

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	6 MAY 2014
TITLE	OUTPUT OF INTERNAL AUDIT
PURPOSE OF REPORT	TO OUTLINE THE WORK OF THE INTERNAL AUDIT SECTION FOR THE PERIOD TO 31 MARCH 2014
AUTHOR	DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK
ACTION	TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE RECOMMENDATIONS THAT HAVE ALREADY BEEN PRESENTED TO SERVICES FOR IMPLEMENTATION

1. INTRODUCTION

- 1.1 The following report summarises the work of the Internal Audit Section for the period from 1 February 2014 to 31 March 2014.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following audit work was completed in the period to 31 March 2014:

Description	Number
Reports on Audits from the Operational Plan	30
Other Reports (memoranda etc)	3
Grant Reviews	3
Follow-up Audits	2

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

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 31 March 2014, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Health and Safety Risk Assessments in Schools	Education	Resources	B	Appendix 1
Schools Effectiveness Grant and Pupil Deprivation Grant	Education	Resources	C	Appendix 2
Administration of Student Grants and Loans	Education	Resources	B	Appendix 3
GwE	Education	GwE	A	Appendix 4
School Statistics and Censuses	Education	Schools	C	Appendix 5
Partnership Working	Corporate		A	Appendix 6
Verification of Performance Measures	Corporate		C	Appendix 7
Control over Ordering and Payment for Property Repairs and Maintenance	Corporate		C	Appendix 8
eProcurement System	Finance	Financial	B	Appendix 9
Payments System - Review of Key Controls	Finance	Financial	B	Appendix 10
Bank Reconciliation - Review of Key Controls	Finance	Accountancy	A	Appendix 11
Gwynedd Pension Fund - Review of the Key Controls of the Administration Systems	Finance	Pensions and Payroll	A	Appendix 12
Payroll System - Review of Key Controls	Finance	Pensions and Payroll	B	Appendix 13
Benefits System - Review of Key Controls	Finance	Revenue	A	Appendix 14
Council Tax System - Review of Key Controls	Finance	Revenue	A	Appendix 15
NNDR System - Review of Key Controls (2013-14)	Finance	Revenue	A	Appendix 16

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Arrangements for Registering Births, Deaths and Marriages	Democracy and Legal	Registration	C	Appendix 17
Wales Rural Development Plan Projects	Economy and Community	Strategy and development Programmes	B	Appendix 18
"Our Heritage" Project	Economy and Community	Tourism, marketing and customer care	B	Appendix 19
Emergency Planning and Business Continuity	Customer Care	Emergency Planning	B	Appendix 20
Social Services - Security of Files and Data	Social Services, Housing and Leisure	Across the department	B	Appendix 21
Youth Justice Service	Social Services, Housing and Leisure	Children and Families	B	Appendix 22
Overnight Arrangements at Council Homes	Social Services, Housing and Leisure	Residential and Day	C	Appendix 23
Community Gangs	Highways and Municipal	Waste Management and Streetscene	B	Appendix 24
Payments to Taxi Firms	Regulatory	Environment	B	Appendix 25
Trading Standards	Regulatory	Public Protection	B	Appendix 26
Enforcement and Transport	Regulatory	Transportation and Street Care	B	Appendix 27
Member Training	Strategic and Improvement	Democracy	B	Appendix 28
Project Management Arrangements	Strategic and Improvement	Performance and Scrutiny	B	Appendix 29
Overtime Claims Procedures	Cross-departmental		C	Appendix 30

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:

- **Pensions - Contributions from employers** (Finance). The arrangements within a sample of pension fund employers was reviewed to obtain assurance that their contribution were correct and reflected the scheme requirements. The audit this time did not look at the three unitary authorities, but rather on a sample of smaller employers. On the basis of the tests undertaken, we were able to give assurance that the arrangements at these employers are appropriate, although there were some weaknesses.
- **Contract Management - Sailing Academy** (Economy and Community). The contract for building the Sailing Academy was awarded shortly before the ends of the financial year. Despite this, Internal Audit were able to undertake tests to obtain assurance that appropriate arrangements are in place, such as a risk register and a project plan. It was seen that these have been drawn up; further work will be undertaken during 2014/15.
- **Planning Service - Performance Measure CT02A** (Regulatory). This audit was undertaken at the request of the Achievement Panel of the relevant Cabinet Member, in order to have an independent review to establish the reasons for the time taken to come do a decision on major planning applications. It was seen that the reasons vary between individual applications, but that the decisions are made when the applicant’s agent engages with planning officers. Following discussions with the Head of Regulatory and the relevant Senior Manager, a further audit, with a larger sample, will be undertaken in 2014/15.

2.3 Grants

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

- Youth Crime Prevention Fund (*Strategic and Improvement*)
- SMAP Fund (*Strategic and Improvement*)

2.3.2 Although these grants have been reviewed by Internal Audit, this does not mean that external auditors from the Wales Audit Office or other agencies may undertake audits of these grants. However, it is expected that the work that Internal Audit has undertaken, and the assurance that can be stated with regards to the control environment, means that less audit work will be needed by these organisations. This, in turn, should mean a reduction in the fees that the Council will have to pay for an external audit.

2.4 Follow-up Audits

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

TITLE	DEPARTMENT	SERVICE	FOLLOW-UP OPINION
Siopau Gwynedd	Customer Care	Customer Contact	Unsatisfactory
Change Control, IT Systems	Customer Care	Information Technology	Acceptable

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

Excellent – all recommendations implemented as expected.

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

Unsatisfactory – several recommendations not implemented.

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

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

Completion Target: Quarter ending 31 December 2013

Contract Terms - DBS Checks
Staff DBS Checks

Completion Target: Quarter ending 30 June 2014

Use of Cetis / CALMS
Health and Safety Risk Assessments
Officers' Interests Policy
Software Licences (Schools)
Direct Payments
Data Protection Clause in Job Descriptions
Subsidised Travel Tickets

Completion Target: Quarter ending 30 September 2014

Schools Effectiveness Grant and Pupil Deprivation Grant
Bryn Blodau, Llan Ffestiniog
School Statistics and Censuses
Verification of Performance Measures
Ports
Corporate Complaints Procedure
Country Parks
Overnight Arrangements at Council Homes

Completion Target: Quarter ending 31 December 2014

Arrangements for Registering Births, Deaths and Marriages
Overtime Claims Procedures
Laptop Security

3 WORK IN PROGRESS

3.1 The following work was in progress as at 1 April 2014.

3.2 Draft reports released

- Leasing Arrangements in Schools (*Education*)

3.3 Work in progress

- Playgrounds (*Highways and Municipal*)
- Public Footpaths and Recreational Routes (*Regulatory*)
- Follow-up to Reviews on Gwynedd Consultancy (*Gwynedd Consultancy*)

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 February 2014 to 31 March 2014, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

HEALTH AND SAFETY RISK ASSESSMENTS IN SCHOOLS Education

Purpose of the Audit

The purpose of the audit is to ensure that Heads, Teachers, School Governors and Support Staff are aware of their responsibilities for ensuring that risks are identified and appropriate action is taken to mitigate them. In addition, ensuring that suitable and sufficient risk assessments are produced for all expected areas relating to schools.

Scope of the Audit

A sample of both primary and secondary schools was selected for the audit.

The schools were visited to carry out checks to ensure that risks have been identified and that suitable and sufficient risk assessments are produced.

A total of two secondary schools and nine primary schools were selected. The primary schools represented one small primary, one medium sized and one large primary school from each of the three areas.

Main Findings

The main finding from the audit is the need to establish a procedure for conducting practical training sessions on health and safety and risk assessments for the schools' Heads / Health and Safety Coordinators as well as the remainder of the school staff. It was also found that there is a need to ensure that appropriate risk assessments are in place in all schools and that they are reviewed annually or when there is any significant change to the risk.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Health and Safety Risk Assessments in 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:

- **When the health and safety policies are reviewed they should be adopted immediately by the governing body and a record of the process is made in the minutes of the meeting of the governing body.**
- **There should be consultation between the Health, Safety and Welfare Service and the Education Department to discuss the training requirements to see what type of training would be best for school headteachers and staff in the field of risk assessment and health and safety. It would be an idea to contact Gwynedd schools to obtain the views of the Heads of the matter. Once the type of training has been agreed then a suitable information pack should be prepared for training school headteachers and staff.**
- **Schools should be reminded again of the link that exists on the weekly newsletter which details the risk assessments that should exist in the schools.**
- **Risk assessments should be completed fully with the initial risk score and the residual risk score recorded on the assessment on all occasions .**

SCHOOL EFFECTIVENESS GRANT AND PUPIL DEPRIVATION GRANT

Education

Purpose of the Audit

The purpose of the audit is to ensure that there is an agreed strategy between the Council and the Welsh Government for the School Effectiveness Grant and the Pupil Deprivation Grant, and that the grant money is used to meet these objectives. To ensure that adequate arrangements are in place to monitor the expenditure and targets of the strategy and ensure that the Council complies with grant terms and conditions.

Scope of the Audit

Verify that the agreement signed between the Council and the Welsh Government contains the grant strategy, terms and conditions, and that the Council complies with these terms and conditions. Check that the grant money is used to meet the expected objectives of grants, and verify that the arrangements for monitoring expenditure and agreed targets are sufficient. Visit a sample of schools with Pupil Deprivation Grant audit, checking that they incur the expenditure in accordance with the priorities of the grant, with sufficient evidence in place to justify the expenditure.

Main Findings

We found that the Council had a strategy and specific plans in place for the SEG and the Pupil Deprivation Grant in 2012-13, and that a signed agreement was in place between the Council and the Welsh Government for the grant, with a strategy in place for 2012 -13. However, it was found that no supporting documentation and evidence have been retained to support the grant output figures presented by the Council to the Welsh Government for 2012-13. In addition, it was found that the Education Department does not have ownership of all of the relevant grant documentation for 2012-13, and that adequate arrangements were not in place to keep grant documents for the retention periods set by the Welsh Government in the terms and conditions.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in the School Effectiveness Grant and Pupil Deprivation Grant 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:

- **For such grants in the future, arrangements should be in place to keep supporting documents and evidence on file to support the figures and performance results and outputs that are presented to the financial body in accordance with what is required.**
- **Documents relating to the 2012-13 School Effectiveness Grant and Pupil Deprivation Grant that are held by Cynnal should be transferred to the Education Department, listing what documents have been received, and listing the documents cannot be found.**

ADMINISTRATION OF STUDENT GRANTS AND LOANS

Education

Purpose of the Audit

Ensure that the expected internal controls exist in the way that applications for student grants and loans are administered and that there is compliance with Welsh Government guidance.

Scope of the Audit

Audit a sample of relevant applications for academic year 2013/14, checking the accuracy of the application forms, accuracy of input, assessment and approval of applications as well as treatment of confidential documents and administration of the 'Portal' system.

Main Findings

The main findings from the audit is the requirement of the Audit Guidance for Administration of Student Finance 2013/14 for the Authority to make a % of additional checks on some areas; although the checks are made, records of them are not always kept as evidence. There is also a need to establish a due process within the Authority for keeping files together for a certain period when the work of assessing students' eligibility for assistance is transferred to Student Finance Wales offices in Llandudno Junction in April 2015.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Administration of Student Grants and Loans 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 should be ensured that it is possible to find the list of checks made in case a matter arises in the future where the Welsh Government wants evidence of the checks undertaken.**
- **A full record of the name and date of child care providers contacted should be kept as evidence that checks are made.**
- **Arrangements should be made to transfer all the files in April 2015 to a safe place, preferably to the same place, so that they can be easily accessed.**
- **Consideration should be given to moving the permission to create new users on the system from the Administrative Assistant to the Senior Manager Resource Service.**

GWE Education

Purpose of the Audit

The purpose of the audit is to ensure that proper corporate governance is in place by the Service and that Gwynedd Council as the host authority complies with the requirements.

Scope of the Audit

Examine the following aspects:

- Corporate Governance;
- Financial Management;
- Appropriate DBS arrangements for staff;
- Correct Employment Arrangements exist.

Main Findings

The main finding from the audit is that good Corporate Governance is in place by the Service as well as proper financial management. It is understood that Service policies are currently being reviewed by GwE, Gwynedd Council's Human Resources Department and Unions and a some work remains to be done before the work is completed.

Audit Opinion

(A) The audit opinion is that assurance of financial propriety can be expressed in GwE as the controls in place can be relied upon and have been adhered to. Despite this, the auditor offers the following recommendations:

- **The work of reviewing the policies should continue to ensure that the work is completed as soon as possible.**
- **Invoices should be stamped with the date they are received in the office.**

SCHOOL STATISTICS AND CENSUSES

Education

Purpose of the Audit

The purpose of the audit is to ensure that adequate processes exist for receiving statistics and censuses by schools and that schools present information that is complete, accurate and timely. To ensure that there are adequate arrangements for enrolling new pupils and daily school attendance on the SIMS system, and that adjustments to the budgets of schools following exclusions are undertaken correctly.

Scope of the Audit

To select a sample of schools, checking that instructions have been issued to them on how to gather statistics and calculations, and verify that statistics and censuses presented by the schools are complete, accurate and timely in accordance with the arrangements. Check that there is supporting documentation to justify the statistics and censuses submitted by schools and a reasonable explanation given for any discrepancies. Check that all the arrangements for entering pupils and pupil attendance on the SIMS system exist and that it is being properly followed by our sample of schools. Select a sample of permanent exclusions and check that they have been reported to the Development Finance Unit on a regular basis, with adjustments to the schools' budgets being completed correctly.

A sample of 4 Schools in Gwynedd was selected for audit.

Main Findings

It was seen that the relevant forms and specific arrangements are in place to collect statistics and census figures by schools annually, with guidance distributed to schools to guide them through the process. However, when examining a sample of schools, instances were identified where mistakes have been made by schools with the statistics and census figures presented, with discrepancies appearing between the statistic figures and the pupil register at the school. This lead to incorrect calculations and statistics figures being submitted to the Education Department by the schools. We found that adjustments to the school budgets following exclusions have been calculated correctly. It was also found that some schools in our sample did not have a current registration with the Information Commissioner's Office.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in School Statistics and Censuses 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:

- **Schools should be reminded of the importance of presenting accurate figures in their statistics and censuses annually in September, by checking the figures and comparing them with the figures for school attendance register, prior to submission to the Education Department to ensure that the correct figures are presented each time.**
- **Schools should be reminded of the need to notify the Education Department immediately of any discrepancies or errors which are identified on their statistics and census forms, after they are submitted to the Education Department.**

PARTNERSHIP WORKING Corporate

Purpose of the Audit

Ensure that internal controls are in place to mitigate the risks that exist for the Council due to its involvement with the Gwynedd Environmental Partnership, Gwynedd Economic Partnership and Local Housing Partnership.

Scope of the Audit

The internal controls that exist within the three partnerships were checked and evidence was gathered that encompassed the financial periods 2012/13 and 2013/14.

Main Findings

Strong examples of good practice were found within the Gwynedd Environmental Partnership, Gwynedd Economic Partnership and Local Housing Partnership in terms of the rationale for the partnership, the added value provided by the partnerships, governance arrangements, performance management, financial management, risk management, termination arrangements and serving the public.

Audit Opinion

(A) The audit opinion is that assurance of propriety can be expressed in the Gwynedd Environmental Partnership, the Gwynedd Economic Partnership and the Local Housing Partnership as the controls in place can be relied upon and have been adhered to.

VERIFICATION OF PERFORMANCE MEASURES Corporate

Purpose of the Audit

The purpose of the audit was to ensure the accuracy of the performance measures of all Council departments by selecting a sample of measures and checking that working papers and any other relevant evidence exists to support the outcome. In addition, the audit will verify that there is adequate challenge of measures within the department, by the managers who have ownership over the measures and the Performance and Efficiency Improvement Officers, to ensure that the measure is relevant to the purpose of the department, the ambition is realistic, and that the basket of measures reflect a true and fair view of the area.

Scope of the Audit

The scope of the audit was to ensure the accuracy of performance measures all Council departments by selecting a sample from a cross section of the Council's performance measures, i.e. measures at all levels, i.e. Gwynedd Council's Strategic Plan, Tier 1 or Tier 2.

Main Findings

It was discovered during the audit that deficiencies exist in the system for performance measures. Although the value of measures are considered prior to selection, it was observed that not all measures are SMART (Specific, Measurable, Specific, Realistic and Timely). We found that a lot of time and resources are going to collect some data for measures and despite the effort, no benefit resulted to the customer from them.

There was insufficient verification on 'green' measures on the RAG scale, and the owners of measures had not been required to present evidence to the relevant officers in Strategic and Improvement to support their performance.

It was also seen that the details of relevant officers for the purpose of the measure was inconsistent between the record cards and the Ffynnon system.

Audit Opinion

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

- **The resources – whether financial or time resource – taken to produce statistics or data collection should not outweigh any benefit derived from the performance measure.**
- **Each performance measure in should be SMART (Specific, Measurable, Specific, Realistic and Timely).**
- **Consideration should be given to the quality assurance sheets that have been prepared for a series of the Departments' measures.**
- **The details of the relevant officials as well as other details should be up to date and accurate in both sources (Ffynnon and Record Cards).**
- **The value of using record cards in their current form should be considered to avoid duplication of work and to consider developing the Ffynnon system so that all information is collected and recorded only once.**

CONTROL OVER ORDERING AND PAYMENT FOR PROPERTY REPAIRS AND MAINTENANCE

Corporate

Purpose of the Audit

The purpose of the audit was to review the procedures and processes in place within the Property Maintenance Service for ordering and paying for services for responsive work together with the monitoring and control of expenditure.

Scope of the Audit

The review focuses on the processes around ordering and paying for the service of contractors for repairs in Council buildings through the computer system that is in place. Attention was given to the short-term plans of the Maintenance Service in relation to the processing of invoices through the system.

Main Findings

The electronic system that is in place for the production of orders for property repairs by the Maintenance Team has been in use by the Property Service for a considerable period. Recently, the team has been the subject of streamlining review processes with the result that a number of traditional expected controls have been abolished. The relevant principle in the present process is that trust in the staff, and managers have to accept the inherent risks that result from this. At the time of the audit, processes of establishing payments through the system are being tested and the process is expected to be operational by financial year 2014/15.

Some issues arising from the tests of this audit were noted as needing to be addressed by the Maintenance Team. There is a need to continue to transfer paper invoices to the Payments Service because of taxation requirements whilst avoiding a significant delay in the process. There is a need to establish a system of delegating the task of processing invoices in the absence of a member of staff. It is possible to create a payment for an item of work that has already been recorded as being completed and it would be appropriate to prevent this.

There need to be processes within establishments in order to prevent reporting more than once for the same issue to avoid duplicate orders. There is scope to modify slightly the clauses that appear on official orders so that the impact of contractors not acting as expected are made clear.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in Control over Ordering and Payment for Property Repairs and Maintenance 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 records of the three contractors that have been highlighted in this report should be modified within the Tribal K2 system so that the reference is consistent with the references in the main accounting system to ensure that integration is possible between the two systems.**
- **Steps should be taken to ensure that the absence of a member of staff does not result in a delay in the payment of invoices, by ensuring that a system of deputising is in place.**

e-PROCUREMENT SYSTEM Finance

Purpose of the Audit

The purpose of the audit was to review the controls in place for the e-procurement system.

Scope of the Audit

The scope of the audit was to review the measures in place for creating and authorising orders, along with measures for paying invoices related to orders from the e-Procurement system. Attention was also given to the measures in place to promote the system in accordance with procurement agreements.

Main Findings

We found that key controls have been incorporated into the e-Procurement system and proved that they are implemented and effective.

However, it became apparent that one of the settings in place for tolerance value of a commodity or service that is received allow the value of an official order to be raised to an unlimited amount whilst avoiding authorisation steps. It would be appropriate to evaluate the risk in this regard and introducing measures to control or remove it as appropriate.

On the whole, it appears that the e-Procurement system is only used for a small percentage of orders that the Council completes. It is recognised that the Procurement Team and the Project Team for the system is taking steps to try to widen its use. The auditors believe that this action should include a plan and timetable for phasing out the use of the paper-based ordering process.

It was noted that no measures are in place to monitor the use of the e-Procurement system, e.g. acting in accordance with corporate procurement contracts or ensuring that official orders are sent in a timely manner. Due to the relatively low use of e-procurement system, it appears that there is a desire not to criticise users of the system excessively in case that they discouraged from using it.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the e-Procurement 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:

- **The orders that are established for specific areas should be monitored in order to ensure implementation of the corporate procurement contracts.**
- **The risk associated with using tolerances for goods received notes (GRN) within the e-Procurement system that allow raising the value of official orders to an unlimited amount without the input of an authorising officer should be evaluated, and consideration given to the introduction of monitoring or revoke the tolerance altogether.**
- **When considering the resource investment that has been put into the incorporation of the e-Procurement system, along with controls that are offered in addition to the paper orders, consideration should be given to substantially phasing out the use of real paper orders within the Council, and demand that orders are completed through the e-Procurement system if there is no valid reason why that cannot be done.**

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 2013/14.

Main Findings

We found that appropriate controls are in place for implementing and processing payments. We found that processes and the use of computer systems are in place to ensure that invoices are processed properly and correct payments are made. In addition it was found that a facility is in use to identify duplicates in invoice details and highlights them for review.

It was found that anti-fraud measures have been incorporated into the payments processes, ensuring that roles are defined, and rights are set based on that by enforcing separation of duties between the person authorising invoices, entering data, overseeing the input, authorising payments, and reconciling balances. It was found that there are appropriate checks when setting up new information about creditors, and appropriate checks on applications to change creditor static data before acting on them to ensure that they are appropriate.

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:

- **The new format for the collection of signatures should be easier to keep up to date. In addition it should be ensured that the new format makes the task of checking signatures less demanding, so that there is less emphasis on checking from the memory of the payments officers.**
- **Accounts with duplicate details should only be created in circumstances where this is absolutely necessary.**
- **Supplier accounts should be checked periodically, and accounts that are not current should be archived / disabled.**

BANK RECONCILIATION - 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.”

Bank reconciliation 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 procedures are in place and documented for bank reconciliations effectively, timely, completely and accurately and ensure that adequate monitoring arrangements are in place.

Scope of the Audit

Review the procedures that are in place for conducting bank reconciliations and ensure that guidance is available to officers. Select a sample of bank reconciliations in 2013/14 and ensure they comply with the procedures. Ensure that bank reconciliations are reviewed and checked regularly.

Main Findings

We found that, overall, strong internal controls exist in the reconciliation process with the second officer checking the reconciliations within the sample selected. However, during the audit the officer who checked the reconciliations within the Central Accounting Unit left their job and it was found that on one occasion the checks have not been conducted, in January 2014. It is essential to ensure that the second officer checks the reconciliation in order to ensure accuracy and mitigate the risk of any errors, which is essential for preparing the Council's accounts. The responsibility of conducting the checks now falls into the scope of duties of the Principal Accountant - Capital and Control.

Audit Opinion

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

GWYNEDD PENSION FUND - REVIEW OF KEY CONTROLS OF THE ADMINISTRATIVE SYSTEMS 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.”

Although administration of the Gwynedd Pension Fund relies heavily on the Council's major financial systems, the Fund's administrative systems are themselves considered "major financial systems" in line with the Wales Audit Office definition, and therefore a review of key controls of this system is proposed.

Scope of the Audit

Review procedures that are in place for the administration of the Pension Fund. Select a sample of payments for 2013/14 and ensure they are appropriately released as well as ensuring that they are reviewed and properly signed. A review of the investment element is not intended.

Main Findings

It was found that strong internal controls are in place within the administration of the Pension Fund. However, there is weakness in receiving adequate information from Employers. It was found that the Pension Unit has sought to receive information such as status of participants (i.e. whether members are active or deferred), but employers do not always respond promptly, if at all. The Pensions Unit has received permission to buy a system that can extract information of officer terminations from payroll systems used by the Employer and send it securely to Gwynedd Council's pension unit every month. At the time of the audit two authorities who are members of the Pension Fund had indicated they did not wish to be a part of this project. Failure to receive this information is a weakness in the administration of the Pension Fund, but as there is dependence on other authorities, it is a weakness that is beyond the control of Gwynedd Council's Pensions Unit.

The only weakness was seen otherwise was a lack of a formal arrangement to verify the suspense account, and the wrong boxes are filled on the TR27b form.

Audit Opinion

(A) The audit opinion is that assurance of financial propriety can be expressed in the review of Key Controls of Gwynedd Pension Fund as the controls in place can be relied upon and have been adhered to. However, the following recommendation is suggested:

- **There should be an official procedure for reviewing the suspense account.**

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. The audit reviewed a sample of payments made to creditors of the Council during 2013/14.

Scope of the Audit

The review focussed on the controls for maintaining the payroll system for the year 2013/14.

Main Findings

We found that good internal controls are in place in the arrangements for the administration of the payroll. The main weakness observed was that no signature was seen against "Payrun Reports Checked by" section of the "Payroll Checking Document" on three occasions and no signature in the "Journal Checked by" on one occasion. A signature in these sections show that the relevant checks have been completed before releasing the payroll for payment.

In addition to the above, it was found that the Payroll Manual and Service Continuity Plan is outdated and has not been updated for some time. Since then, there have been changes such as a new payment timetable as well as changes in payrolls. Ensuring that these are current would be a way of ensuring that there is no confusion regarding the content.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the Key Controls of Payroll 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:

- **The Payroll Manual should be updated.**
- **Appropriate documentation (Payroll Checking Document) should be signed and dated to show that the relevant checks have been completed.**
- **The Unit's Service Continuity Plan should be updated.**

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 benefits 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 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 for 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 being assessed and processed correctly. Applications are assessed based on risk according to the Implementation Policy adopted in July 2012. All staff have received training along with guidance on how to act and receive timely updates. A random sample of applications was checked to verify that the calculations are correct, the payments were made in a timely manner, and that extended payments and requests for backdating are in accordance with the regulations. We found some cases where the application should not have been designated as backdated expenditure; however, when considering the bulk of the applications processed by the Unit, the results of the review were encouraging. Also, it was found that the performance of the unit is very good when compared with the Welsh and British averages. It must be emphasized that there is a great deal of pressure on Benefits Unit officers due to changes in legislation and the number of additional applications submitted during 2013-14, but nevertheless with no additional resources, the Unit continues to maintain their performance without compromising on service quality.

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.**

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, and there is therefore an intention to review this system. The purpose of the audit was to ensure that the total amount of Council Tax bills have been recorded correctly in the system and are consistent with the amounts approved by Full Council as well as other authorities. Ensure that the total properties in Gwynedd have been properly recorded on the system and are consistent with the reports of the Valuation Office. 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 Council Tax for 2013-14.

Main Findings

We found that procedures and processes are in place for all key controls reviewed for the system of local taxation. We found that appropriate reconciliation is undertaken to ensure the accuracy of the bills that are being created, in terms of quantity and value. The system parameters were checked to the value of the taxes approved by Full Council on 28/2/2013 for each parish, and were found to be correct. It was noted that appropriate processes are in place for sending summonses for timely recovery. It was seen that proper authorisation, in accordance with the Financial Procedure Rules, has been received for the tax debts written off up to the time of the audit. We found that there is daily reconciliation between the system of local taxation and other sources of revenue, along with a weekly reconciliation with Valuation Office data. It was seen that there is monthly monitoring of collection against the target, with officials reporting on a quarterly basis profile, in accordance with the Council's corporate performance monitoring arrangements. It has been agreed with the Council Tax Service that attention will be given to the arrangements in place for monitoring cases of granting exemptions and reductions. In addition it was found that the recovery procedure needs to be revised and approved at the time of writing this report.

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. Despite this, the auditor offers the following recommendation:

- **The recovery procedure should be approved in order to confirm its status as official documentation.**

NNDR SYSTEM - REVIEW OF KEY CONTROLS (2013-14)

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

Scope of the Audit

To review and test that appropriate guidelines, records and procedures are in place for managing, collecting and recording NNDR in 2013-14.

Main Findings

It was found that strong internal controls are in place in the administration of NNDR. The weakness identified is a lack of official recovery policy. It was found that procedures have been drawn up and a copy of it was received, but it has not been officially adopted. The adoption of a policy or procedures serves to confirm the status of the document as an official one and the need to comply with the content.

Audit Opinion

(A) The audit opinion is that assurance of financial propriety can be expressed in the key controls of the NNDR System for 2013-14 as the controls in place can be relied upon and have been adhered to. Despite this, the auditor offers the following recommendation:

- **The procedures for the recovery of business taxes should be documented in order to confirm its status as an official document.**

ARRANGEMENTS FOR REGISTERING BIRTHS, DEATHS AND MARRIAGES

Democracy and Legal

Purpose of the Audit

The purpose of the audit was to review the arrangements of the Registration Service in relation to receiving, banking and reconciliation of income as well as the arrangements of the Contact Centre and Siopau Gwynedd for scheduling appointments and accepting debit and credit card payments. Verify that appropriate controls exist over the use of imprest accounts and that there are adequate trail for any refunds made. In addition, we reviewed the security arrangements of the registrars and in particular the management of certificates in hand and certificates that have been destroyed.

Scope of the Audit

The arrangements which have now been adopted by the Registration Service were reviewed as well as verifying that appropriate arrangements are in place in the Contact Centre and Siopau Gwynedd. Check the Registrars' cashbooks and financial transactions reports of the Contact Centre, the quarterly reports and ensure that the income is reconciled regularly and appear correctly in the financial ledger. Review repayments made and verify that sufficient evidence exists and that the use of the imprest accounts is appropriate.

Main Findings

During the audit, it was discovered that the registrars continue to use cash books despite expressing some years ago that there are plans to move to an electronic system. It is regretful to see that no development has been made in this area and many of the of control weaknesses of the Registration Service, especially in terms of reconciliation of Contact Centre income, is the absence of an adequate operating system that is able to cope with the various elements.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in Arrangements for Registering Births, Deaths and Marriages 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:

- **Any guidelines / policies in place by the registration service should be circulated within the service.**
- **Consideration should be given to applying to establishing an arrangement to replace the cash books such as spreadsheets or an appropriate solution within the Siebel system.**
- **Every effort should be made to ensure that the income is paid in immediately.**
- **A process should be established to present quarterly reports, with a specific timetable to all Registrars to follow so that there is no misunderstanding.**
- **Guidance should be provided to registrars about how long they should keep spoilt certificates.**
- **A request should be made immediately for a solution within Siebel system.**

WALES RURAL DEVELOPMENT PLAN PROJECTS

Economy and Community

Purpose of the Audit

Ensure that appropriate internal controls are in place by the Council for the management and administration of the Rural Development Plan projects in Gwynedd in accordance with the terms of the scheme, and that these controls are adequate for the requirements of the funding body.

Scope of the Audit

Check that there is a clear and agreed vision for the scheme between the funding body, the Council administering and managing projects on behalf of the Gwynedd Economic Partnership, and any third parties appointed to complete work on grant projects. Check that definite arrangements have been set up for participants to apply for grant funding. In addition, check that unambiguous arrangements have been established to assess and provide grant funding to participants, checking that participants are made to account for grant terms and conditions. Verify that adequate arrangements are in place to monitor performance of participants; with evidence being sufficient to justify issuing payments received grant money to participants. Check that the RDP projects perform to what is expected and agreed with the funding body, checking that the Gwynedd Economic Partnership meets regularly to review and challenge the performance of the Scheme. Verify that the Council complies with the relevant terms and conditions of the grant as well as the requirements of the Data Protection Act.

Main Findings

It was seen that the terms and conditions of the grant, with the outputs of individual projects of the RDP, have been agreed between the Council and the funding body. We found that standard procedures are in place for the projects so that participants can apply for grant funding and support, to assess participants' requests for support and grant money and choose which participants receive assistance. In addition, we found that participants are made to account for the grant money. It was seen that the Council complies with grant terms and conditions and that the role and duties of third parties in respect of the grant is agreed. However, it was found that some of the grant's outputs performance measures figures have been calculating incorrectly and contrary to the guidelines. In addition, we found that some scheme documents are not held securely in accordance with the requirements of the Data Protection Act.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Wales Rural Development Plan Projects 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 RDP Communications Team at the Welsh Government should be contacted in advance each time, before proceeding with any Rural Development Plan publicity event in Gwynedd.**
- **Consideration should be given to seeking more resources at the offices of the Economy and Community Department to keep personal / confidential files and documents locked, with access limited to only the relevant officials.**

"OUR HERITAGE" PROJECT

Economy and Community

Purpose of the Audit

Ensure that appropriate internal controls are in place by the Council in its lead role in projects in the 'Our Heritage' scheme in North West Wales, and that the controls are adequate for the requirements of the funding body.

Scope of the Audit

Check that there is a clear and agreed vision for the scheme between the funding body, the Council that leads the scheme, and with partnerships that implement projects within the scheme on grant terms and conditions as well as the objectives and costs of projects. Check that the Council has adequate arrangements for monitoring progress and project expenditure as its role as lead authority, and that the project Management Board has been established and meets regularly to manage the plan and resolve issues that have arisen. Check that the Council reports on the progress of the plan in a timely and accurate manner and in accordance with the terms and conditions of the grant funding body, completes grant claims to reclaim money accurately, timely and in accordance with the terms and conditions, with adequate supporting documentation existing to support the claims. Check that any third parties involved in the scheme have been appointed by complying with the relevant procurement rules as well as terms and conditions of the grant, and that third parties are paid as agreed. Check that the Council's arrangements are adequate, and that the Council complies with grant terms and conditions as well as the Data Protection Act.

Main Findings

It was seen that signed agreements are in place between the Council and the funding body, with terms and conditions in place for "Our Heritage" schemes. In addition, it was found that a signed agreement has been established between the Council leading on the scheme, and partners in the scheme. It was seen that the Council complies with grant terms and conditions and that adequate arrangements are in place to monitor progress and expenditure plan projects. However, it was found that some parts of the applications for claiming the grant have not been completed. In addition, the Council does not check annually that the partners comply with the insurance requirements of the scheme.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the "Our Heritage" Project 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 "Match Funding" table of the Our Heritage scheme grant claim form should be updated for each quarterly grant claim from now on.**
- **A test of receiving and verifying copies of insurance policies of current partner should be added when visits are made to scheme partners and projects, checking that partners have current and adequate insurance for scheme risks.**

EMERGENCY PLANNING AND BUSINESS CONTINUITY

Customer Care

Purpose of the Audit

The purpose of the audit was to ensure that the Council's Emergency Planning Service has established an appropriate emergency plan that meets the Civil Contingencies Act 2004.

Scope of the Audit

The policies and procedures of the Council's Emergency Planning Service for acting in a crisis were reviewed along with departmental Continuity Service Plans.

Main Findings

Arrangements are already underway to establish a regional service to support Emergency Planning with Flintshire County Council responsible for maintaining the service. However, a presence will remain within Gwynedd Council with responsibility for engaging with Council managers, staff and members and for identifying risks specifically local to Gwynedd, and developing local plans for continuity of service, remaining with this Council. We found that robust procedures are in place with several exercises having been conducted over the last two years as well as training provided for officers. The main weaknesses found during the audit was the lack of a Local Risk Register for Gwynedd; major plans such as the Major Emergency Response Plan, the Major Emergency Communications Plan and the Recovery Plan need to be updated in light of changes in the management structure of the Council, and it has been shown that not all Departments maintain their current Service Continuity Plans nor submit them to emergency planners as they should.

Audit Opinion

(B) The audit opinion is that partial assurance of propriety can be expressed in Emergency Planning and Business Continuity 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:

- **Heads should ensure ownership of service continuity plans by ensuring that their managers present their plans to the attention of the Emergency Planning Unit in a timely manner and ensure that the plans are kept up to date.**
- **Consideration should be given to inviting local businesses to discussions on promoting business continuity.**
- **The Service's main suppliers along with their telephone numbers should be included in the Service Continuity Plan and the information checked regularly.**
- **Full and current details of any specialist equipment needed should be recorded in the relevant service continuity plans.**
- **Consideration should be given to including details regarding of the location of equipment which is needed in an emergency in the service continuity plans of the departments / services.**
- **Plans should be made to ensure that briefing documents are produced which include pictures and large print or are produced in Braille.**

SOCIAL SERVICES - SECURITY OF FILES AND DATA

Social Services, Housing and Leisure

Purpose of the Audit

Following an audit of the security of files and information in paper files in 2011/12, the purpose of this audit is to review the security of files and information in electronic form.

Scope of the Audit

Audit the practice of keeping confidential and personal information. Check that Social Services comply with the Data Protection Act. Investigate where the Department's records, files and information are kept, what access officers have to the files and what arrangement exist for the transportation of work from the office.

Main Findings

Overall, strong examples were seen of good practice in the security of the administration of electronic files and information in Social Services. Strong arrangements were seen for providing training for staff with regards to data security, unique references for files that an emergency plan is in place to manage the impact of any unforeseen event. However, there are some issues that need further attention which is the approval of Service guidance to comply with the Data Protection Act 1998, an agreement on the consistency in using the "L drive", "K drive" and "X drive" and raising staff awareness to how long information should be kept electronically and on paper. The arrangements where documents are sent to outside authorities should be reviewed and ensure that the documents are protected with a password on every occasion that this happens.

Audit Opinion

(B) The audit opinion is that partial assurance of propriety can be expressed in Social Services - Security of Files and Data 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 guidance that is in draft should be formally approved and published for all staff of the Service to adopt.**
- **Agreement should be reached on the use of the "L", "X" and "K" drives to reduce the risk of lack of control over retention of personal data.**
- **Progress should be made with achieving the aims of the Service to go paper-free to reduce the risk of incorrect decisions being made because the information is not current.**
- **Staff awareness should be raised of how long information needs to be retained electronically. After raising awareness it is necessary to ensure that the files / data that are not current are destroyed.**
- **A current retention policy should be in place so that officers can implement it.**
- **Sensitive documents that are sent to outside authorities should be protected with a password each case.**

YOUTH JUSTICE SERVICE

Social Services, Housing and Leisure

Purpose of the Audit

Ensure that appropriate internal controls are in place in the administration of the plan and grant the Youth Justice Service.

Scope of the Audit

The audit covers verification arrangements and ensuring that the Youth Justice Service has robust controls in place to coincide with the terms and conditions of the Youth Justice Service grant.

Main Findings

It was seen that there are examples of good practice of control within the Youth Justice Service. However, there are some issues that need further attention, e.g. creation of a register of assets over £1,000 in accordance with the terms and conditions of Good Practice Grant. The service should also consider creating guidelines or policies to ensure the attainment of value for money in implementing grant outputs.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in the Youth Justice Service 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 creation of guidelines or policies for the implementation of value for money in accordance with point 4 in the Terms and Conditions of the Youth Justice Service Good Practice Grant should be considered.**
- **An inventory should be kept to ensure that a record is available for insurance. In accordance with the terms and conditions of Good Practice Grant for 2013/14, point 13, "Purchase of equipment" this list should be sent to the Youth Justice Board.**
- **Any agreement between the Council and a 3rd party should be sufficient to protect the Council if a dispute arises, by asking the Legal Unit for its opinion.**

OVERNIGHT ARRANGEMENTS AT COUNCIL HOMES

Social Services, Housing and Leisure

Purpose of the Audit

The purpose of the audit is to ensure that overnight arrangements in Council homes meet the needs of clients, comply with statutory requirements and that the health and safety of night staff when carry out their duties is to an acceptable standard.

Scope of the Audit

Audit the arrangements for the night care of clients, arrangements for carrying out night duties and staff awareness of their duties.

Main Findings

Examples of good practice were found within some areas of night staff arrangements in Council Homes, e.g. Night staff schedules. However, it seems that a more robust staff monitoring is needed and clear guidelines provided for them. Because of this, appropriate measures 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 Overnight Arrangements at Council Homes 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:

- **Dedicated guidelines should be produced and approved for night staff in the homes to ensure consistency across the Council.**
- **Consideration should be given to having formal arrangements for training night staff to update their qualifications i.e. that training is conducted at a particular time of the year where night staff of all homes can attend.**
- **The duties of night staff should be noted down formally and a record should be kept that they have been completed each night.**
- **There should be arrangements to record or sign that Managers check that the daily work and duties are completed in full.**
- **There should be clear guidelines in place noting how often residents should be checked during the night so that there is consistency across the Homes.**
- **There should be a formal checklist in place for the residents in the Homes that ensure that they are checked regularly during the night. This list should be reviewed by the Home Manager.**
- **There is a need to ensure that there are robust arrangements regarding the transfer of any necessary information to the day staff. There should be a transfer sheet in place for every home to have consistency.**
- **There should be clear evidence to support that Managers monitor night staff e.g. record or sheets kept when they visit staff unexpectedly, noting what is being monitored.**

COMMUNITY GANGS Highways and Municipal

Purpose of the Audit

The purpose of the audit was to ensure that appropriate internal controls are attached to the arrangements for managing the work of the Community Gangs.

Scope of the Audit

The audit encompassed the planning and monitoring arrangements covering the work programmes of the Community Gangs, as well as ensuring that appropriate controls are attached to the system of ordering and paying for goods and administering employee time sheets.

Main Findings

The main findings arising from the audit is the assurance that the arrangements for managing the work of the Community Gangs are appropriate and suitable to the nature and objectives of the work. We found that in each area a programme is designed for timely visits by the gangs to communities and a further work list is drawn up for each visit, but it was found that the procedure is slightly different for the different gangs and there is no standardised and consistent forms in use between the gangs. We found that the procedure of ordering and paying for goods is generally appropriate, but there are aspects that can be improved on some arrangements.

Audit Opinion

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

- **Timesheets should be certified for payment by budget managers.**
- **When paying for taxable goods, the invoice received should be a VAT invoice.**

PAYMENTS TO TAXI FIRMS

Regulatory

Purpose of the Audit

The purpose of the audit is to ensure that specific internal controls exist in the administration of payments to taxi companies.

Scope of the Audit

Check the administration of different types of contracts for payments relating to taxi companies and ensure compliance with policy and contract terms.

Main Findings

Overall, strong examples were seen of good practice in the administration of payments to taxi companies and parents. Strong arrangements were seen regarding certification of claims, processing applications on CI forms (monthly claims for payment for Transportation School) and a monitoring system is in place. However, there are some issues that need further attention such as challenging information on the CI forms, robust evidence to comply with the Contract Procedure Rules, and arrangements to deal with late applications. 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 financial propriety can be expressed in Payments to Taxi Firms 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 is a need to ensure that the specification in the tender process is as detailed as possible to try to minimise the variations through C3 forms following the award of the contract.**
- **To strengthen the internal controls of all contracts worth less than £50,000 it is necessary to comply with point 27.2 of the Contract Procedure Rules which state that "Contracts under £50,000 in value must be made using:-(i) a purchase order generated by Council electronic purchasing system, or (ii) be on an official order form produced by the Council, or (iii) a written Contract"**
- **There should be a robust system for challenging the information on the monthly applications that are received from the taxi companies and parents to ensure that the information submitted is correct.**
- **Consideration should be given to having robust arrangements in place for dealing with late applications from parents and taxi companies.**

TRADING STANDARDS Regulatory

Purpose of the Audit

The purpose of the audit was to ensure that appropriate internal controls are attached to the inspection programme and administrative arrangements of the Trading Standards Service.

Scope of the Audit

The audit encompasses checking the procedure of establishing and completing the inspection audit programme as well as checking the administrative arrangements of the Trading Standards Service.

Main Findings

The main finding arising from the audit is that assurance can be provided that the Trading Standards arrangements for the inspection of business are adequate. However, the reduction in resources and the gradual movement towards 'intelligence led enforcement' will lead to less proactive work, which is not only an opportunity to carry out certain checks but also an opportunity for a collaborative relationship between the business and Trading Standards officers, where its absence may increase the risk of businesses operating in breach of the expected standards.

Audit Opinion

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

- **Trading Standards should investigate to see how other services within the Council e.g. taxation, identify all businesses in Gwynedd and if it is possible to share this information with them.**
- **Money spent through the imprest account should be claimed on a monthly basis or when 2/3 of the level of imprest has been spent, which ensures sufficient cash while the application for a refund is being processed.**
- **The VAT element should be noted on imprest applications if taxable goods have been bought and a valid receipt is received.**
- **The Public Protection Enforcement Policy 2011 should be re-visited in order to correct the errors in the content.**
- **The usefulness of the telephone numbers provided on the Council's website should be considered, and adding the phone number of the 'Citizens Advice Bureau' as well should be considered.**
- **Efforts should continue to identify opportunities to achieve savings but keeping the internal controls.**

ENFORCEMENT AND TRANSPORT Regulatory

Purpose of the Audit

Audit the work processes of the Street Care function within Enforcement and Transport to ensure a robust system for payments and officer duties.

Scope of the Audit

Audit the department's invoices and income and ensure that they follow the New Road and Street Works Act 1991 guidelines for the cost of services. Audit officers' work processes, and audit that they carry out their duties.

Main Findings

Examples of good practice were found to exist in some of the Unit's arrangements. However, it seems that there are examples of acting contrary to the Council's administrative procedures and the New Road and Street Works Act 1991. This is seen in the invoicing procedures for sample audits. We found additional weaknesses in the arrangements for monitoring the workflow of officers and in the lack a retention policy in the Unit.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Enforcement and 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:

- **All requests for an invoice should be been certified by an authorised officer.**
- **The act expresses the need for quarterly invoicing for sample checks and on a monthly basis for all other services. Invoices should be raised in accordance with the guidelines of the law to ensure that the Council receives the money in a timely manner.**
- **It should be checked that the fixed penalty notices are created by qualified officers and a monitoring system for the authority of the officers should be created.**
- **Consideration should be given to retaining the payment for a licence that is refused towards the administrative costs of the Council as the same work is done to assess it.**
- **The information inputted into the staff diary system should be checked to ensure that they are accurate and to ensure that the officers complete their duties. A full record of checks should be kept to ensure that a fair cross section of the diaries are checked.**
- **The entries in the two systems should reconcile, that annual leave is recorded against the correct date and that the hours are as close and possible for the staff diaries by recording to the nearest quarter hour.**
- **An information retention policy should be created in accordance with legislation in order to reconcile and confirm the department's information retention procedures.**

MEMBER TRAINING

Strategic and Improvement

Purpose of the Audit

The purpose of the audit is to ensure that the Strategic and Improvement Department and the Learning and Development Unit have established appropriate arrangements for the training and development of members of the Council.

Scope of the Audit

Audit the member development and training arrangements to ensure that appropriate quality of service is being practised, in response to the needs of the members and in accordance with the requirements of the Local Government (Wales) Measure 2011.

Main Findings

It was found that good internal controls are in place in the arrangements for Member training with arrangements in hand to set up a process to hold Personal Requirement Reviews. Following this, brief introductions have been made in the area forums to inform Members of availability and to explain the context and opportunities in respect of them. However, at the time of the audit, no Members has responded to the offer made through the Rheadr electronic bulletin to express an interest in receiving a review. The Statutory Guidance made under the Local Government Measure 2011 states that the reviews are a chance to look at the training and development that the member has received during the year. This can be ideal when looking at the needs of individual Members which will then contribute to a relevant learning and training program.

In addition to this, there was no reference in the Governance Compliance Statement in Gwynedd Pension Fund's Annual Report to the training received by specific Members.

Audit Opinion

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

- **Arrangements for locating training should make the most efficient use of Council resources including considerations for travel costs and officer time.**
- **The Governance Compliance Statement in the Gwynedd Pension Fund Annual Report should contain information on the training that the specific members have received.**

PROJECT MANAGEMENT ARRANGEMENTS

Strategic and Improvement

Purpose of the Audit

The purpose of the audit was to ensure that the Council's projects are managed in accordance with Gwynedd Council's Project Management System which is based on the principles of PRINCE2 methodology (Projects IN a Controlled Environment 2) along with checking that Project Board members provide strong leadership for the project at every stage.

Scope of the Audit

A cross-section of projects, including projects managed by project managers outside the pool of project managers, was selected to verify that robust processes and procedures are in place for projects and the necessary documentation is provided throughout the "life" of the project. Project documentation was reviewed to ensure that the beginning, middle and closing elements of the project are carefully managed and that the Project Board regularly reviews the progress of the project and provides strong leadership to the project.

Main Findings

Projects were selected for this audit that were managed by a central pool of project managers as well as project managers who are employed within the relevant department. It was found that the project documentation is completed in accordance with Gwynedd Council's Project Management Handbook. It was found that the documentation on the whole is prepared to a high standard and that the project plans prepared are comprehensive.

The Project Management Handbook is in the process of being updated to include arrangements for managing change. It is welcomed that this is being addressed but it was also seen that the draft version defines projects as being small, medium and large and offers the option for project managers to prepare documentation or not for medium and small projects. In the opinion of the auditor, this is a diversion from the core principles of project management - if project documentation is not required, it cannot be described as a project. It is essential that the term "project" is not used for day to day activities.

Some of the projects selected in were projects and encompassed members of other authorities or organisations. It was also found that the scope of one the projects is enormous - in the opinion of the auditor, it is felt that this project should be broken down into smaller projects to make it easier to manage and also for the production and delivery of outcomes.

In general, it was found that the project managers who are located within the relevant department receive much more support by the project leader and project board than project managers from the pool. It was found that senior managers / head of departments were leaders on several projects and this may lead to a lot of pressure and the failure to achieve everything as desired.

Audit Opinion

(B) The audit opinion is that partial assurance of financial propriety can be expressed in Project Management 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:

- **Detailed consideration should be given to the definition of a project – it is recognised that the size of the projects vary considerably, but whatever the size of the project, there should be a definite and clear structure for its management. It is essential to remember that a higher element of risk in relation to projects justifies the need for robust arrangements.**

OVERTIME CLAIMS PROCEDURES

Cross-departmental

Purpose of the Audit

The purpose of the audit was to ensure that robust management arrangements are in place to ensure that overtime payments are authorised and certified by an authorised officer, that they are reasonable and that there are appropriate arrangements for processing overtime timesheets and check as far as possible that there is effective and appropriate use of human resources, together with comparing actual overtime expenditure with the budget.

Scope of the Audit

The audit encompasses checking a sample of overtime timesheets paid in the financial year 2012-13. The sample was selected randomly based on the extraction of financial transactions from the ledger where the expenditure had been coded to account code of "0149" and for the workers paid on payroll B00001 only. The audit did not include a review of overtime payments on other payrolls.

Main Findings

It was found that the majority of overtime worked is planned in advance and that the circumstances have been considered carefully, exploring other possibilities before plans for overtime are authorised. Due to the nature of some services, it is inevitable that unplanned overtime occurs when an emergency arises. We found that each service selected for the audit uses an appropriate form for recording overtime, although there is difference in the form and format of the forms used.

Evidence was found of good processes to confirm the appropriateness of claims, including checks of cross referencing together with good practice for numerical checks by a number of services. However, it was found that this was not consistent across the Council and there have been instances where no checks are carried out at all on the claims submitted.

Audit Opinion

(C) The audit opinion is that assurance of financial propriety cannot be expressed in overtime claims procedures 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:

- **Applications should be authorised and certified, ensuring segregation of duties. In addition, services should ensure that requests for overtime are certified for payment by an officer who has responsibility for the budget or that the power has been delegated to them by the budget holder.**
- **Managers should ensure that officers are aware of the timetable for submitting claims for payment of overtime, and overtime applications should be submitted in a timely manner.**
- **Services should ensure that wage budget is monitored regularly to identify any overspend on overtime.**