

## **GWYNEDD COUNCIL**

COMMITTEE	<b>AUDIT COMMITTEE</b>
DATE	<b>18 JULY 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 30 JUNE 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 1 April 2013 to 30 June 2013.

### **2. WORK COMPLETED DURING THE PERIOD**

- 2.1 The following audit work was completed in the period to 30 June 2013:

<b>Description</b>	<b>Number</b>
Reports on Audits from the Operational Plan	12
Other Reports (memoranda etc)	1
Follow-up Audits	3

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

## 2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 30 June 2013, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Primary Schools - Redundancy Procedures	Education	Schools	B	Appendix 1
Debtors System - Review of Key Controls	Finance	Financial	B	Appendix 2
Main Accounting System - Review of Key Controls	Finance	Accountancy	A	Appendix 3
National Non-Domestic Rates Refunds	Finance	Revenue	A	Appendix 4
National Non-Domestic Rates System - Review of Key Controls	Finance	Revenue	A	Appendix 5
Communities First - Extension to the Old Scheme	Economy and Community	Community Regeneration	B	Appendix 6
Neuadd Buddug, Y Bala	Economy and Community	Record offices, museums and the arts	B	Appendix 7
"Llwyddo'n Lleol"	Economy and Community	Skills and enterprise	B	Appendix 8
Siopau Gwynedd	Customer Care	Customer Contact	C	Appendix 9
Supporting People	Social Services, Housing and Leisure	Supporting People	A	Appendix 10
Banking Arrangements in the Leisure Centres	Social Services, Housing and Leisure	Leisure	C	Appendix 11
Achievement of Savings Projects	Strategic and Improvement	Performance and Scrutiny	B	Appendix 12

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 work was undertaken where an opinion category was not given:

- **Contribution to preparation of the Annual Governance Statements (Corporate).** Internal Audit took a role again this year in preparing the Annual Governance Statement for Gwynedd Council, which is the subject of a separate report to the Committee. Internal Audit also contributed to the development of the corresponding statement for the Joint Committee on Special Education and the Joint Planning Policy Committee, which need their own Governance Statement (together with a Statement of Accounts) in accordance with the requirements of the Accounts and Audit Regulations.

## 2.4 Follow-up Audits

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

TITLE	DEPARTMENT	FOLLOW-UP OPINION
Social Services Performance Measures - Accuracy of Core Data	Social Services, Housing and Leisure	<b>Excellent</b>
Arrangements for Dealing with Correspondence	Corporate	<b>Acceptable</b>
Administration of Invoices before passing to the Payments Unit	Corporate	<b>Acceptable</b>

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

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

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

**Unsatisfactory** – several recommendations not implemented.

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

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

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

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

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

Banking Arrangements at Leisure Centres  
 Processing of Energy Supplier Data

## **Completion Target: Quarter ending 31 March 2014**

Siopau Gwynedd  
Change Control, IT Systems

### **3 WORK IN PROGRESS**

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

#### **3.2 Draft reports released**

- Management of secondary school building maintenance - VFM (*Education*)
- Secondary Schools - Budgetary Control (*Education*)
- The Planning Service (*Regulatory*)

#### **3.3 Work in progress**

- Secondary Schools - Information Security (*Education*)
- Health and Safety Risk Assessments (*Corporate*)
- NFI (National Fraud Initiative) (*Corporate*)
- Corporate Complaints Procedure (*Corporate*)
- School Uniform Grant (*Finance*)
- Members' Gifts and Hospitality (*Democracy and Legal*)
- Tourist Information Centres (*Economy and Community*)
- Council Properties - Firefighting Equipment (*Customer Care*)
- Software Licences (Corporate) (*Customer Care*)
- Software Licences (Schools) (*Customer Care*)
- Support Workers Travel Costs (*Social Services, Housing and Leisure*)
- Direct Payments (*Social Services, Housing and Leisure*)
- Follow-up - Backups and Service Continuity (*Customer Care*)
- Rechargeable Works (*Highways and Municipal*)
- Member Training (*Strategic and Improvement*)

### **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 April 2013 to 30 June 2013, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

## PRIMARY SCHOOLS - REDUNDANCY PROCEDURES Education

### Purpose of the Audit

The purpose of the audit is to ensure that primary schools in Gwynedd comply with the Council's procedures as well as the law when taking steps to implement redundancy due to an excess of staff.

### Scope of the Audit

A sample of 5 primary schools in Gwynedd that had gone through the redundancy process recently was chosen for the audit as well as a sample of schools that were in the middle of the process.

### Main Findings

The main findings of the audit was that 4 of the schools in the audit sample had followed the redundancy procedure in accordance with the appropriate guidelines and timetables. However, it was found that the other school in the sample had failed to comply with the necessary timetable for correspondence and some of the other stages in the redundancy process. We found, however, that the Education Department has intervened in the process at this school in an expected manner in order to recover the situation.

### Audit Opinion

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

- **Governing body meetings should be held regularly, at least once a term, and if this is not possible the matter should be reported immediately to the Education Department.**
- **All schools should have a current business interest form for each member of the governing body which should be updated annually by distributing forms at the first meeting of the year.**
- **Heads should immediately contact the Finance Unit and the Senior Education Quality Improvement Officer when they recognise the need to follow the redundancy process, so that the process is started as soon as possible.**
- **It should be ensured that Heads comply with the Redundancy Guidelines when undertaking the process, ensuring that they implement the appropriate steps in accordance with the timetable.**

## DEBTORS SYSTEM - REVIEW OF KEY CONTROLS

### Finance

#### Purpose of the Audit

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

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

The debtors system is considered a "major financial system" in accordance with the Wales Audit Office's definition, and there is therefore an intention to review this system. The purpose of the audit was to ensure that the duty of raising customer invoices has been designated to authorised officers with information to appearing in the ledger being complete well as the income the Council receives, with reconciliation being undertaken. Also, ensure that appropriate arrangements are in place for recovery and write-offs, with information being provided to managers.

#### Scope of the Audit

To test aspects of the arrangements relating to the Debtors System.

#### Main Findings

It was seen that processes, procedures and segregation of duties are in place for debt collection. However, it is noted that Hafan Pwllheli have procedures separate from corporate arrangements, with transactions being fed into the main accounting system at the end of each month. It was seen that there is a need to modify the process for writing off debts to ensure proper authorisation in each case in accordance with the Council's Financial Procedure Rules.

A sample of the debts from the corporate system that had been written off during 2012/13 was reviewed; it was found that the appropriate steps have been taken with authorisation being in line with expectations.

It was seen that there are processes to ensure consistency between the debtors module and the main ledger.

It was seen that a process for recovery has been officially documented, however it was noted that this was not practicable for a number of cases that come before the recovery service.

It would be fair to note that the Income Service act in the way they judge to be the most likely to recover Council debts, however it would also be fair to note that there is scope to ensure that the legal resource is being used in more cases where appropriate.

#### Audit Opinion

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

- **The arrangements in place for write-offs relating to Hafan Pwllheli should be reviewed, ensuring that every case of write-off is authorised before it is implemented in accordance with the requirements of the Council's Financial Procedure Rules.**

## MAIN ACCOUNTING 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 main accounting system is considered a “major financial system” in accordance with the Wales Audit Office's definition, and there is consequently an intention to perform a review of the key controls of this system.

#### Scope of the Audit

This review focussed on the controls for maintaining the main accounting system and the transactions of 2012/13.

#### Main Findings

It was seen that the key controls reviewed are in place for the main accounting system.

Measures are in place to separate duties based on roles, services and authorisation levels. The access rights to the system are managed centrally, and it was seen that there is an annual process of reviewing consumer privileges, although notification from service managers about any necessary changes is the most effective method.

Procedures are in place to monitor and report on budget variances. There were some examples of budgets that were input after the deadline set by the administrators of the system, but all items in our sample had been uploaded by the time of monitoring first quarter expenditure.

Period end processes are in place to ensure the accuracy of balance transfers and transactions. Procedures are in place to manage and reconcile the system with bank statements, transfers from feeder systems and management accounts to ensure accuracy and propriety.

#### Audit Opinion

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

## **NNDR REFUNDS**

### **Finance**

#### Purpose of the Audit

The purpose of the audit was to ensure that appropriate internal controls are in place in the process of refunding National Non-Domestic Rates.

#### Scope of the Audit

Select a sample of NNDR refunds made in the 2012-13 financial year and ensure that appropriate processes exist for authorising, reconciling and maintaining checks.

#### Main Findings

It was found that good internal control exists in the administration of NNDR refunds. We looked at the process of creating a refund and found that an appropriate process of separation of duties exists. In addition, it was found that information is correctly entered into the system and that reconciliations are held between the ledger, the payment receipting system and the Academy System on a monthly basis and that the reconciliations are authorised appropriately.

#### Audit Opinion

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



## NNDR 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 National Non-Domestic Rates system is considered a "major financial system" in accordance with the Wales Audit Office's definition, and there is therefore an intention to undertake an audit of this system's key controls.

The purpose of the audit was to ensure that NNDR bills are processed correctly and in accordance with the rateable values that have been set by the Valuation Office, and that there is appropriate processing for collecting, recording and monitoring payments.

#### Scope of the Audit

Reviewing and testing that guidelines, records and appropriate procedures are in place for managing, collecting and recording 2012-13 National Non-Domestic Rates.

#### Main Findings

It was seen that good internal control exists within the key controls relating to the procedures for administering NNDR. This includes appropriate information reconciliation arrangements between the Council's systems and with the Valuation Office, an appropriate process of repayment when an account is in credit, as well as write-off and recovery processes being in place.

The officers are well aware of the importance of being independent of the businesses where appropriate and a process of separation of duties also exists.

It was noted that the Service had exceeded its performance targets for the year 2012-13.

We found a weakness in one area where applications for payment of NNDR through the Deferred Payment Scheme had been loaded onto the DIP System with the note "No Action Required". This means that these applications do not appear in the workload of the relevant officers, so there is a loss of implementation following the application.

#### Audit Opinion

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

- **The officers who are responsible for loading documents into the DIP system should be aware that requests to pay through the Deferred Payment Plan need to be recorded with the need to act, if the plan is available again in the future.**

## COMMUNITIES FIRST - EXTENSION TO THE OLD SCHEME Economy and Community

### Purpose of the Audit

The purpose of the audit is to ensure that appropriate arrangements are in place for the administration of the extension of the Communities First program transitional funding.

### Scope of the Audit

The audit focusses 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.
- That appropriate evidence exists to support the use made of the grant money.
- That appropriate requests are made to the Welsh Government for the grant money.

### Main Findings

The application from one community was for staff redundancies. An invoice had been received from the partnership identifying redundant staff and noting the figures, but no evidence to support the figures such as copies of staff redundancy letters had been presented.

The auditor notified the Communities First Monitoring Officer during the audit that they should contact the partnership to try to get copies of the redundancy letters. It is understood that the Monitoring Officer has contacted the Chairman of the Partnership to request copies of the letters but had not been successful.

At the audit date it appeared that more money has been claimed in applications for central spending than had been spent. The Communities First Monitoring Officer expressed that the Council will report on underspend to the Welsh Government by completing a CF8 form before 15 July 2013.

### Audit Opinion

**(B) The audit opinion is that partial assurance of financial propriety can be expressed in administration of the extension of the Communities First program transitional funding 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 keep on file copies of the e-mails she had sent attempting to obtain copies of the redundancy letters.**
- **It should be ensured in the future that if such a case arises the Council does not pay any money over to outside organisations without the proper evidence first.**
- **It must be ensured that arrangements are made to send the CF8 form to the Welsh Government before 15 July 2013.**

## **NEUADD BUDDUG, Y BALA**

### **Economy and Community**

#### Purpose of the Audit

To ensure that there are arrangements at Neuadd Buddug to manage and mitigate risks appropriately, and in accordance with the Council's Financial Procedure Rules and other relevant procedures.

#### Scope of the Audit

The main expenditure and income for 2012/13 according to the Council's ledger were examined. The arrangements at Neuadd Buddug to manage a variety of risks were also tested.

#### Main Findings

The main findings from the audit was that arrangements are generally good at Neuadd Buddug, but the risk assessment needs to be updated as soon as possible.

#### Audit Opinion

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

- **Neuadd Buddug staff should send details of the tickets that have been distributed, as well as till 'z' readings, to the Pwllheli office together with the TR34 'Receipts and Banking' form.**
- **An agreement should be in place between Neuadd Buddug and all hirers that refers to the terms and conditions of hire.**
- **The Head of Department should be informed of budget heading 8690 (Rent – Land and General Buildings) with permission requested to vire the budget to another budget heading within the Service / Department.**
- **Reviews on the risk assessments should be completed as soon as possible and then reviewed annually.**

## **"LLWYDDO'N LLEOL"** **Economy and Community**

### Purpose of the Audit

To ensure that the Council has appropriate internal controls in place in its role as the regional leader of the Llwyddo'n Lleol scheme in North Wales, and that the controls will be adequate for the requirements of Wales European Funding Office.

### Scope of the Audit

Verify that an agreement is in place between the relevant parties on terms, conditions and guidelines of the Llwyddo'n Lleol grant in North Wales, as well as third parties used by the Council to meet the objectives of the scheme in Gwynedd. Check that the Council complies with the above in its role as leader of the regional scheme, and that it supervises other authorities in addition to any other third parties that are used in Gwynedd. Verify that the scheme is targeted towards the correct residents in Gwynedd, with applications being assessed in a fair and transparent manner, that there is control over the expenditure of the plan and that the Council complies with the Data Protection Act.

### Main Findings

It was seen that appropriate arrangements are in place for the management and monitoring of the Llwyddo'n Lleol scheme. These arrangements include control over the other Authorities in the regional scheme in North Wales where Gwynedd Council has the lead.

Nevertheless, there was one contract with a contractor that had not been signed and dated by a representative of the Council, and confirmation of modifications to a contract had not been signed by a representative of the contractor and Gwynedd Council. In addition, it was found that arrangements are not in place to monitor a bursary scheme from the project for a period of 5 years after the date of final payment of a grant from WEFO. This is a condition of the grant agreed by WEFO. This will be done by the Economy and Community Department closer to the time of final payment of the the grant by WEFO in 2015.

### Audit Opinion

**(B) The audit opinion is that partial assurance of financial propriety can be expressed in "Llwyddo'n Lleol" 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 wording of condition 10 (Audit) of the 'Local Bursary Agreement' should be modified to state that the beneficiaries are subject to monitoring for a period of 5 years from the date of final payment of the Llwyddo'n Lleol grant by WEFO.**
- **Arrangements should be established to monitor the bursary project for a period of 5 years after the date of final payment of the Llwyddo'n Lleol grant by WEFO, to ensure that beneficiaries comply with the Llwyddo'n Lleol grant conditions.**
- **It should be ensured that agreements which are in place with contractors have been signed and dated by the relevant representative of Gwynedd Council.**

## SIOPAU GWYNEDD Customer Care

### Purpose of the Audit

The purpose of the audit was to ensure that arrangements are in place to enable Siopau Gwynedd to provide a service of the highest quality to the public.

### Scope of the Audit

The scope of the audit was to conduct a review of the arrangements in place at each Siop Gwynedd site, by discussing with the relevant officers at the sites and reviewing the available materials, together with checking registers and documentation of income.

### Main Findings

We found that all three Siopau Gwynedd had up to date information in the form of pamphlets, magazines or forms that were accessible to the public. It was seen that visitors who meet in the buildings sign in and out of the building but there was no arrangement for informing them of arrangements in case of fire, ie if a fire drill is planned, along with meeting places in case of emergency.

The main weakness found during the audit was a lack of arrangements in the process of receiving, recording and banking income. Siop Gwynedd at Caernarfon has not received a float, despite being open to the public since January 2013. Weaknesses are apparent in project for establishing Siop Gwynedd at Caernarfon because several essential factors have been missed - this includes failure to provide appropriate training for staff on issues like financial procedures and failure to provide them with the appropriate documentation for recording and banking income.

The Siop Gwynedd Team Leader and Customer Contact Professional Trainee have now received training on how to complete income receipt forms and arrangements are in hand to ensure that the training is cascaded to all staff in the Siopau Gwynedd in the near future. In addition, discussions were held with Internal Audit to ensure that clear and robust arrangements are in place for banking income by removing unnecessary layers from the process. The Customer Contact Manager, following the establishment of the proposed banking arrangements, stated that it would appreciate if Internal Audit visit Siopau Gwynedd unannounced to ensure that their arrangements are in line with expectations.

In terms of customer care, arrangements need to be improved for receiving feedback from customers to enable staff and management to identify the weaknesses and strengths of the service. There is also a need to make sure that staff receive training on how to deal with complaints from visitors, including training on how to record complaints made verbally.

### Audit Opinion

**(C) The audit opinion is that assurance of financial propriety cannot be expressed in Siopau Gwynedd 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:**

- **All members of staff who work in Siopau Gwynedd should receive appropriate training for them to achieve all aspects of their duties.**
- **The arrangements for keeping income and the banking arrangements should be reviewed, and the practice of transferring income to be banked to the Support Services should be abolished.**

## **SUPPORTING PEOPLE**

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

#### Purpose of the Audit

To ensure that appropriate internal controls are in place when administering the Supporting People scheme.

#### Scope of the Audit

To ensure that arrangements are in place to administer the Supporting People scheme by reviewing a sample of providers who are part of the scheme, the payments made, and the budgetary control of scheme, and verifying that arrangements are in place for individuals to attend relevant Supporting People meetings by following the new guidelines that are in place since 2012.

#### Main Findings

Good practice was seen in the administration of the Supporting People grant. The Service has guidelines and related documents that were published in 2012 by the Welsh Government.

We examined a sample of contracts and the management of paper and electronic files and found the management to be of a very high standard. Robust arrangements were seen to be in place to administer service payments and that appropriate budgetary control is in place. Arrangements for managing the Supporting People Service were of a very high standard. As a result there is no recommendation for consideration following this review.

#### Audit Opinion

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

## **BANKING ARRANGEMENTS IN THE LEISURE CENTRES**

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

#### Purpose of the Audit

To ensure that internal controls exist when banking money in the Leisure Centre to mitigate operational risks, and that these controls are being implemented.

#### Scope of the Audit

A sample of five Leisure Centres across the county was selected to check their banking arrangements. The centres were Plas Ffrancon Leisure Centre in Bethesda, the Tennis Centre in Caernarfon, Glaslyn Leisure Centre in Porthmadog, Pavilion Leisure Centre in Barmouth, and Bro Ffestiniog Swimming Pool in Blaenau Ffestiniog. For these centres, we reviewed a sample of days in the financial year 2012/2013 and checked the banking carried out on these dates.

#### Main Findings

Examples of good practice and sound management were found within the banking arrangements in some of the Leisure Centre. However, there are a number of areas examined that require further attention. One of these is to remind officers that two members of staff should sign documents. A number of errors were found and therefore appropriate measures should be taken to strengthen the arrangements within the area examined.

#### Audit Opinion

**(C) The audit opinion is that assurance of financial propriety cannot be expressed in Banking Arrangements in the Leisure Centres 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:**

- **Glaslyn Leisure Centre should have a copy of the latest IMS.**
- **Bro Ffestiniog Swimming Pool should produce monthly reports as set out in the IMS guidelines.**
- **Leisure Centres should be reminded that two officers are required to sign the relevant documents.**
- **Plas Ffrancon Leisure Centre should use the correct short codes on the TR34.**
- **Leisure Centres need to be reminded that they should send a copy of all the relevant TR34 forms to the Income Section.**
- **Officers at the centres should be reminded that it is important that two officers sign the relevant documents such as Banking Record Sheet and paying-in book at all times.**
- **Contact should be made with the security company immediately if they have not collected the money on the usual day and a record of the discussions should be recorded. There should also be a contingency plan in cases of the kind.**
- **There is a need to remind officers that they need to produce 'z' readings at all times and relevant documents need to be signed by two officers.**

## ACHIEVEMENT OF SAVINGS PROJECTS

### Strategic and Improvement

#### Purpose of the Audit

The purpose of the audit was to ensure that internal controls exist within departments to mitigate the risks that may prevent the aims of realising savings plans that lead to failure to meet targets.

#### Scope of the Audit

A sample of schemes was selected to ensure that there are suitable arrangements for their management, as well as monitoring and reporting arrangements. The focus of the audit was on the plans in the £16m savings quantum, efficiency plans and cross-departmental schemes. The audit did not encompass the savings plans of Social Services, Housing and Leisure because they are the subject of a separate audit. The audit focused on the implementation within departments, rather than the arrangements of the Savings Realisation Board.

#### Main Findings

Project management procedures are being followed by officers who carry out the savings plans, although on rather loose terms in certain situations. It is accepted that there is a need to be proportionate when using a bureaucratic methodology when running projects, and overall it was found that the project management arrangements used are appropriate given the size of the projects. Not all savings are considered as a project or an activity within a project, e.g. budget reduction, so there is no need to over-emphasise the formal system of project management because not every step of this procedure is applicable for all projects. An example of this was seen in our sample; not all of the usual documentation existed but other documents were available containing the necessary information. This reflected the concerns of the Departments that the process would be overly bureaucratic if they were to follow each step of the project management methodology for small projects.

There has been concern about the consistency of departments' reports to more than one panel or board with different members, and that the true project position or status was not consistent due to different record being presented by different officers. However, the Efficiency Project Officer, who meets regularly with heads of departments to monitor the progress of the projects, also sits on the Savings Realisation Board. This provides assurance that the actual situation is being reported. A member of the central Finance Team also attends these meetings to ensure consistency in what is reported in terms of financial savings. The board will then report to the Delivery Panel where progress, slippages and failures are discussed with the relevant Cabinet Member.

#### Audit Opinion

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

- **Officers should be aware of the Council's Project Management methodology, but use it in a manner that is commensurate to the size of the project.**