

## GWYNEDD COUNCIL

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| COMMITTEE         | <b>AUDIT COMMITTEE</b>  |
| DATE              | <b>26 SEPTEMBER 2013</b>                                      |
| TITLE             | <b>REPORT OF THE CONTROL IMPROVEMENT WORKING GROUP</b>        |
| PURPOSE OF REPORT | <b>TO REPORT ON THE MEETING HELD ON 3 SEPTEMBER 2013</b>      |
| AUTHOR            | <b>TREVOR O EDWARDS, CHAIR OF THE AUDIT COMMITTEE</b>         |
| ACTION            | <b>TO RECEIVE THE REPORT AND CONSIDER THE RECOMMENDATIONS</b> |

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### **1. INTRODUCTION**

- 1.1 The executive summaries of 12 internal audit reports were presented to the Audit Committee meeting on 18 July 2013, which represented reports that had been released between 1 April 2013 to 30 June 2013. Two of these reports received a 'C' opinion.
- 1.2 Consequently, the Committee resolved:
- a) That the work of the Working Group was to continue and that the following would serve on it next time - The Chairman and Vice-chairman of the Audit Committee and Councillors Dafydd Meurig, Dilwyn Morgan and Michael Sol Owen.**

### **2 WORKING GROUP MEETING**

- 2.1 The Working Group meeting was held on 3 September in Ystafell Glyder Fawr, with the Chair and Vice-Chair of the Committee, the Councillors Dafydd Meurig, Dilwyn Morgan and Michael Sol Owen and Dewi Morgan, Senior Manager Audit and Risk, present.
- 2.2 The reports that had received a 'C' opinion during the period under review were:

| <b>TITLE</b>                                | <b>DEPARTMENT</b>                    | <b>SERVICE</b>   |
|---|--------------------------------------|------------------|
| Siopau Gwynedd                              | Customer Care                        | Customer Contact |
| Banking Arrangements in the Leisure Centres | Social Services, Housing and Leisure | Leisure          |

- 2.3 Officers attended to discuss both report.
- 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 in particular the work that has been done since the publication of the report in order to strengthen internal controls in question.

## 2.5 Siopau Gwynedd

### 2.5.1 The main findings of the report were:

*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 the project plan 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. In addition, it was found that the income received is kept in a cash box to which all staff have access, which means that if there is a failure to reconcile income for banking, doubt would fall on every member of staff. This is a big backward step when considering that sound controls, appropriate systems and adequate segregation of duties existed in the former cash offices.*

*The Siop Gwynedd Team Leader and Customer Contact Professional Trainee have now received training on how to complete income receipt forms from the Assistant Audit Manager 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.*

2.5.2 A background to the context of the audit was given by the Senior Manager Audit and Risk. It was noted that the establishment of Siop Gwynedd at three locations (in Dolgellau and Pwllheli initially, and then in Caernarfon) had been substantial projects, and much work has been done by the officers to establish new arrangements and ways of working. In terms of delivering training to new officers starting with the Council, the Senior Manager Audit and Risk explained that all new staff receive induction training to introduce them to corporate policies and procedures, but it is then the responsibility of management to organise specific job-related training.

2.5.3 Idris Jones, Customer Contact Manager, and Joanne Parry, Assistant Customer Contact Manager, were welcomed to the meeting to discuss the issues arising from the report.

2.5.4 The Customer Contact Manager explained that a programme is in place to improve the situation highlighted in the report, with the Caernarfon Siop Gwynedd having been open since January this year. It was a major initiative to get things in place in order to open on time, necessitating the appointment of new officers. Although many of the officers appointed originally experienced in the Council's procedures and specialist areas, some of them have since left to pursue careers elsewhere.

### Training

- 2.5.5 The Customer Contact Manager explained that an extensive training program is in place, and it was not practicable to present this in its entirety to everyone before they start work, but training will be offered to individual officers where a particular need has been identified. A detailed training program has been prepared for Siop Gwynedd officers, a copy of which was shown to members of the Working Group by the Assistant Manager as evidence. It was noted in particular that there are four relatively new members of staff, and that staff in Caernarfon Siop Gwynedd receive further training on the Council Tax / Benefits computer system.
- 2.5.6 New staff are appointed primarily on their customer care skills, the principle being that technical aspects of the job can be learnt whilst customer care skills are inherent. New staff learn by watching other people at work for the first few weeks, and are then supervised carefully when dealing with customers. The initial training is one-off, but it is updated face-to-face, in writing (if an important issue which requires a formal record) or in team meetings. No one specific way of training has been identified for refresher training.
- 2.5.7 One member suggested that training sessions should be offered to all staff at once, but it was emphasised by the Customer Contact Manager that this must be balanced against the need to serve the public.

### Layout

- 2.5.8 There was a discussion regarding the layout of Siopau Gwynedd. The Assistant Customer Contact Manager explained that the work is more or less the same in all three locations, and that there are drawers to keep dedicated forms. However, some members suggested that there should be more consistency, so that staff who are filling in at an unfamiliar Siop Gwynedd do not have to search for forms, brochures etc thus giving a poor image of the Council to the public.

### Site Manager Duties

- 2.5.9 The Assistant Manager reported that Siopau Gwynedd at Dolgellau and Pwllheli have taken the responsibility of ensuring the safety of the site, and this is done for the entire building – not the Siop Gwynedd area only. It was noted that it is the responsibility of the Property Unit to appoint a site manager, but it was stressed that the Siop Gwynedd service – not a nominated person – is the designated "Site Manager" at both sites.

### Banking Arrangements

- 2.5.10 It was agreed that the only a relatively small amount of money is collected at Siopau Gwynedd, and the arrangements are different in Caernarfon to those in Pwllheli and Dolgellau, as a Cashiers back office remains active in Penrallt, Caernarfon. It was confirmed that Team Leaders at Caernarfon have received training in financial arrangements by the Assistant Audit Manager.
- 2.5.11 There is now a float in each Siop Gwynedd.

### General Comment on the Audit

- 2.5.12 In conclusion, the Customer Contact Manager expressed the opinion that the wording of the audit report is rather heavy-handed when it says that there were shortcomings in the project arrangements, when much work has been done but not all elements of the project could be completed prior to the opening of Caernarfon Siop Gwynedd. In response, the Senior Manager Audit and Risk said that he recognised and appreciates the hard work that had been completed to open Siop Gwynedd.

- 2.5.13 The Customer Contact Manager and Assistant Manager Customer Contact were thanked for the discussion. The Working Group is keen to emphasise that the common goal was collaboration to improve arrangements further, as everyone wanted to see success for Siop Gwynedd. The Customer Contact Manager agreed, explaining that a discussion has already been held with Internal Audit for specific follow-up testing in order to get an independent opinion on certain arrangements.**
- 2.5.14 The Working Group welcomes the spirit of cooperation, and a positive attitude to strengthen risk management at Siopau Gwynedd.**

## 2.6 Banking Arrangements in the Leisure Centres

2.6.1 The main findings of this report were:

*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.*

2.6.2 The Senior Manager Audit and Risk noted that this as an area of high risk, as cash is received and significant weaknesses that have resulted in losses have been identified in the past. He was asked what were his views on the shortcomings that continue to be seen in some of the arrangements. He explained that his view that this was perhaps due to a lack of appreciation of the value of some of these controls. Whilst everyone is clear about the objective of protecting public money, maybe not everyone has an understanding of how some of the controls contribute individually to that.

2.6.3 For example, it is possible that a second officer signs bank documents as the Council's financial procedures require that, not because this is seen as evidence of a check as a way of reducing the risk of fraud. Knowing what needs to be done is not enough – there is also a need to understand why.

2.6.4 Gwenno Williams, Senior Operational Manager, was welcomed to the meeting.

2.6.5 The Senior Operational Manager said that she was pleased to receive report, that the auditor has been very thorough and there are lessons to be learned from the report. Two years ago there was a report in the same area that had received a 'CH' opinion, so progress has been made, but further improvement is needed.

2.6.6 The Senior Manager explained that the Technical Team in Provider and Recreation present staff training on the banking arrangements, among other things. The Technical Officer has discussed the training program with the auditor following the audit and explained what has been put in place.

2.6.7 A meeting of centre managers was held on 1 July. At the meeting it was agreed how to proceed to implement improvements in internal controls at the centres.

2.6.8 The Senior Manager went through the recommendations one by one in order to explain what has been done; the action plan had already noted that the service agreed to all recommendations. In discussing the recommendations one by one, the following points were noted:

- Each centre now has the latest version of IMS (the management manual for leisure centers). In general, the IMS is quite old, and is being reviewed at the moment.
- The relatively new manager in one centre has received further training, and thereby understands what is needed better now.
- Where deficiencies in understanding have been identified, leisure centre managers and officers receive training. This training includes the requirement for two signatories on relevant documents. In response to a question, she noted that the training not only emphasises the need for two signatures, but also why.

- Currently, officers at the centres are required to prepare a memorandum when there is a difference of over £3 in the banking. The report includes recommendations to add in the IMS that managers need to check these memoranda. A new template has been prepared for such memoranda. In response to a question of whether the threshold of £3 is now too low, the Senior Operational Manager replied she was happy with the current level.
- A simple control, but which should be effective, has been introduced to prevent security company bags from running out again. An A4 sheet is inserted into the pile of empty bags, about 7 from the bottom, as a notice to order more.
- Suitable locks are now in place at the centre where deficiencies had been identified during the audit.

**2.6.9 The Senior Operational Manager was thanked for the update. The Working Group was satisfied that the constructive steps that have been introduced will help to further improve internal controls within the banking arrangements.**