

COMMITTEE	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
DATE	<b>30 JUNE 2022</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 30 APRIL 2022</b>
AUTHOR	<b>LUNED FÔN JONES – AUDIT MANAGER</b>
ACTION	<b>TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES</b>

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**1. INTRODUCTION**

1.1 The following report summarises the work of Internal Audit for the period from 31 January 2022 to 30 April 2022.

**2. WORK COMPLETED DURING THE PERIOD**

2.1 The following work was completed on the 2021-22 plan in the period to 31 May 2022:

<b>Description</b>	<b>Number</b>
Reports on Audits from the Operational Plan	16

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 May 2022, indicating the relevant assurance level and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Safeguarding Arrangements	Corporate	-	Limited	Appendix 1
Brexit	Corporate	-	Satisfactory	Appendix 2
Financial Management Code	Corporate	-	High	Appendix 3
Language Designations	Corporate	-	Satisfactory	Appendix 4
Use Of Purchasing Cards	Corporate	-	Limited	Appendix 5
Unofficial School Funds	Education	Schools	Limited	Appendix 6
Food Hygiene	Environment	Public Protection	Limited	Appendix 7
Disaster Recovery Arrangements	Finance	Across the Department	Satisfactory	Appendix 8
Project Management – Upgrading E-Financials	Finance	Accountancy	High	Appendix 9
Changes in Standing Data	Finance	Pensions and Payroll	High	Appendix 10
Bonus Payments to Care Workers	Finance	Pensions and Payroll	Satisfactory	Appendix 11
Storiel	Economy and Community	Museums and Galleries	Satisfactory	Appendix 12
Lloyd George Museum	Economy and Community	Museums and Galleries	High	Appendix 13

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Governance Arrangements – North Wales Economic Ambition Board	NWEAB	–	High	Appendix 14
Debtors	Adults, Health and Wellbeing	Adults	Satisfactory	Appendix 15
Safeguarding Clients’ Assets	Adults, Health and Wellbeing	Residential and Day	Satisfactory	Appendix 16

2.2.2 The general assurance levels of audits fall into one of four categories as shown in the table below.

<b>LEVEL OF ASSURANCE</b>	<b>HIGH</b>	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.
	<b>SATISFACTORY</b>	Controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.
	<b>LIMITED</b>	Although controls are in place, compliance with the controls needs to be improved and / or introduces new controls to reduce the risks to which the service is exposed.
	<b>NO ASSURANCE</b>	Controls in place are considered to be inadequate, with objectives failing to be achieved.

### 3. WORK IN PROGRESS

3.1 The following work was in progress as at 31 May 2022:

- Business Continuity Plans and Lessons Learned (*Corporate*)
- Complaints Procedure (*Corporate*)
- Countryside Grants (*Environment*)
- Risk Assessments and Training Programme (*Children and Family Support*)

### 4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 31 January 2022 to 31 May 2022, comment on the contents in accordance with members’ wishes, and support the actions agreed with the relevant service managers.

## SAFEGUARDING ARRANGEMENTS

### 1. Background

1.1 It is a statutory requirement that everyone who works in the public sector complete a Domestic Abuse/Domestic Violence training module. The Regional Vulnerability and Exploitation Board reports that specialist domestic violence providers have seen a 35-40% increase in referrals. The Strategic Safeguarding Panel is eager to see an increase in staff numbers completing the module. Ensuring that staff have received this training is crucial to ensuring that the Council is doing all it can to support individuals and to raise awareness.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to review the number of Gwynedd Council staff who have completed the mandatory Domestic Abuse e-learning module, and that managers are aware of staff who haven't completed the module, in order to promote its importance and to increase the number of staff completing the module. In order to accomplish this, the audit scope included independently validating data from the MoDS system, checking that front line staff are included in the data, and that Managers have received instructions on the use of the Council's self-service system in order to be able to view their staff training records.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>LIMITED</b>	<b>Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	0
<b>HIGH</b>	1
<b>MEDIUM</b>	0
<b>LOW</b>	0

### 5. Main Findings

5.1 It was seen that adequate arrangements are in place to ensure that all Gwynedd Council staff members have completed the mandatory Domestic Abuse e-learning module, but some aspects need to be tightened, and new procedures need to be introduced in order to mitigate the risks identified.

- 5.2 It was seen that the module has been the subject of regular discussion at the Operational Safeguarding Group meetings, with several attempts to encourage more staff to complete it. Information was received from the E-Learning Officer stating that the Service are able to export data identifying individuals who have completed the module from the MoDS system, but are not able to extract the data to identify staff who have not completed the module.
- 5.3 Through the self-service system, managers can check which staff members from their direct team who have not completed the training. It was seen that instructions on how to do this was distributed to the managers.
- 5.4 The E-learning Officer confirmed that everyone who has completed the module so far has done so through the Council's E-learning Portal. He explained that training packs are available for staff members who do not have access to the intranet, with the expectation that the line managers then send confirmation of all training that has been completed to the MoDS administrative staff to update the system. No manager has done this so far. Internal Audit exported data in relation to everyone who had completed the module as of 21 February 2022. It was identified that 3,324 staff members have completed the module at this time, with the E-learning Officer stating that none of the 3,324 are front line staff or staff without access to the intranet.
- 5.5 In relation to receiving data on staff members who have not completed the module, the Technological Innovation and System Maintenance Manager confirmed that it was possible to receive a report through MoDS reporting system, but that this function was not operational as no official request to create it had been received.
- 5.6 The data on 7 March 2022 confirmed that 4,665 staff members have still not completed the training. However, it was seen that the data included agency staff, staff members who have since left, and also the names of schools, libraries and leisure centres. The data cannot be relied upon to provide an accurate figure on the number of staff who have not completed the e-module, as many factors need to be taken into account such as the "cleanliness" of the data. The departments with the highest numbers of staff members who have not completed the e-module are those with the highest numbers of manual/casual workers, who do not have access to the intranet, namely Adults, Health and Wellbeing, and Highways and Municipal.

## 6. Actions

**The MoDS Team have committed to implementing the following steps to mitigate the risks highlighted.**

- **Ensure adequate training is arranged for departments with high numbers of manual/casual staff, with instructions to distribute the training to staff who have not completed the Domestic Abuse training.**
- **With the help of the IT Service, produce a list of all staff who have not completed training according to MoDS reports, and distribute the list to departments/managers in order to encourage their staff to complete the training, emphasising the importance of verifying whether the data is current and correct.**

## BREXIT

### 1. Background

1.1 On 23 June 2016, 52% voted to leave the European Union in a referendum. On 31 December 2020, the United Kingdom left the European Union. Between these dates and beyond, there have been many uncertainties on many aspects of life in Gwynedd, Wales and United Kingdom with Brexit. It has been the Council's responsibilities during this period to ensure they are prepared to manage negative effects as a result of Brexit.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that relevant arrangements are in place to minimise the negative effects of Brexit on the people of Gwynedd and the Council. To accomplish this, the audit entailed reviewing arrangements for managing risks and any matters that arise due to Brexit that can affect the Council's operations, ensuring that appropriate officers have been designated, the identification and management of risks, and that sufficient communication arrangements exists internally and externally, such as reporting on risks and their controls and reporting on changes affecting the people of Gwynedd, and available resources.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	<b>0</b>
<b>HIGH</b>	<b>0</b>
<b>MEDIUM</b>	<b>1</b>
<b>LOW</b>	<b>0</b>

### 5. Main Findings

5.1 The Brexit Group was established in 2018 with the brief "to look at possible effects of Brexit on the establishment and how the Council can service continuity". A cross section of officers from different departments attend the Group meetings regularly.

- 5.2 The Group is responsible for updating the Brexit risk register when there are changes to any one of the related risks. It was seen that the Brexit risk register has records of Brexit related risks that have been highlighted by different officers. The related department is noted for each of the risks in addition to the area it affects, description of the risk, impact score, main related risks, likelihood score, risk score and control measures to consider/ implement. There is also a column in the register detailing the owners of each risk titled 'who's responsible'. It was seen that ownership was designated for most of the risks but 13 out of 64 risks did not contain names of officers, with four of the risks scoring low and the rest moderate, but it was seen that two of the risks had no action against them where it seems to be reliant on the affects/changes in the market (on the whole 17% without names against the actions).
- 5.3 To ensure that Gwynedd is operating to the highest standard, there was communication between the Council and other establishments. It was seen from the Group minutes that officers report back after they attend relevant discussions on Brexit with other bodies such as the Welsh Local Government Association, Welsh Government, the Police and other councils.
- 5.4 There are 10 risks on the Brexit risk register relevant to suppliers of products/ equipment. The possible steps to mitigate risks have been highlighted in the risk register and has been implemented where possible. The effects of Covid on the supply chain has been one of the main concerns since early 2020. A report has been compiled by Internal Audit on the risks with supply chain during Covid. It was found in the audit that good controls of risks exists with the supply chain since 2020.
- 5.5 The Department of Economy and Community has two risks on the Brexit risk register, 'Business Impact' and 'European Funding' with a high rating of 20/25. These risks affect funding for Gwynedd businesses. The Council cannot guarantee that money is available to businesses but they are taking steps to provide the best Service to Gwynedd businesses. The latest information on trading changes due to Brexit has been made available to businesses on the Council's website. The Department has also been responding to consultations on various government reports in relation to agriculture.

## 6. Actions

**Every Officer in the Group has committed to implementing the following to mitigate the risks highlighted.**

- **Ensure that a responsible officer is appointed for each action on the risk register.**

## FINANCIAL MANAGEMENT CODE

### 1. Background

1.1 The Financial Management Code is designed to support good practice in financial management and to help local authorities demonstrate their financial sustainability. The code focuses on value for money, governance, financial management styles, financial resilience and financial sustainability.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that Gwynedd Council meets the requirements of the CIPFA Financial Management Code. In order to achieve this, the audit encompassed the completion of a self-assessment in order to verify the Council's compliance with the code, and in order to identify if further steps need to be taken to strengthen financial management arrangements.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 It is a requirement for Local Authorities to prove that they meet the requirements of the code. To this end, Internal Audit and the Senior Finance Manager completed a self-assessment of the Council's compliance against the requirements of the code, including an assessment of governance processes, procedures and arrangements.

4.2 The self-assessment includes a set of 17 key questions prepared by CIPFA within a practitioner's guide that accompanies the Financial Management Code. The financial management arrangements in place by the Council were reviewed for each of the 17 standards, and it was found that the Council had a good level of compliance with the aspects of the Financial Management Code.

4.3 Adequate evidence from the Finance Department was found to support and justify the responses to the self-assessment. Evidence included reports to Cabinet and the Audit and Governance Committee, Annual Governance Statement, Financial Sustainability assessment, statements of accounts and financial strategies.



## LANGUAGE DESIGNATIONS

### 1. Background

1.1 Gwynedd Council's Welsh Language Policy was created in response to the Welsh Language Standards set by the Welsh Government, to offer services in Welsh to the public and to encourage more use of the Welsh language within services. The Policy states how the Council will plan and provide a bilingual service to the Gwynedd population, with work having started on the Language Designations Project in 2016.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that adequate arrangements are in place for mapping job language levels and the skills of Gwynedd Council staff, to ensure the people of Gwynedd receive the best possible bilingual service, as well as responding to the requirements of the Language Policy and the Welsh Language Standards. To accomplish this, the audit scope included reviewing the Language Designation Project Team's outputs with regards to designations and assessing speaking and listening, reading and understanding, and writing skills of Council staff, as well as reviewing that services operate appropriately where language skill requirements are not met.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	0
<b>HIGH</b>	0
<b>MEDIUM</b>	1
<b>LOW</b>	0

### 5. Main Findings

5.1 It was seen that adequate arrangements are in place for mapping job language levels and staff skills for Gwynedd Council, but that certain aspects need to be tightened to mitigate the risks identified.

- 5.2 It was seen that the Language Designation Team presented a self-assessment questionnaire on the Council's jobs language levels on its self-service system in 2019/20. In November 2021, it was seen that only one department's staff, YGC, of all the Councils departments had completed the self-assessment, with the other departments ranging between 27.3% and 94.4%. It appears that a low number of frontline staff have completed the questionnaire, as they don't have access to the intranet. The Learning and Development Officer - Welsh Language, confirmed that every effort was being made to visit these staff members to complete paper assessments.
- 5.3 As at 21 January 2022, 4,173 out of approx. 7,000 Gwynedd Council staff (including Byw'n lach and North and Mid Wales Trunk Road Agency staff) had completed a self-assessment to ascertain their language level. For the audit, a sample of 5% of assessments, 209 staff members was reviewed thoroughly to ascertain whether their language levels met their job requirements, or if not, that steps have been taken to increase their language levels. From the sample, the language levels of 31 staff members did not reach the language designation of their jobs. Of the 31 staff members, 4 have received/completed training to increase their language level. Of the 27 remaining, who work for services with a high number of frontline staff, suggests a lack of commitment from individuals and managers to prioritise the training, and to arrange suitable training that meets front line staff's requirements and working patterns.
- 5.4 It was seen that Heads of Departments receive quarterly reports on their department's statistics in relation to the number of staff members who have/haven't completed a self-assessment, and who do or do not meet their jobs language requirements. Language Designation Forum meetings are also held quarterly, where representatives from different departments within the Council meet to discuss any linguistic obstacles, with the Language Designation Team suggesting advice and solutions

## 6. Actions

**The Language Designations Team have committed to implementing the following steps to mitigate the risks highlighted.**

- **Continue to get 100% of Gwynedd Council staff to complete a language level self-assessment questionnaire, including presenting paper questionnaires to staff without access to the intranet.**
- **Continue to assess training requirements for staff who do not meet their jobs language designations, and to provide suitable options.**

## USE OF PURCHASING CARDS

### 1. Background

1.1 The Council uses Barclaycards to purchase goods/services and certain services have the right to withdraw cash with the cards. The system BSM (Barclays Spend Management) is used to code, approve, monitor and help manage the spending of the cards. During 2020/2021, the BSM system reported the 40 officers have purchased supplies/services by using the Council's credit card with 76 officers registered with a card from Finance.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that services have implemented the Council's purchase cards appropriately and that their use was valid, as well as to ensure that purchasing, monitoring and approval arrangements for payments had taken place in a timely manner. To achieve this, the audit encompassed reviewing a sample of credit card issued to confirm that appropriate procedures were in place and is in compliant with the Council's constitution and policies.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>LIMITED</b>	<b>Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	0
<b>HIGH</b>	1
<b>MEDIUM</b>	1
<b>LOW</b>	0

### 5. Main Findings

5.1 The Council's constitution for administering/managing expenditure through purchase cards states, *'No credit or charge cards of any description to be used for any Council purpose shall be held or used by any officer except by prior agreement of the Head of Finance on application by the appropriate Chief Officer.'*

*Where purchase by credit card or charge card is permitted, the officer making use of the facility must provide adequate supporting documentation for each purchase, including a valid VAT invoice/receipt where VAT is chargeable. No private purchases using such a credit or charge card will be permitted.'*

- 5.2 It was seen that formal controls exist for providing credit cards to Council officers and establishing users on the BSM System with rules on how to administer and manage expenditure through the BSM system. It was seen that appropriate controls were in place and that the Senior Finance Technician is responsible for maintaining a record of users and conduct monthly reconciliations to ensure that payments reconcile at the year end.
- 5.3 From the sample of officers that spent during 2020 up to 2021, it was seen that only authorised officers had purchased and coded expenditure, and that the expenditure were within the allocated threshold.
- 5.4 Responsible officers receive weekly emails reminding them to update the system i.e. the need to code and/or approve expenditure. The monthly *Barclaycard* bills are paid by direct debit therefore all of the expenditure should be processed in the BSM system as soon as possible. However, from the sample checked, it was found not all officers code and approve promptly.
- 5.5 It was reported that responsible managers can access the system to create expenditure reports for their own Service. However, there is no requirement that they conduct a check for the purpose of monitoring expenditure meaning that they could fail to identify invalid transactions.
- 5.6 By auditing the selected sample, it was seen that Council officers had dealt with one case of suspicious transactions that showed on the account as a result of fraud by an external party using one of the card's details to receive goods. This was a total of 33 transactions between August 2020 and September 2020. It was seen that controls worked effectively as the transactions had been reported to the attention of the Finance Department, and the matter was resolved with the monies recovered from the card provider. It is the card provider's responsibility to investigate further on the matter.
- 5.7 In addition, there is no arrangements in the process to confirm that goods have been received, i.e. there is no confirmation to the one that should approve payments/code that the goods/service has been received. This means that the process is open to abuse and/or payments for goods/services not received.
- 5.8 It was seen also that it was possible to use the cards to purchase subscriptions but there is no guidance issued to manage this type of purchase.

## 6. Actions

**It is recommended that the Heads of Services remind the budget holders to implement the following steps to mitigate risks highlighted:**

- **Confirm/identify expenditure is valid by coding and approving on the system promptly.**

- **Conduct management checks for a sample of expenditure, in particular expenditure that is without coding and approval.**

**The Senior Finance Technician has committed to implementing the following steps to mitigate the risks highlighted.**

- **Review the use of credit cards guidance to include information on managing subscriptions.**
- **Include in the guidance the process for ensuring that goods/services have been received to accompany the information in the guidance on reporting to Barclaycard on expenditure of goods/services not received.**

## SCHOOL FUNDS

### 1. Background

1.1 Paragraph 16.22.1 of the Council's constitution states:

*Where an officer of the Council is, by virtue of his official position, responsible for money or goods which are the property of a fund connected with a Council establishment, the purpose of which are analogous to the service provided by the Council:*

*(a) The officer shall keep all monies or goods, the property of the unofficial fund, separate from those of the Council.*

*(b) Proper records of account shall be maintained and be kept separately from those of the Council.*

*(c) The fund's controlling body shall appoint a competent person as auditor, to audit the fund's activities annually and report to the fund's controlling body or in the case of schools and colleges the Board of Governors.*

*(d) Such annual reports shall be held available for inspection by the Internal Auditors if requested.*

### 2. Purpose and Scope of Audit

2.1 The purpose of the review was to ensure that accounting arrangements for the school funds were thorough and in accordance with the Council's financial rules. In order to achieve this, all headteachers of Gwynedd schools were contacted in order to achieve an overview of the situation, and in light of the responses, a further audit will be undertaken in the 2022-23 financial year, where schools will be selected for a full audit.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>LIMITED</b>	<b>Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	0
<b>HIGH</b>	1
<b>MEDIUM</b>	1
<b>LOW</b>	0

## 5. Main Findings

5.1 A school funds questionnaire was sent to all headteachers of primary, secondary, all-through and special schools in Gwynedd. A response was received from 89% of the schools and at least 78% confirmed they have a school fund(s):

School Fund	Number	Percentage
Yes	74	78%
No	11	12%
Did not respond	10	10%

5.2 The funds are mainly used to pay for fruit, bus for swimming lessons, school trips, activities for pupils, paying for extra equipment and resources, donations, selling school uniform etc. Some schools also use the funds to reimburse staff for the purchase of resources. Many of the schools have more than one fund.

5.3 Of the 74 schools that stated that they have a school fund or funds, 52 (70%) have an existing policy or guidelines for administering the fund. Only 5 Headteachers (7%) had received training, one noted, *"received training years ago when the County was organising cluster meetings in Dolgellau."*

5.4 Information was received regarding the fund balances of 65 schools (note that some schools have more than one fund). Individual school balances varied significantly with the smallest amount being £351.39 in a primary school and the highest at £185,520.01 in a secondary school.

5.5 56 (76%) of the schools stated that an independent auditor audits their accounts and that approximately 59% of these accounts were audited in 2021, 2022 or are in the process of being audited at present. Some of the accounts had not been audited for some time with some noting 2017, 2018 and 2019 as when the last audit took place, some noted that this was affected by Covid-19. 14 of the schools do not have an independent auditor auditing their accounts.

5.6 The questionnaire asked when the accounts were last submitted to the governing body for scrutiny and approval. 34 schools have presented the accounts to the governing body for scrutiny either during 2021, 2022 or have indicated their intention to present them at their next meeting. Several responses were received stating that they had not done so since before the pandemic, and 2 schools stated that they were not aware that this was necessary.

5.7 The Assistant Resources Officer was asked about governor training arrangements on school funds and it was noted that no such training currently exists. General financial training is something that has already been highlighted as a subject that governors are keen to receive training on. The possibility of including information about school funds in such sessions was discussed if training was planned in the future.

In the meantime, it is thought that a presentation of basic information about the funds and their responsibilities would be appropriate for governors while the chairs receive more details. The Assistant Resources Officer noted that this could be added to the relevant induction sessions currently prepared for governors and chairs.

5.8 There is a requirement in the Financial Regulations where schools are expected to send a copy of their audited accounts to the Internal Audit Service, together with a copy of the minutes of the relevant governing body meeting scrutinising and receiving the accounts, but a very small number of schools comply with this.

## **6. Actions**

**The Internal Audit Service in conjunction with the Education Department has committed to implementing the following steps to mitigate the risks highlighted.**

- **Update guidance for governors and headteachers on the management of school funds.**
- **Provide training for headteachers including the management, administration and auditing of school funds.**
- **Provide training on school funds in the induction sessions for new chairs and governors.**
- **Prepare information for governors and chairs who have already been appointed ensuring they receive it in order to ensure that everyone is aware of the arrangements and their duties.**
- **Audit a sample of school fund accounts annually from 2022/23, providing assurance that the accounts and administration arrangements are appropriate, advising headteachers as required.**



## FOOD HYGIENE

### 1. Background

1.1 Like many other services within the Council, COVID-19 has made it difficult for the for the Food Hygiene Service to complete work in the normal way. The pandemic has impaired the service's ability to carry out visits and inspections. Guidance from the FSA (Food Standards Agency) sets out targets that all food hygiene services should meet to catch up with the outstanding inspections and in what order these should be completed.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements are in place to provide an effective service to Gwynedd's businesses and consumers in accordance with the Food Hygiene Rating (Wales) Act 2013, and that the department's staff complied with Welsh Government guidelines when carrying out their duties during the pandemic. To achieve this, the audit encompassed reviewing the arrangements for planning, conducting and administering food hygiene visits.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>LIMITED</b>	<b>Although controls are in place, compliance with the controls needs to be improved and / or introduce new controls to reduce the risks to which the service is exposed.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	0
<b>HIGH</b>	1
<b>MEDIUM</b>	4
<b>LOW</b>	0

### 5. Main Findings

5.1 The Council's website was checked and comprehensive information was available for Gwynedd food business owners, including application forms and advice on running a food business.

- 5.2 The Service has begun to use the 'Tascomi' system rather than the 'CIVICA' to manage and store data. When the data was migrated from the old system to the new, it was noted that elements of the old data such as the business contact details had not been transferred. From a sample of 10 businesses selected from the 'Tascomi' system, it was found that one in ten businesses had no contact details recorded.
- 5.3 The FSA's recovery plan states that new businesses should be prioritised first from 30/09/2021 and all establishments with a (high) risk category for food hygiene should be visited before 31/03/2022. It was found on the 'Tascomi' system that all organisations with risk category A had been visited so the service had reached its target ahead of the date set by the FSA.
- 5.4 A sample of 10 businesses registered during the 2021/22 financial year was selected. For this sample, 5 businesses had not been visited. Of the 5 who had received a visit, only 1 was within the target of 28 days with the longest taking 170 days. There is an expectation that some of these will be incomplete as the service was not operational during the lockdown period. However, there is concern and a risk that traders are operating for long periods in Gwynedd without assurance of their food standards.
- 5.5 It was discussed and agreed with the Manager that there was concern that people could sell produce and sell food to many people throughout the county via social media without being inspected for food standards. Local officers are aware of these businesses in their area but some websites do not have contact details and officers cannot contact them using their personal accounts and ensure the security of the individual's data in accordance with clause 17 of the Council's Data Protection Policy. This led to the possible solution of the Service having its own social media accounts and contacting the businesses directly through these methods.
- 5.6 A sample of 5 interventions conducted in 2021/22 was reviewed. The standard of 4 cases could not be reported as no suitable documentation had been uploaded to Tascomi following the visit. Adequate documentation for 1 was found to support the audit, i.e. duly completed and supporting information for what was reported. The Public Protection Manager (Food and Safety) stated that the lack of information being reported on the system following inspections was an issue that required the Service's attention.
- 5.7 The Public Protection Manager (Food and Safety) confirmed that it was his responsibility to review a sample of applications / visits (the day to day work of the Food Safety Officers) on a monthly basis, to confirm the quality of the work. He stated that these were taking place but there is no record of them.

- 5.8 A sample of 5 public complaints was selected to ensure that complaints received a timely response and that a proper service was provided to the public by the service. From the audit sample it appears that 3 received a prompt and adequate response. 1 was open and in progress, and it appears 1 had no action against it on the 'Tascomi' system since 13/12/2021, which appears to indicate a delay in the process. Any action / closure is expected to be marked 'closed' on the 'Tascomi' system.
- 5.9 A sample of 3 staff members' training records were reviewed. Documentation in the Food and Safety service's management files found that all 3 had met relevant Continuing Professional Development (CPD) requirements in the food hygiene area. However, it was found that there was a shortfall in completing Data Protection training (1 officer did not complete the e-module and 2 are yet to complete the Data Protection and Information Security policy).

## **6. Actions**

**The Public Protection Manager (Food and Safety) has committed to implementing the following steps to mitigate the risks highlighted.**

- **Ensure adequate information is recorded and saved on the 'Tascomi' system for interventions.**
- **Undertake more timely audits of new businesses.**
- **Set up social media accounts for the service to enable contact with businesses that operate exclusively online and without registration.**
- **Ensure all cases / complaints are updated promptly or dealt with after a specified time.**
- **Ensure that work quality assurance checks and their results are documented so that they can be referenced when needed e.g. improve the quality of training.**
- **Ensure that service staff have completed and received statutory Data Protection and Information Security policies.**

## IT DISASTER RECOVERY

### 1. Background

1.1 The Disaster Recovery Plan is a process or series of procedures documented to recover and defend IT business foundations should disaster happen. Such a plan is usually documented in a written form, with actions that the establishment will follow if disaster should happen.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements are in place to recover the Council's IT systems in a disaster. To achieve this, the audit entailed ensuring that there is an appropriate, purposeful plan in place, that relevant officers are aware of their responsibilities in a disaster, and reviewing arrangements for system backups.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	0
<b>HIGH</b>	0
<b>MEDIUM</b>	1
<b>LOW</b>	0

### 5. Main Findings

5.1 Following the audit undertaken in July 2018 due to a loss of IT systems, it was highlighted that a disaster recovery plan did not exist. The Council's systems were successfully recovered following the loss of power in 2018 which means the Council has demonstrated that it can effectively recover in an emergency situation. It was confirmed that there was no formal plan established to be able to recover from a disaster effectively, efficiently and in a consistent manner, including the ability to respond to the public in situations such as cyberattack/loss of information.

This means that the Council continues to be at risk of being unable to recover effectively and in a timely manner, that could lead to delays in providing key services to the people of Gwynedd, that could result in a disastrous and/or catastrophic effect on the wellbeing and life of the people of Gwynedd.

- 5.2 Cyber resilience has been recognised as one of the risks stated on the corporate risk register (live as at 23 of March 2022) with the Assistant Head - Information Technology designated as responsible for mitigating the risk. The following implementation was noted against the risk: *'We have done significant work to improve our defences and our ability to recover our services if an attack through the ranks were to happen. There is need to formalise arrangements to test these procedures.'* A target date does not seem to have been allocated suggesting that it is a continuous risk.
- 5.3 The Assistant Head - Information Technology stated that technological recovery rules for certain systems exist in addition to recovery priority of systems. A copy of the IT systems recovery priority was obtained and it was seen the spreadsheet seemed thorough, detailing which systems are the most important to recover first per services and a point of contact for each system.
- 5.4 The Assistant Head - Information Technology stated that work to create a disaster recovery plan has been in progress for some years. It is expected a plan should include procedures for recovery of natural disasters such as floods or fire in addition to disasters from cyberattacks and ransomware. Procedures include defining roles, contact details, information about backup arrangements including, location, strategy for gathering evidence to identify weaknesses/solutions and arrangements for responding in situations of disaster. The plan should be revised regularly to ensure that it is relevant

## 6. **Actions**

**The Assisting Head of IT has committed to implementing the following to mitigate the risks highlighted.**

- **Establish and retain a complete disaster recovery plan to ensure successful and timely recovery of the Council's services.**

## PROJECT MANAGEMENT – UPGRADING E-FINANCIAL SYSTEM

### 1. Background

1.1 The Council's Project Management Handbook 2016 has been developed to manage a wide variety of projects more effectively and efficiently. The Handbook explains the basic principles and practical guidance to enable officers to take appropriate steps. The level of use to follow will depend on the size of the project which means that it is not essential to use all headings for each project. The 'e-financials' system is a financial system that runs the following applications - debtors, creditors, ledger and business objects and has been commissioned, including the support element from the company, 'Advance'. The system is subject to an upgrade project in 2021/22. The Systems Consultant was appointed as the Project Manager to lead the project in 2021.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to manage the project upgrade of the *e-financials* system. To achieve this, the audit encompassed ascertaining of the project management arrangements and documentation, and testing where possible to check that the project is operating effectively and efficiently based on Gwynedd Council's Project Management Manual 2016 which refers to the principles of PRINCE2 project management.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 The Statement of Work was received outlining the purpose and scope of the project and the work required to upgrade the current '*eFin solution*' system and migrate to release version 6 of the software whilst considering the impact on any other related products that are part of the *e-Fin* solution.

4.2 It was seen that the work was commissioned in December 2021. The statement of work and plan along with the timetable of required actions was ascertained, showing that the project was due to commence in January 2022 and to be completed/ transferred over to the Council by the first week of March 2022.

Following meetings in January and March 2022 with the System Consultant as the Project Manager it seems that the project has been successful in its delivery and has been implemented within the planned timeframe. It was reported that the system went live on the 25 February 2022 with minor issues arising after the go live date that have been identified and logged for 'Advance' to resolve.

4.3 It was reported on the 10 March 2022 that the project has been completed ahead of the planned date and within the days commissioned. It was explained by the Project Manager that any issues that have arisen since the transfer date is now being dealt with by 'Advance' as a part of their support service that the Council has commissioned.

4.4 Evidence was received for the following elements of project management that is significant in the project:

- Timetable of the project with deadlines
- Log of issues including risk assessment rating against each issue
- Check list for testing high risk aspects of the system with ownership for implementation/ communication.
- Budget monitoring spreadsheet together with the list of timesheets
- List of meetings with Advance showing regular communication on development and progress of the project has taken place
- Lessons learnt log
- Evidence that Advance has implemented as per the Statement of Works agreed on commencing the project
- Reports of the different types of testing undertaken to prove that data has been migrated accurately

4.5 The System Consultant stated that there is no need for user training at the end of the project as the changes have not been significant enough to obstruct users not being able to conduct their work.

## CHANGES IN STANDING DATA - PAYROLL

### 1. Background

1.1 A wide range of staff data are stored in and read from the payroll system. This data needs to be changed occasionally. Changes range from changing an address or surname to changing employment arrangements such as honoraria. It is important that this data is secure and that efficient arrangements are in place to ensure that necessary changes are implemented correctly.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to securely manage storage of and changes to the Council staff's payroll data. In order to achieve this, the audit encompassed reviewing the arrangements for inputting and editing staff standing data, checking the Payroll service's data security arrangements and reviewing a sample of data changes made to ensure they were executed appropriately.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 The Payroll service receives requests to change data from several sources. Applications generally come in the form of a TR139, TR139a or TR140 forms. These are the statutory forms to provide details of a member of staff starting a job, changing job/staff details and terminating a job respectively. The effectiveness and accessibility of these forms were checked and found to contain boxes for all relevant details and clear and easy to use. The self-service system enables staff to change certain details of specific data about themselves in the Payroll system without having to make a request. Changes to title, name, optional name, surname and address are automatically implemented in the Payroll system after a member of staff changes their details through the self-service system.

4.2 A sample of 20 requests made to the Payroll service through TR forms and alternative communications was reviewed. A range of requests from different payrolls were included in the sample.



In all cases checked, the change had been correctly implemented in the Payroll system based on 'ISWAS' reports from the system. An 'ISWAS' report is a data change identification report from the payroll system. The data on the system was reconciled to the sample of requests and it was found that the average time taken to implement system changes, from the date the service received the request was 5 days. This is believed to be an acceptable time and indicates that the service is acting on requests in a timely manner.

- 4.3 A sample of 10 new staff who have started since April 2021 was checked. 5 members of staff who started in May and 5 members who started in September were selected. A range of staff from different jobs and payrolls were selected to ensure that the sample was a reflection of the Council as a whole. The checks showed that the details entered in the payroll system agreed with that on the TR139 form for each member of staff in the sample.
- 4.4 The Payroll Manager stated that approximately 100 members of staff had access to the payroll system. These are mainly Finance staff: Salaries, Pensions, Audit, Accounting and IT. Some members of Support staff and individuals responsible for departmental sickness reporting also have access to the system. All accounts are required to change their password every 3 months. The Payroll Manager, as the system administrator, checks the list of staff who have access and deletes accounts that have not used the system for 6 months or more.
- 4.5 Where the data from the Payroll system is stored was investigated. It was reported that Payroll data was stored at 3 locations. Successful backups, which are done automatically are logged. A backup and replication is run for the whole system on a daily basis. Evidence was received from the Technical Lead (Applications) that the system had, in the past, been restored from a backup version. The process was found to be successful and there was a clear record of what was recovered and when.
- 4.6 The training of all Payroll staff on the Staff Development Module was checked using the Gwynedd Jobs System (System Swyddi Gwynedd). Out of 9 staff checked, 2 were found not to have completed Data Protection e-learning and 4 had not completed Information Security e-learning. Out of 9 staff, 2 were found not to have accepted one or more of the Data Protection and Information Protection policies. It has been over 3 years since every member of staff accepted these policies. Revised versions of these policies were approved in May 2021. Staff working with personal data should act in accordance with the Council's latest policies and training. During the consultation period of this report, copies of emails were received from the Payroll Manager requesting staff to complete the relevant training and policies.

## BONUS PAYMENTS TO CARE WORKERS

### 1. Background

1.1 Following the announcement on 17 of March 2021, the Health Minister announced that the Welsh Government will fund bonus payment to NHS and social care staff in recognition of their outstanding contribution during the COVID-19 pandemic. The payment is a one-off payment equivalent to £735 per head, with deductions for income tax, national insurance contributions and pension. After deductions most employees will receive around £500. The bonus comes on top of the special £500 payment to care home workers and home care workers introduced in May 2020 in recognition of their work during the first wave of the pandemic. This bonus was given to a wider group of social care workers, the guidance "*The Welsh Government's NHS and social care remuneration scheme*" states that eligible Social Services posts include: "*All local authority social services staff including; Directors of Social Services, heads of service and all staff under these managers including support staff, social workers and social work assistants.*"

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit is to ensure that suitable arrangements are in place for administering bonus payments to Care workers. To achieve this, the arrangements for identifying, communicating and validating payments were reviewed, a sample of payments made to ensure their eligibility were checked for accuracy and timeliness, as well as reviewing arrangements for the appeal process, reporting to Welsh Government and reclaiming payments.

**Part 2 of the audit will be conducted after March 2022 to ensure that the application has been received and paid by the Welsh Government, as well as that identified duplicate payments are implemented / recovered so that the amended application submitted to the Welsh Government is complete and accurate.**

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
SATISFACTORY	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

#### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	0
MEDIUM	1
LOW	0

#### 5. Main Findings

- 5.1 Administration instructions for the Care Society Recognition Scheme were found to have been received by the Welsh Government (WG). The instructions set out important dates for administering and submitting information / requesting a refund. Local councils should submit an application for the grant to be reclaimed to the Welsh Government by 31 December 2021. The guidance requires all information to be submitted to Data Wales in mid-January 2022 for checks to be carried out final duplicate payments.
- 5.2 Suitable arrangements are in place for administering and processing claims for payment to care workers. Eligibility criteria were reported to all employees / managers, external providers and qualified persons to be able to verify eligibility. The criteria applied to many officers who were entitled to the £500 remuneration made in 2020/21, therefore the process to identify many individuals who were eligible for the payment had already been carried out.
- 5.3 It was seen that applications had been received from external providers to the Care email inbox and that these had been correctly and timely implemented for a sample of external providers verified.
- 5.4 From the sample verified, it was seen that payments had been made following confirmation from the line manager that their officer(s) were entitled to the payment by recording and submitting a spreadsheet to the support officer for implementation. In addition, it was confirmed that a supporting application form had been completed by the officer(s) themselves by asking line managers for a copy of the forms. 9/12 of these forms were received with 3 managers not responding to the request.
- 5.5 It was seen that only one appeal had been received during the bonus payment process and the application appeared to have been dealt with appropriately, the applicant having received a response within an appropriate timescale.
- 5.6 Following a sample of bonuses payments made, it was shown that the payments were taxable and properly dealt with in the payroll system.
- 5.7 The Project Manager (Category and Development Specialist Officer) explained that checks for duplicate payments had been carried out when processing applications received. In terms of identifying duplicates with other external care providers (Councils and the Health Board), it was reported that the data had been uploaded to the "Emyr" system by the Welsh Government, and many duplicates had been identified, most of which were from the Health Board.

The Service is awaiting further instructions from WG on how to deal with these but there is an opportunity to apply for a modified return/claim form to WG by 16 March 2022 following further checks.

- 5.8 The payments were found to be reconciled back to the ledger and appear to be correct. In addition, it was confirmed that the claim for refund had been submitted to WG on 28 January 2022 and had been accepted. The claim for a refund to WG was found to be complete i.e. includes all totals / expenses that have been paid out to the applicant.
- 5.9 The Project Manager reported that duplicate payments had been identified and included in the January 2022 refund claim. However, the duplicate payments will be corrected for final figures to be submitted to WG by 16 March 2022, together with any adjustments needed i.e payments or rebates.

## **6. Actions**

The Category and Development Specialist Officer has reported that she is awaiting Welsh Government instructions for the recovery of identified duplicate payments, as well as acting on the final application with accurate figures to be submitted by 16 March 2022.

## STORIEL

### 1. Background

1.1 According to the Storiel website, *“The aim of Gwynedd Museums Service is to collect, care for, preserve, exhibit and interpret galleries/items based on the unique history and character of Gwynedd and ensure that these collections inspire and educate and are available for all to enjoy impartially and inclusively.”* Storiel opened in January 2016 as a museum that brings together social history collections from across the north, with a particular emphasis on Gwynedd.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to mitigate the risk highlighted in the Corporate Risk Register of *“the quality of Storiel's offer deteriorating as it does not generate sufficient income to support activities”*. To achieve this, the audit encompassed a review of the actions in place, with the intention of enabling Storiel to continue to operate and maintain quality activities.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>SATISFACTORY</b>	There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.

### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	0
<b>HIGH</b>	0
<b>MEDIUM</b>	1
<b>LOW</b>	0

### 5. Main Findings

5.1 Gwynedd Council received support from the Wales Cultural Recovery Fund towards developing a scheme of work that would strengthen the resilience of Storiel and the Lloyd George Museum. Within these work plans there was a requirement to develop a business case that reviewed operations at both sites to improve income generation and sustainability, and to reassess the Local Authority's annual financial contributions. This review was carried out by external consultants.

- 5.2 A report of the work has been produced but the financial work is still ongoing following further discussions. Once this work is complete, it is intended to submit the review to the Storiel Board for discussion and approval before proceeding and taking action. The review includes the vision for Storiel, details of structure, budget, income, increased visibility, promotion of visitor flow etc.
- 5.3 An action plan has been drawn up as a result of the review with the actions grouped into categories e.g. marketing, finance, education, environmental etc. In marketing terms there is a particular focus on raising the awareness and visibility of Storiel in order to increase the number of new and repeat visits. In terms of funding, the action identifies the need to create a list of potential funders for Storiel to support short, medium and long-term goals. There are several references to funding in the report including grant funding and establishing a Trust to support the fundraising.
- 5.4 The Storiel Trust has not yet been established. Despite the efforts of the service several factors have held them back e.g. the requirements of the Charity Commission and the bank as well as Covid-19. However, it is intended to restart the process of establishing a Trust as well as appointing trustees. Once the business plan is finalized and approved by the Storiel Board, the intention is to present it to the trustees in order to provide a vision and estimates of the sums of money required to maintain Storiel.
- 5.5 Approval of the external consultants' report and action plan will enable work to progress towards improving Storiel's income generation and sustainability and continue to implement and maintain quality activities.

## **6. Actions**

**The Museums and Arts Manager has committed to implementing the following steps to mitigate the risks highlighted.**

- **Complete and approve the consultants review so that plans can be progressed e.g. establish a Storiel Trust, identify funding sources etc.**

## LLOYD GEORGE MUSEUM ACCOUNTS

### 1. Background

1.1 The Lloyd George Museum and his childhood home, Highgate, Llanystumdwy, traces the life of the former Prime Minister of the UK. The museum is a registered charity and is administrated by Gwynedd Council with help from Friends of the Museum who support and assist with the development of the museum and its educational use. Because the museum's income exceeded the threshold of £25,000, the trustees' account and annual report must be submitted to the Charities Commission, including an independent examiner's report of the accounts.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to complete the independent examiner's report on the museum's 2020-21 accounts, giving assurance that what is presented to the Charities Commission is correct. This was done by reconciling the accounts with the Council's main accounting system, ensuring that all transactions were relevant to the museum.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 Following the Council's decision to cease running the Lloyd George Museum from 1 April 2017, the UK Government announced that the annual funding gap of £27,000 would be met by the UK Government for 3 years up to 31 March 2020. At its December 2019 Cabinet meeting, it was decided in its role as a Local Authority, to contribute £27,000 for 2020-21 from the Council's Transformation Fund to allow more time for the Trustees, which is also the Cabinet in a separate role, to consider new business models for the future. Of course, COVID-19 had an unforeseen significant impact on the museum, and on 12/01/21 Gwynedd Council's Cabinet was asked to make a one-off contribution to the museum's costs for 2021-22 to buy more time. The position and options for managing the charity were discussed at the Cabinet meeting - sitting as the charity's Trustees - on 14/09/21.

4.2 The accounts for 2020-21 were found to be appropriate and so the independent examiner's report was completed to state this.

## GOVERNANCE ARRANGEMENTS

### 1. Background

1.1 The North Wales Economic Ambition Board is a group of private and public organisations committed to promoting economic growth in Anglesey, Conwy, Denbighshire, Flintshire, Gwynedd and Wrexham. Their key objectives include improving the economic, social and environmental well-being of the region, and developing it in a sustainable way with opportunities for people to gain new skills for the future and have rewarding careers. The Welsh and UK Government have committed £240m to the Growth Plan, with the intention of realising further investment through match funding from external investors. The Growth Plan projects business cases are presented to the Board to be scrutinised prior to the release of public funding.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the Board's governance arrangements were appropriate. To achieve this, the audit encompassed reviewing the Board's due diligence arrangements for scrutinising business cases and any potential beneficiaries, ensuring there is no conflict of interest, in response to UK Government Minister for Wales' concerns about weaknesses already identified in an unrelated project in the south.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 A letter was received from the UK Government Minister for Wales, dated 08/02/21, seeking assurances that the NWEAB has appropriate arrangements in place to prevent weaknesses identified in the 'Circuit of Wales' project, a project to build a car and motorcycle racing circuit in the south. The project received a financial contribution from the Welsh Government to encourage and support private investment in line with its regeneration and economic development objectives. In particular, the Minister sought assurance that the Board "*undertake robust due diligence in all cases*" and "*to ensure that robust processes are in place to manage any potential conflicts of interest, or appearance thereof, and that clear lines of accountability for the application of those processes exist*", in addition to having a "*proactive process in place to identify any transactions involving funds being conducted through related companies*". This internal audit was originally planned in 2020/21 in response to the letter, but was thought to be premature.



- 4.2 Following the NWEAB's response outlining their arrangements, a further letter was received from the Minister, giving praise for *“a clear indication of how seriously you are taking this matter. It is reassuring to see that you have a proactive process to identify and manage these situations if they should arise and where accountability for managing these issues lie. It is good to see that the procedures you have put in place have already been effective in highlighting conflicts of interest.”*
- 4.3 An Audit Wales report, 'Progress Review of the North Wales Growth Deal – North Wales Economic Ambition Board', dated May 2021, noted that *“the NWEAB has clear and established governance arrangements.”* Proposals for improvement were given and BUEGC reported the steps that are in place to achieve them. As part of this audit, the relevance of Audit Wales recommendations to the Welsh Government deriving from the weaknesses of the Circuit of Wales project, which also encompassed the use of public funds to encourage and support private investment in projects, were questioned, but no comments were received.
- 4.4 All Growth Plan projects' business cases are developed in line with the 'Better Business Cases' guidance and the Five Case model developed by Welsh Government and HM Treasury as well as HM Treasury's Green Book guide. All business cases are subject to independent Gateway Reviews by Welsh Government Integrated Assurance Hub, at all key decision points, in line with Cabinet Office Gateway Process. Sponsor procurement arrangements are scrutinised as part of this process.
- 4.5 The NWEAB has a Conflict of Interest policy, which sets out the guidelines and procedures for identifying, monitoring and controlling cases, whether they are real or potential. In line with the policy, the process mandates every individual to declare their interests in a pro forma register, and evidence of this was seen. A description, together with the details of any contact attached to the programs with which it relates, is recorded, and the pro forma is signed and kept on the portfolio office records. Elected members and advisers were subject to these arrangements in respect of conflict of interests through their code of conduct or the equivalent arrangements in Governance Agreement (GA) 1 and 2.
- 4.6 The funding agreement between NWEAB and the main project sponsors encompasses conflicts of interest as well as the need to procure in a transparent, competitive and sustainable manner.

## DEBTORS

### 1. Background

1.1 The National Health Service (NHS) is responsible for Continuous Health Care (CHC) and there is a national framework available for this purpose. In accordance with the framework the CHC pack is often formed and tailored together between NHS staff and the local authority's Social Services. The purpose is that one authority takes a leading role, and is responsible for the care and invoices the other establishment for their funding contribution, which is a percentage agreed while forming the care package. Disputes have risen on several occasions especially if the Health Board does not agree that an individual is entitled for CHC. In the past many problems and disagreements have occurred on the invoicing element across North Wales authorities, with invoices being challenged by the Health Board and a lack of evidence to support the levels of funding. This has led to many outstanding debts in Gwynedd, in addition to writing off bad debts.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements and controls are in place to present funding/contribution invoices to Betsi Cadwaladr National Health Board (BCNHB) and to ensure that payments are received. To achieve this, the audit encompassed reviewing existing arrangements with the relevant services including how the details of debts are summarised and recorded, recovery arrangements and dealing with lack of implementation or challenges from the Health Board.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	<b>0</b>
<b>HIGH</b>	<b>0</b>
<b>MEDIUM</b>	<b>4</b>
<b>LOW</b>	<b>0</b>

## **5. Main Findings**

- 5.1 At the time of the audit the Health Board's outstanding debts dated back to 2013. On November 23rd, 2021, the value of the outstanding debts raised up to end of March 2021 was £855k. As a result, the Adults, Health and Wellbeing Department and the Group Accountant have been in several discussions with the Health Board to facilitate the processes and tighten arrangements. The new arrangements in place are expected to mitigate the risk of debts not being paid. The Senior Care Accountant reported that the service anticipates by the year end 2021/22 the debt will be around £300k.
- 5.2 Care packages subject to CHC are formed across a number of different services within the department as well as within the Children and Family Support Department. Historically there was no specific guidance to assist staff in arranging joint packages of care with the Health Board. Individuals who are not eligible for the CHC package have led to significant problems in terms of agreement over the funding percentages. This has led to inconsistencies in the process resulting to challenges and arguments over the contents and amounts of some of the invoices from the Health Board and Gwynedd staff having to communicate and deal with several different members of staff from the Health Board. Naturally, it is Gwynedd's duty to provide the necessary care to the individual and pay the care providers before reclaiming the contribution from other establishments. However, several disputes have occurred recently where the Health Board is not in agreement with the amount of contribution, or is debating whether the individual is entitled to CHC at all. This means that much of staff resources is used trying to negotiate care plans that have already been agreed and implemented by the social worker.
- 5.3 Even though the Health Board and Gwynedd staff work together and follow the same framework, there is no training on the framework together. This means that training has been given by different training providers resulting to minor differences in the methods of implementation. This could lead to delay in assessment and conflicts on some aspects. A revised framework is expected to come into force in April 2022. At present it is uncertain what impact this will have on the future assessment process.
- 5.4 Historically, difficulties and disputes have emerged as the Health Board's assessment panel meet to discuss packages and assessments whilst reaching a different conclusion in some cases in terms of the level of care that individuals need and therefore the amount of contribution they are satisfied with. There is no representation from local authorities on the panel and the care packages are already in place before receiving details of the panel's decision. There have been instances where the panel has agreed an amount that did not match the amount from Gwynedd. This does not become apparent until invoices are found to have been partially paid.

- 5.5 The process now requires care packages to be fed into the social services system, WCCIS, to enable the Service to create a Service Placement (SP). These details will be used to prepare invoices to the Health Board for a specific contribution when Gwynedd takes on a lead commissioning role. There is a need to ensure that evidence is presented which confirms that the Health Board staff agree with their level of contribution in order to complete the SP. This has been a weakness in the past with SP being created following discussions but no evidence to confirm level of agreement. This has meant delays or failure to receive payments at the level of the original contribution. Failure to record can also result in joint care packages being implemented, but no invoice being charged to the Health Board. Historical inconsistencies resulted from Gwynedd being divided into three areas. It is anticipated that the current structure with the information and evidence input process incorporated into WCCIS is likely to mitigate some of the risks. However, it would be advantageous for the services to keep a separate register of the level of contributions to enable those responsible for raising the invoices to reconcile these figures.
- 5.6 To further facilitate and tidy up the invoicing process, the Group Accountant is expanding on a process where it piloted sending a report to the Health Board outlining what the contents of an invoice will be to ensure that the contents of the report have been agreed prior to invoicing. The intention is to reduce the cases where the Health Board refuses to pay an invoice in its entirety or partially pays the invoice which causes additional administration work and the status of the invoices and debts.
- 5.7 During the current financial year, a three-stage process was adopted to deal with any dispute. Social Workers and Nurses/Health Board officers are involved in the first phase, and if there is no agreement, the case is maximised to the second stage with Gwynedd Senior Management and the Health Board. If they do not manage to agree, there is a third stage where the Head of Department seeks to negotiate with an equivalent officer in the Health Board. Initial meetings have been effective and was successful in recovering debt of up to £200k. The procedure outlined appears effective and reasonable but in fact remains dependent on Gwynedd staff and the Health Board agreeing invoice totals and the debts. Naturally some elements remain beyond the control of Gwynedd staff.
- 5.8 The new arrangements for arranging packages and invoicing are in place to mitigate the risk of invoices being challenged, partially paid or converted into long-term debts. Other discussions are also in place to try to come to some compromise with the Health Board on the historic long-term debts. The intention is to seek to reduce or avoid such debts in the future as well as to reduce or eliminate the historical debts. The report's risk rating reflects these new processes rather than the situation that has resulted from historical weaknesses.

## **6. Actions**

**The Department has committed to implementing the following steps to mitigate the risks highlighted.**

- Consider adding a process of keeping a register within the services identifying the percentage/contribution amounts of each care package to facilitate the creation of SP and the raising of invoices and reconciliation.**
- Ensure that evidence for any agreement with Health Board staff has been recorded and communicated to the relevant finance officers by the department staff to support and inform any package of care/invoice**
- Emulate the process of using a pre-invoicing report across all department services and communicate this procedure with the Department for Children and Families.**
- Continue to monitor new arrangements for dealing with and reviewing disputes with the Health Board if necessary.**

## SAFEGUARDING CLIENTS' ASSETS

### 1. Background

1.1 An appointee has a legal right to act on behalf of individuals who are unable to manage affairs themselves. An appointee will arrange to receive all the benefits to which the individual is entitled, and to pay their bills using the money. The Council can be an appointee for a person receiving social care where there is no one else who is suitable, ready and able to act as their appointee. The role of Deputy (Deputy for Property and Affairs) gives further rights to access bank accounts, private / work pensions, to start and end tenancies, property sales, estate administration etc.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements are in place to safeguard the assets of care service users where Gwynedd Council has been appointed as their deputy or appointee. In order to achieve this, the audit encompassed reviewing the arrangements and the examination of a sample of clients to ensure that the Client Asset Management Unit acts in the best interests of the service users. In addition, the audit reviewed the Unit's new system and processes for administering client assets.

### 3. Audit Level of Assurance

3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows:

Assurance Level	Description
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	<b>0</b>
<b>HIGH</b>	<b>0</b>
<b>MEDIUM</b>	<b>1</b>
<b>LOW</b>	<b>0</b>

### 5. Main Findings

5.1 The Office of the Public Guardian undertakes assurance visits as a means of supervising and supporting deputies. Assurance visits involve reviewing the records of a sample of clients, ensuring that the Council, as their deputy, appropriately manages and administers their clients' assets.

A positive letter was received from the Office of the Public Guardian, dated 15/02/2018, summarising the findings of their latest assurance visit. The OPG expressed *“It was noted that the deputyship officers demonstrated a strong level of competence and effectiveness... A good service is being provided and is meeting client needs well in a manner fully compliant with the Mental Capacity Act.”* In between these assurance visits, the Office of the Public Guardian also conducts spot checks on clients and it was seen that they were satisfied with the arrangements.

- 5.2 Due to the quality assurance arrangements already in place by the Office of the Public Guardian, and their satisfaction with the service provided, the audit also encompassed the Client Asset Management Unit's new system and processes for administering client assets.
- 5.3 The new system and process, which came into effect in 2019, replaces a bureaucratic system whereby a bank account had to be opened and administered for each of the over 200 clients. Because there were over a hundred accounts, it was not possible to bank online, and it required a visit to the local branch with the required paperwork and proof of identity to administer, such as every time standing orders were setup. In addition, cash was collected from the bank to keep in a safe before sharing with clients. This arrangement would not have been practicable during social distancing throughout the COVID19 pandemic.
- 5.4 The Unit's new system, BMAP (Barclays Multi Account Platform) holds all their clients' money in one bank account, with a virtual account set up for each client who has transferred from HSBC. All financial transactions are held in this one account before the Unit creates a rule in the system that identifies and transfers it (along with future transactions) to the correct virtual account. The accounts are regularly reconciled with the Casper database, which is a record of all client's regular income and expenditure
- 5.5 The Unit has also adopted the use of prepaid cards. Using such cards eliminates the risks associated with the use of cash. Clients can also use the card on the internet, and a trail exists for all spending. The controls embedded into the card include not being able to go into debt, and preventing the use of contentious spending, such as using the card for gambling.
- 5.6 The Unit charges its clients an administration fee on an annual basis, which is determined by the Court of Protection. However, it was seen that some historical debts are still outstanding to the Unit. The Unit agreed to investigate these invoices.

## 6. **Actions**

**The Client Assets Management Officer has committed to implementing the following steps to mitigate the risks highlighted.**

- **Investigate outstanding invoices due to the Unit.**