important to stress to all members to do so.

RECOMMENDATION FOR THE AUDIT COMMITTEE: That the Committee stresses the need for all members to receive Data Protection training, and requests assurance that this has happened.

2.7 Change Management for IT Systems

2.7.1 The main findings of this report were:

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.

2.7.2 The Senior Manager Audit and Risk stressed that the audit relates specifically to arrangements within IT Service itself to deal with changes to computer systems. It was noted that service managers have put arrangements in place to ensure the traceability of any changes to computer systems, but technical staff were not always following these guidelines.

2.7.3 The Senior Manager - IT and Business Transformation Services explained that the Council's help desk system is used, and it is expected that any change to the system that affects more than one user must be approved by the Change Advisory Board, which consists of the managers of the Information Technology Service.

2.7.4 The Senior Manager - IT and Business Transformation recognised that this is time consuming, and requires a culture change for a number of technical officers. He reported that a new system that will take effect soon will streamline the process. This should improve compliance.

2.7.5 The Senior Manager - IT and Business Transformation was thanked for attending the meeting and for the information that he had provided. The Working Group considers that the steps outlined for the two reports will improve controls and address the weaknesses highlighted in the audit reports.

2.8 Processing of Energy Supplier Data

2.8.1 The main findings of this report were:

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.

2.8.2 When arranging the meeting, consideration was given to the context of the audit. For example, there are far more serious potential implications of failing to control verification procedures in the recruitment and appointment process as this may affect the welfare of children, young people or vulnerable adults, while there are no serious welfare issues involved with the opinion category 'C' on Data Processing for Energy Suppliers, though it may lead to inefficient use of resources. Therefore, due to a combination of the availability of officers and the need to put the main focus of the meeting on the risks that appeared in other reports, no officer other than the Senior Manager Audit and Risk attend to discuss the this report.

2.8.3 However, there was a useful discussion between the Senior Manager Audit and Risk and Working Group members, and it was agreed that energy consumption is an issue that will require increasing attention by Internal Audit in the coming years.

3. GENERAL FEEDBACK

3.1 **All members of the Working Group believes that the experiment has been very successful, providing an opportunity to have a detailed discussion on some of the Council's main risk and control issues.**

3.2 **Everyone was unanimous that the regime should continue, with membership being rotated to ensure that everyone on the Audit Committee will has the opportunity to be on the Working Group.**