

COMMITTEE	<b>AUDIT COMMITTEE</b>
DATE	<b>1 DECEMBER 2015</b>
TITLE	<b>OUTPUT OF THE INTERNAL AUDIT SECTION</b>
PURPOSE OF REPORT	<b>TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 31 OCTOBER 2015</b>
AUTHOR	<b>LUNED FÔN JONES – AUDIT MANAGER</b>
ACTION	<b>TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE RECOMMENDATIONS THAT HAVE ALREADY BEEN PRESENTED TO SERVICES FOR IMPLEMENTATION</b>

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**1. INTRODUCTION**

1.1 The following report summarises the work of the Internal Audit Section for the period from 14 September 2015 to 31 October 2015.

**2. WORK COMPLETED DURING THE PERIOD**

2.1 The following work was completed in the period to 31 October 2015:

<b>Description</b>	<b>Number</b>
Reports on Audits from the Operational Plan	6
Follow-up Audits	1
Responsive Audit	1

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

## 2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 30 October 2015, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Schools – Governance	Education	Schools	B	Appendix 1
Plas Ffrancon Leisure Centre	Economy and Community	Leisure	C	Appendix 2
Glaslyn Leisure Centre	Economy and Community	Leisure	B	Appendix 3
Penllyn Leisure Centre	Economy and Community	Leisure	B	Appendix 4
Cefn Rodyn, Dolgellau	Adults, Health and Wellbeing	Residential and Day	C	Appendix 5
Public Transport	Regulatory	Transportation and Street Care	C	Appendix 6

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.

## 2.3 Follow-up Audits

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

TITLE	DEPARTMENT	SERVICE	FOLLOW-UP OPINION
Direct Payments	Adults, Health and Wellbeing	Adult	Acceptable

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

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

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

**Unsatisfactory** - several recommendations not implemented.

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

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

**Completion Target: Quarter ending 31 December 2015**

Jobs System – Security and Accuracy

IT – Backups and Service Continuity

First Aid Payments

**Completion Target: Quarter ending 31 March 2016**

Health and Safety – Lone Working

Gwynedd Museum and Gallery

Community Care Workers – Travelling Costs

**Completion Target: Quarter ending 30 June 2016**

Charges on Properties of Home Residents

Removing Leavers from IT Systems

## 2.4 Responsive Audit

### Canolfan y Gwystl

2.4.1 A responsive audit was carried out following a request by the Gwynedd Supported Accommodation Manager for Internal Audit to assist in identifying the cause of the significant overspend in employee costs at Canolfan y Gwystl during the financial years 2014/15 and 2015/16. The matter was identified when the Gwynedd Supported Accommodation Manager was allocated additional duties for Learning Disabilities day services during the current year.

2.4.2 The expenditure on salaries for the financial year 2014/15 and the current financial year to August 2015 was reviewed and the hours as stated in the Canolfan y Gwystl employees’ contract of employment was compared to the details extracted from the payroll/ledger system. In addition, the rota for the Canolfan y Gwystl officers was compared to the hours as noted in their contract of employment.

2.4.3 Some of the contributing factors which has resulted in the overspend are as follows:

- It was found that a several officers were working above their contracted hours on a regular basis and these hours were paid at a rate of time and a half.

- Three Casual Support Workers were included on the weekly rota with fixed hours, one was working 37 hours per week, the second, 21.5 hours and the third was working one-to-one with a specific service user.
- The Casual Support Worker noted on the rota to work 37 hours had worked more than the noted hours in 70% of the weeks reviewed (45 out of 64 weeks).

2.4.4 Casual workers should not be included on the rota and certainly not with fixed hours. The purpose of the casual workers is to provide cover when required, e.g. when an officer is ill or on annual leave. In the auditor's opinion, the factors noted have contributed significantly to the salaries overspend.

2.4.5 In addition, a material overspend was seen on the transport budget. It was suggested to the Senior Executive Manager that the service investigates ways to reduce the overspend including the possibility of providing the transport service internally.

2.4.6 To summarise, following meetings held with the Senior Executive Manager and the Gwynedd Supported Accommodation Manager to discuss the findings of the review, it was confirmed that the report would receive immediate attention with the hope that an improvement in the Cantre's financial situation will be seen in the near future.

### **3. WORK IN PROGRESS**

3.1 The following work was in progress as at 2 November 2015.

#### **3.2 WORK IN PROGRESS**

- Use of Consultants (*Corporate*)
- Awareness of Whistleblowing Policy – Manual Workers (*Corporate*)
- Corporate Assessment (*Corporate*)
- Officers Gifts and Hospitality – High Risk Services (*Corporate*)
- Proactive Prevention of Fraud and Corruption (*Corporate*)
- Information Governance – Data Protection Act (*Corporate*)
- National Fraud Initiative (*Corporate*)
- Gwynedd and Anglesey Learning Partnership Grant (*Education*)
- School Catering (*Education*)
- Workforce Modelling (*Education*)
- North and Mid Wales Trunk Road Agency
- Debtors System – Review of Key Controls (*Finance*)
- Payments System – Review of Key Controls (*Finance*)
- Bank Reconciliation – Review of Key Controls (*Finance*)
- Payroll System – Review of Key Controls (*Finance*)
- Pension Fund – Review of Key Controls (*Finance*)
- Benefits – Review of Key Controls (*Finance*)
- Council Tax System – Review of Key Controls (*Finance*)
- NNDR – Review of Key Controls (*Finance*)
- Arfon Leisure Centre (*Economy and Community*)
- Sailing Academy (*Economy and Community*)
- Home Care (*Adults, Health and Wellbeing*)
- Governance of collaborations with the third sector (*Adults, Health and Wellbeing*)
- Care Worker Training Programmes (*Adults, Health and Wellbeing*)
- Plas y Don, Pwllheli (*Adults, Health and Wellbeing*)
- Plas Hedd, Bangor (*Adults, Health and Wellbeing*)
- Hafod Mawddach, Abermaw (*Adults, Health and Wellbeing*)
- Maintenance of buildings and sites (*Highways and Municipal*)
- Inspections (*Highways and Municipal*)
- Pont Briwet (*Regulatory*)
- Parking Income Transport (*Regulatory*)

### **4. RECOMMENDATION**

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 14 September 2015 to 31 October 2015, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

## **SCHOOLS - GOVERNANCE EDUCATION**

### Background

The Governing Body is responsible for the general direction of the School and for the way it is managed strategically. The Council's Education Department maintains records on a database of each of the approximately 1,400 Governors in Gwynedd. Governors can obtain assistance from the Education Department who will arrange and provide mandatory and optional training for them. The Government's Statutory Instruments notes the duties of the Governing Body under the Government of Maintained Schools (Wales) Regulations 2005 and the Government of Maintained Schools (Training Requirements for Governors) (Wales) 2013.

### Purpose of the Audit

The purpose of the audit was to ensure that robust arrangements are in place to offer training for the Governors of Gwynedd Council Schools and to ensure that they attend the training.

### Scope of Audit

Discussions with the Education Department and verifying the arrangements to ensure that training, documents and assistance are available for Gwynedd School Governors.

### Main Findings

It was seen that the Education Department had generally good arrangements for offering assistance and providing training for school Governors. It was seen that an appropriate constitution existed for the Governing Body. Confirmation was received that necessary information was sent for the attention of the Education Department by the clerks of the relevant Governing Bodies; such as up to date information regarding the members of relevant Governing Bodies.

Appropriate mandatory training is provided, namely 'The Role of the Chair', 'The Role of the Clerk', 'Data Analysis', and 'Induction for New Governors'. Also, optional training is offered during the year, e.g. in 2015/16, the following courses are being offered: 'Redundancy and Finance', 'Dealing with Complaints', 'Workshop on Human Resources matters', 'Effective Governance' and 'Safeguarding Children' ('Safeguarding Children' course offered online).

It was seen that training was being offered regularly, and since July 2015, some mandatory and optional courses can be completed online. However, there is a need to ensure that this method of presenting training, as it is in its initial phase, has the ability to identify who has completed the training so that the training records can be updated accordingly.

The Education Department has arrangements in place for registering Governors for mandatory and optional training. At the time of the audit, a few matters had been raised in respect of the database that is used to record the details of the courses attended by the Governors, such as failure to produce reports from the database detailing who had not attended mandatory training during the 2014/15 year. This meant that it was not possible to confirm whether or not each relevant Governor had attended the mandatory courses.

Unless the Governors attend the mandatory training, they are not eligible to be in post in accordance with the Government of Maintained Schools (Training Requirements for Governors) (Wales) 2013 and the Government of Maintained Schools (Clerk to a Governing Body) (Wales) 2013, as they do not know what their roles and duties are within the governing body and this can lead to a failure to manage the school correctly and appropriately.

### **Audit Opinion**

**(B) The Audit opinion is that partial assurance can be given in the propriety of the regulatory arrangements of Schools - Governance as there are controls in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:**

- **The problems with the database should be solved, to enable the Governing Support Assistant to identify the Governors who have failed to attend mandatory courses within a specific timescale.**
- **An appropriate procedure should be established to deal with those Governors who have failed to attend the mandatory training, by contacting the Chairs or Clerks to inform them that the Governors need to attend the mandatory training and if the Governors still fail to attend, that dismissal arrangements are then considered.**

**PLAS FFRANCON, BETHESDA  
ECONOMY AND COMMUNITY**

Background

Gwynedd Council leisure centres are within the Healthy Communities service which is part of the Economy and Community Department. The management arrangements for the Centres have changed fairly recently and by now there are 4 Area Managers who between them are responsible for managing the county's leisure centres.

Gwynedd Council runs 13 leisure centres within the county's boundaries, 6 located in Arfon, 2 in Dwyfor and 5 in Meirionnydd. Plas Ffrancon Leisure Centre provides a number of services for the customers, including a fitness room, sports hall and all-weather pitch.

Purpose of the Audit

To ensure that arrangements exist in the Leisure Centre in order to control and alleviate risks appropriately, and to ensure compliance with the Council's internal procedures and other relevant procedures.

Scope of Audit

The Centre was visited to undertake an audit to ensure that appropriate arrangements are in place for the collection of income, budgetary control and that health and safety procedures exist to control various risks.

Main Findings

The main concerns identified during the audit were the lack of control over banking arrangements, and the failure to raise invoices for customers who hired the Centre's facilities.

One of the main significant areas of the audit was the banking procedure at the end of the working day, where many errors were found across the various documents that are created when completing the task. It was seen that much use was made of the Surplus/Deficit reference in the ledger (code 8264, short code 'J'), despite the fact that the final balance was low at the end of 2014/15. It is not expected for this reference to be used much in the centres, and ideally, items with a value of no more than +/-£3.00 would be seen on it. Upon inspecting individual transactions, it could be seen that there were almost 300 of them on the ledger for 2014/15, and over 70 for 2015/16 up to the beginning of July 2015. This means that many errors are being made in the Centre.

The Centre's use of computers was also considered as part of the audit. The Gladstone system is used and log-in/out reports are produced from the system on a monthly basis since January 2015. Upon auditing the reports, it was seen that there was a need to tighten cases where staff log-in on more than one machine, and possibly do not log-out at the end of each shift.

Upon visiting the Centre, no evidence was received of any robust arrangements that had been established to invoice the Centre's users for using the services.



The arrangements for dealing with the direct debit packages of the Centre's members was audited. The packages include the details of the customers and they are considered to contain information of a sensitive nature. The details are kept in a locked cupboard at the Centre. No procedure exists to send the information to Caernarfon using a 'recorded delivery' service, despite the personal and sensitive nature of the information.

The Centre has a series of current risk assessments, including specific versions for various rooms, activities and categories of people, and it was seen that these included the expected details. It was also seen that the Healthy Communities Service had a separate risk register, which referred to the risks associated with the leisure centres. It was seen that there were gaps in the information on the register; however, it was explained that it was intended to update the information by the end of the year.

### **Audit Opinion**

**(C) The Audit Opinion is that the financial propriety of Plas Ffrancon Leisure Centre, Bethesda cannot be stated with certainty since the controls in place cannot be depended upon, but no losses / fraud resulted from control weaknesses. The main recommendations of the report are as follows:**

- **Ensure that separation of duties exist when the banking is undertaken, by ensuring that two officers verify the figures on the documents independently before they are certified, and undertake further verifications if both officers do not come to the same conclusion.**
- **Ensure that the Receipts and Banking (TR34) forms are sent promptly to the Revenue Service, so that there is no long delay before the income appears on the ledger.**
- **Consider collecting monies from the drinks vending machine and pool table more often, in order for the income to show in the accounts in a timely way and to manage the risk of theft.**
- **It should be ensured that the stock level of the drinks bottles does not reach zero, by undertaking a regular stock check and ordering stock when required.**
- **Ensure that appropriate arrangements are established to ensure that minimal use is made of the Surplus/Deficit (code 8264).**
- **Ensure that every member of staff logs out at the end of each shift, and before logging in on another computer.**
- **Where relevant, it should be ensured that either an Internal Transfer form (TR296) or official invoice (for 3<sup>rd</sup> party customers) is raised promptly for each 'Application to Hire' form.**
- **Because the information regarding membership / direct debits sent to Caernarfon is of a sensitive nature, consideration should be given to sending them via 'recorded delivery' rather than 'first class' only. Consideration should be given to the implications if this information happened to get lost.**
- **It should be ensured that personal sensitive information on the HS11 forms is kept under lock and key in accordance with the requirements of the Data Protection Act.**

**GLASLYN LEISURE CENTRE, PORTHMADOG**  
**ECONOMY AND COMMUNITY**

Background

Gwynedd Council Leisure Centres are within the Healthy Communities service which is part of the Economy and Community Department. The management arrangements for the Centres have changed fairly recently and by now there are 4 Area Managers who between them are responsible for managing the County's Leisure Centres.

Gwynedd Council runs 13 Leisure Centres within the County's boundaries, 6 located in Arfon, 2 in Dwyfor and 5 in Meirionnydd. Glaslyn Leisure Centre provides a number of services for their customers such as a swimming pool, fitness and weightlifting rooms, indoor sports courts and an all-weather pitch.

Purpose of the Audit

Ensure that arrangements exist in the Leisure Centre in order to control and alleviate risks appropriately, and in accordance with the Council's internal procedures and other relevant procedures.

Scope of Audit

The Centre was visited to undertake an audit to ensure that appropriate arrangements were in place for the collection of income, budgetary control and that health and safety procedures exist to control various risks.

Main Findings

Very strong evidence was seen of good practice and robust management at Glaslyn Leisure Centre, in order to alleviate the range of risks in the administration and management of the Centre. However, it was seen that some of the areas audited required further attention.

The surplus/deficit (8264) reference was checked in the ledger to ensure that no extensive use was made of this reference. Upon inspecting the individual transactions, it was seen that 233 transactions had been made during the 2014/15 year and that 17 had been made up to 13/08/2015 in the 2015/16 financial year. This meant that a number of errors had taken place at the Centre and the consequence of this was that income was not being referenced to the correct code in the ledger as it was not possible to identify the income. The number of transactions on the surplus/deficit account needs to be reduced so that income can be referenced correctly in the ledger.

The Reconciliation and Administration Officer, Revenue Service expressed that concerns had arisen with the timeliness of sending and receiving the Centre's TR34 'Receipts and Banking' forms, with forms being sent in late. In the last few weeks, the Revenue Service had started to stamp the TR34 forms to monitor the timeliness of receiving the forms.

The Centre's debtor details were received from the Revenue Service and it was seen that the total debts were £8,250.28 on 08/06/2015 with debts totalling £7,000 owing from the tenants of the Centre's cafe.

The Part-time Senior Receptionist is responsible for managing the direct debits of the Centre's members. It was seen that she made copies of the terms and conditions and the membership forms and forwarded them to the Business Support Officer at Caernarfon Tennis Centre. The documents are sent straight through the post to the Business Support Officer. No procedure exists for sending the information via 'recorded delivery' – rather the information is sent through the normal post service, regardless of the personal and sensitive nature of the information. If direct debit applications are received at the end of the day, the information is kept under lock and key.

The Centre keeps incident reports to record the details of accidents that occur at the Centre, as well as complete HS11 forms for serious accidents. The incident reports or HS11 forms are not kept under lock and key. This means that there is a risk that personal information about individuals might reach the wrong hands.

#### **Audit Opinion**

**(B) The Audit opinion is that partial assurance can be given in the propriety of the managerial arrangements at Glaslyn Leisure Centre as controls are in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:**

- **Ensure that appropriate arrangements are established to ensure that minimal use is made of the Surplus/Deficit (code 8264).**
- **Ensure that TR34 'Receipts and Banking' are sent promptly to the Revenue Service, in order that there is no long delay before the income appears on the ledger.**
- **The Centre's debts should be reviewed and seek to resolve these promptly.**
- **Because the information regarding Direct Debits sent to Caernarfon is of a sensitive nature, it should be considered whether they should be sent via 'recorded delivery' rather than 'first class' only. Consideration should be given to the implications if this information happened to get lost.**
- **It should be ensured that personal sensitive information on the HS11 forms and Incident Reports is kept locked in accordance with the requirements of the Data Protection Act.**

**PENLLYN LEISURE CENTRE, BALA  
ECONOMY AND COMMUNITY**

Background

Gwynedd Council Leisure Centres are within the Healthy Communities service which is part of the Economy and Community Department. The management arrangements for the Centres have changed fairly recently and by now there are 4 Area Managers who between them are responsible for managing the County's Leisure Centres.

Gwynedd Council runs 13 Leisure Centres within the County's boundaries, 6 located in Arfon, 2 in Dwyfor and 5 in Meirionnydd. Penllyn Leisure Centre provides several services to its customers such as a swimming pool, fitness room and sports hall.

Purpose of the Audit

Ensure that arrangements exist in the Leisure Centre in order to control and alleviate risks appropriately, and in accordance with the Council's internal procedures and other relevant procedures.

Scope of Audit

Penllyn Leisure Centre was visited to undertake an audit to ensure that appropriate arrangements are in place for the collection of income, budgetary control and that health and safety procedures exist to control various risks.

Main Findings

Evidence was seen of good practice and robust management at Penllyn Leisure Centre, in order to alleviate the range of risks in the administration and management of the Centre. However, it was seen that several of the areas audited required further attention.

The surplus/deficit (8264) reference was checked in the ledger to ensure that there was not extensive use of this reference. When looking at individual transactions it was seen that 231 transactions had been made during the 2014/15 financial year and 153 up to 10/08/15 in the 2015/16 financial year. This meant that several errors were being made at the Centre. The number of transactions referred to the surplus/deficit account needs to be reduced by ensuring that end of day reconciliation arrangements are followed and are appropriate.

A sample of 3 monthly reports 'log in, log out' were audited, these were produced in 2014/15 and 2015-16. It was seen that the August 2014 report had been produced in November 2014 and signed and dated at the same time. When auditing the reports it was seen that members of staff on some occasions 'logged on' on more than one machine (without logging out of the original machine).

A sample of 'Request to Hire Facilities' forms were audited and checked to ensure that a 'Request to Raise an Invoice' had been completed for them promptly. It was seen that no invoice had been raised promptly, but rather many months afterwards. Invoices need to be raised promptly at all times, in order to have efficient income collection arrangements. The total of the Centre debts were £6,637.10 on 08/06/15. £3,500 of the debt was owed by the tenants of the Centre's café.

The membership agreements concerning direct debits that have been signed by the Centre's members are kept together in a file but they are not kept under lock and key. This means that there is a risk that personal information about individuals might reach the wrong hands. Direct debit packages are provided by Centre staff. It was seen that very sensitive information is written on the forms and if information needs to be retained before forwarding it to Caernarfon then it should be kept safely under lock and key. No procedure exists to send information using a 'recorded delivery' service although the information is of a personal and sensitive nature.

It was seen that the file with details of accidents and the HS11 forms were kept on a shelf in the Duty Manager's room. This means that there is a risk that personal information about individuals might reach the wrong hands. Centre staff are aware of the need to send the information to the Health and Safety Unit. However, the Health and Safety Officer expressed that the Centre tended only to report the most serious incidents.

### **Audit Opinion**

**(B) The Audit opinion is that partial assurance can be given in the propriety of the managerial arrangements at Penllyn Leisure Centre as controls are in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:**

- **Ensure that appropriate arrangements are established to ensure that minimal use is made of the Surplus/Deficit (code 8264).**
- **Ensure that every member of staff logs out at the end of each shift, and before logging in on another computer.**
- **It would be good practice to share information about targets and the Centre's performance with the Centre's staff from time to time, in order that staff are aware of the Centre's targets and performance.**
- **Where relevant, it should be ensured that either an Internal Transfer form (TR296) or official invoice (for 3<sup>rd</sup> party customers) are raised promptly for each 'Application to Hire'.**
- **It should be ensured that the invoice number and date are noted in the relevant section of the 'Application to Hire' form in order to match the correct invoice to the 'Application for Hire'.**
- **The Centre's debts should be reviewed and an attempt should be made to resolve these promptly.**
- **It should be ensured that any information concerning direct debits of Centre members are kept under lock and key.**
- **Because the information regarding Direct Debits sent to Caernarfon is of a sensitive nature, consideration should be given to sending them via 'recorded delivery' rather than 'first class' only. Consideration should be given to the implications if this information happened to get lost.**
- **It should be ensured that personal sensitive information on the HS11 forms is kept under lock and key in accordance with the requirements of the Data Protection Act.**

**CEFN RODYN, DOLGELLAU  
ADULTS, HEALTH AND WELLBEING**

Background

Cefn Rodyn Residential Care Home is situated in Dolgellau and offers permanent and short-term care for residents

Purpose of the Audit

The purpose of the audit was to ensure that the financial arrangements of Cefn Rodyn Care Home are appropriate and in accordance with the Council's Financial Procedure Rules as well as to review the security arrangements and the management of medicines.

Scope of Audit

The main income and expenditure areas were audited in accordance with the transactions in the 2014/15 ledger together with the Home's management arrangements. The Home's medication arrangements were audited to ensure that they were in accordance with the relevant regulations, legislation and guidance.

Main Findings

During the audit, examples of good practices were seen in some of the Home's arrangements. However, it appears that there are instances of operating contrary to the Council's administrative arrangements, and consequently, contrary to the Financial Procedure Rules.

The home's expenditure was more than the budget set for the financial year 2014/15 in the following areas: property; transport and services and supplies.

Official orders were not used in the correct way as five had been completed after the invoice date which therefore made them trivial. A record that the goods/services had been received had not been noted on two of the orders and no estimated cost had been noted on the orders in the sample. Some of the boxes on the TR252 forms were seen to have been completed without any need e.g. region and stock boxes signed for an electricity supply invoice. There was no "received" stamp on the invoices in the sample selected.

It is a requirement that the 'Record of a Resident's Money' are signed by two persons for every expenditure of the residents' pocket money. There were two cases where it was seen that only one person had signed the sheet. A sample of 'personal items' sheets from the Care Plans of 4 residents were selected and checked. There was a signature and date on only two of these forms.

The records of the home's amenities account were not complete as all the income received had not been recorded. It was seen that television licence costs was paid from the amenities account although there was an account for this in the home's budget (4807 - General Licences). TR34 forms were checked for the income received and it was seen that only the Clerk signs them – there was no record of a check by a second person. One form had not been signed at all.

The home's imprest account was checked for 2014/15 and it was seen that the expenditure exceeded the highest level of the account namely £170 twice. There were no receipts for many of the payments but a TR24b form had been used. The forms had not been signed or authorised in a number of cases.

Some errors were seen in staff leave entitlement, most often as they had over 5 years continuous service but this had not been considered when the hours were calculated. Also, additional leave hours had been calculated incorrectly.

Some staff members with a right to sign for medication did not appear on the list of those eligible to administer medication. The 'List of Names of Responsible Staff to Sign for Medication' was not up to date. A sample of six individual MAR (Medication Administration Record) sheets were checked and two signatures were not seen for receiving medication in several cases. In one case the last dose had not been recorded on the MAR sheet. The Manager was present when the record was checked. The temperature of Cefn Rodyn's fridge does not correspond with the Council's Medication Policy guidance. No record of temperature for 5/7/15 was seen for the medication room.

#### **Audit Opinion**

**(C) The Audit Opinion is that the propriety of the administrative arrangements within Cefn Rodyn Home, Dolgellau cannot be stated with assurance as the controls in place cannot be depended upon, but no losses / fraud were found as a result of these managerial weaknesses. The main recommendations of the report are as follows:**

- **It should be ensured that there is no overspend on the budget set and that it is controlled and monitored.**
- **It should be ensured that an official order is raised where appropriate before the invoice date, to ensure that the expenditure is authorised and to record the estimated price and delivery date of the goods.**
- **It must be ensured that each invoice is stamped as 'received' when they reach the home.**
- **It should be ensured that the records of the residents' personal items are dated and signed by the relevant officer after being checked.**
- **It should be ensured that the records of the amenities account are comprehensive and tidy and reconcile with the ledger at the end of the financial year.**
- **It should be ensured that the TR34 forms are completed by two officers – i.e. one to complete and an authorised person to check the details.**
- **A system should be established to mark equipment in order that it is possible to identify them as the home/council's property.**
- **It should be ensured that the annual leave hours of staff are calculated correctly by using the guidelines 'Provider and Leisure Department's Staff Annual Leave Formula'.**
- **It should be ensured that two members of staff sign that they have received the medication on the individual MAR forms in each case.**
- **It should be ensured that any medication being administered to residents is recorded in full in each case.**
- **It should be ensured that the temperature of the fridge is in accordance with the guidelines, i.e. between 2°C and 8°C and that it is recorded accurately.**

## **PUBLIC TRANSPORT REGULATORY**

### **Background**

People aged over 60 and disabled people living in Gwynedd can claim a concessionary bus pass that will enable them to travel free of charge on any local bus in Wales. The bus companies are required to report to the Council regarding the number of times these passes were used on journeys in Gwynedd on a monthly basis, and the Council will pay the companies based on these numbers multiplied by the company's average single ticket price (September 2009 statistics), and multiplied with a 'modifying indexation factor' which is provided by the Welsh Government on a quarterly basis. The Council will reclaim the money paid to the companies by submitting quarterly applications to the Welsh Government.

The Council invites companies to tender for public transport provision contracts. The successful company will receive a monthly payment in line with their tender for providing the bus or taxi service between communities or for transporting children to school.

### **Purpose of the Audit**

The purpose of the audit was to ensure that appropriate internal controls exist in relation to the process for administering payments to bus companies, based on their use of concessionary bus passes for the over 60s and disabled people. The audit also ensured that the transport services tendering arrangements are appropriate.

### **Scope of Audit**

The audit verified the procedure for gathering and administering information from the bus companies in order to calculate and process payments by reviewing a sample of recent applications, as well as verifying the procedure for reclaiming the money from the Welsh Government and the most recent grant claim. The audit also verified a sample of recent tenders to ensure that the process is fair and accurate.

### **Main Findings**

As the accuracy of the average adult single ticket price in September 2009 forms the foundation for the accuracy of the payments to this day, it is essential that this figure is accurate. However, the audit report 'Free Travel Passes 2013/14' shows that no assurance can be given of the accuracy of the figures. It was recommended that this exercise should be repeated in order to obtain more recent figures, and sufficient evidence to justify this. By the time of this audit, the exercise has not been undertaken and consequently, no assurance can be given that the payments are accurate.

A sample of the first quarter claims of four bus companies was selected and it was seen that the expected reports (Wayfarer reports which record the use of concessionary passes per route), had been submitted to support the claims. However, it was seen that one company regularly sought to claim for more journeys than the reports suggested they were due, and that the Service's checks meant that the company did not receive what it claimed. It was seen that the Service had brought this to the company's attention.



The use made of manually recording tickets is a contentious issue. It is not expected for more than 2% of repayments to derive from manually processed tickets, rather than by scanning a ticket to a machine as passengers step onto a bus. There is a substantial risk of this button being misused, and this has already been identified.

The Service records the use made of manually processed tickets by recording them on a spreadsheet. As the percentage of manually processed tickets was regularly above 2%, it was seen that the Service had been proactive by drawing this to the attention of the Welsh Government jointly with the other North Wales Councils. Guidance was sought as to whether or not the companies should receive payment for any manually processed ticket that exceeded the 2% mark, and to date, no objection was received from the Welsh Government to pay over this threshold. At the time of the audit, one company is concerned that their machines were not working (memory full), and therefore they had to manually process a number of tickets.

According to clause 19 of the guidelines 'Concessionary Travel Scheme: Guidance for Local Authorities' (1 April 2010), the Council can claim administrative costs from the Government on a quarterly basis, which equates to £3 for each free travel pass in circulation in Gwynedd. The Council will note in its quarterly claim how many free passes are in circulation, multiply the figure by £3 and then it will be quartered to reflect the claim period. The quarter 1 claim for 2015/16 was verified and it was seen that the administrative costs had been correctly calculated.

It was seen that the Service placed each transport contract on Sell2Wales, regardless of its value, and this is considered to be good practice. However, the Service intends to evaluate tenders based on price only in the future. The technical parts, or quality of the tender, will be judged on a pass/fail basis, rather than contribute to the tender score.

Normally, the Service does not undertake financial checks on the companies to ensure whether or not they are viable. The Procurement Unit can undertake such simple checks and it is recommended for the Service to consider doing that as part of their evaluation process, and receive proof that what was submitted in the tender is accurate.

### **Audit Opinion**

**(C) The Audit Opinion is that assurance cannot be given of propriety in the administration of Public Transport as the controls in place cannot be depended upon. The main recommendations of the report are as follows:**

- **It would be beneficial to continue investigating the possibility of revisiting the September 2009 exercise to ensure the accuracy of the average adult single ticket price.**
- **It would be good practice to record the number of tickets claimed by companies on one spreadsheet or on a graph, so that a comparison can be made against what has been claimed over time in order to identify any suspicious trends.**
- **Consideration should be given to undertaking simple financial checks on companies who are awarded tenders to ensure that they are viable to carry out work over the contract period.**
- **After awarding a contract to a company, proof is required that what was presented in the tender is accurate, e.g. CCTV on the vehicles.**