

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	22 MAY 2025
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD 11 MAY 2025
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES

1. INTRODUCTION

- 1.1 The Global Internal Audit Standards, Standard 11.3, Communicating Results state *“the chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.”*
- 1.2 Furthermore, Standard 15.1, Final Engagement Communication states *“the chief audit executive must disseminate the final communication to parties who can ensure that the results are given due consideration.”*
- 1.1 The following report summarises the work of Internal Audit for the period from 28 January to 11 May 2025.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following work was completed on the 2024-25 plan in the period from 28 January 2025 to 11 May 2025:

Description	Number
Reports on Audits from the Operational Plan	9

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 from 28 January 2025 to 11 May 2025, indicating the relevant assurance level and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Use of External Meeting Rooms	Corporate	-	Satisfactory	Appendix 1
Education Digital Standards	Education	Schools	Satisfactory	Appendix 2
School Transport	Education	Management Unit	Limited	Appendix 3
Arrangements for the Distribution of Bins	Environment	Waste Unit	Limited	Appendix 4
Category Management - Environment	Highways, Engineering and YGC	-	Limited	Appendix 5
Corporate Category Management – Follow-up	Corporate Services	Procurement	Limited	Appendix 6
Street Cleaning	Highways, Engineering and YGC	Municipal	Limited	Appendix 7
Smallholdings Follow-up	Housing and Property	Property	Limited	Appendix 8
Homelessness Prevention Grant 2023/24	Housing and Property	Homelessness	Limited	Appendix 9

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

LEVEL OF ASSURANCE	HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.
	SATISFACTORY	Controls are in place to achieve their objectives but there are aspects of the arrangements that need tightening to further mitigate the risks.
	LIMITED	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.
	NO ASSURANCE	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 12 May 2025:

- Unofficial School Funds Follow-up (*Education*)
- Breakfast Clubs (*Education*)
- Staff Awareness of the Safeguarding Policy (*Corporate*)

4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 28 January 2025 to 12 May 2025, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

USE OF EXTERNAL ROOMS

1. Background

- 1.1 An audit was carried out on the arrangements and the costs associated with holding meetings in external establishments to the Council. Within the Council's main buildings, there are various purpose-built rooms of different sizes for holding meetings, conferences and training.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the use of external rooms was suitable, review the costs involved and whether a suitable alternative at Council meeting rooms was available at the time. To achieve this, the audit encompassed extracting the expenditure incurred on hiring external rooms from the financial ledger as well as ascertaining whether a suitable room was available within the Council buildings at the time.

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 A number of purpose-built meeting and training rooms are located within the Council's main offices, particularly in the Headquarters buildings. As well as meeting rooms there are three chambers available, the Dafydd Orwig Chamber and the Hywel Dda Chamber at HQ and the Arfon Chamber in the Penrallt building.
- 5.2 Instead of using these rooms (or any other unofficial room such as library meeting rooms etc.) various Council officers hold meetings at nearby external establishments at an additional cost to the Council. In the current economic climate, Council officers have a moral duty to reduce costs as appropriate, including sacrificing the hiring of external meeting rooms, but instead holding their event within the Council.

- 5.3 A sample of expenditure was selected from the 'Room Hiring' account and a sample of the invoices was checked. Reviewing the details of the invoices against the availability of Council meeting rooms found that internal rooms were available in 58% of cases. A sample of officers were emailed to ask if they had considered Council meeting rooms before arranging an external room, from the responses received (50%), it was noted that they had considered Council rooms but were not suitable in these cases due to various reasons e.g. the size and capacity of the room, the need for a neutral location outside the Council etc.
- 5.4 When verifying the sample above, it was found that many additional costs were coded against the 'room hire' spending code e.g. refreshments, use of additional resources such as flip chart and projector. A sample of 18 invoices found that these additional resources/refreshments totalled £3,221.52.
- 5.5 The expenditure on certain suppliers was reviewed to ensure that the correct expenditure code is used for renting rooms. It was found that the appropriate expenditure code had been used, e.g. 'Room Hiring', 'Miscellaneous Training Costs', 'Interview Costs' and 'Facilities Hire'.

6. Actions

The relevant service has committed to implementing the following steps to mitigate the risks highlighted.

- **Communicate to staff the Council's arrangement for the hire of internal rooms and to include the following -**
 - **The need for officers to hire internal rooms which are sufficient for the purpose i.e. to hire a room for 20 for 15-20.**
 - **Hold meetings in an office rather than a meeting room if attendance is relatively low.**
 - **Limit spending on refreshments and subsistence, in particular when meetings are held within the vicinity of officers' normal offices.**

EDUCATION'S DIGITAL STANDARDS

1. Background

- 1.1 The Welsh Government introduced the Digital Standards for Education - HWB in April 2019, a set of recommendations and guidance for the planning, management and deployment of a digital IT network in schools. The standards are intended to help schools understand, manage and operate their own digital environment. Cyngor Gwynedd's IT Service provides IT support to Gwynedd schools and provides support and guidance to schools on how these Standards can be achieved.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that appropriate IT arrangements were in place in Gwynedd schools and in accordance with the HWB Digital Standards. To achieve this, the audit encompassed reviewing the schools' compliance and progress with the Hwb Digital Standards which have been highlighted in the Gwynedd Schools Digital Strategy and that there was robustness in the governance arrangements to enable compliance.

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 During the audit, it was discovered that the "Digital Focus" report was published on 25/05/2023. The report was prepared jointly by Estyn and the Welsh Government on the status of Gwynedd schools in relation to Digital Standards in Education. Where relevant, the audit has referred to the report and partial reliance has been placed on the report in conducting this audit.

- 5.2 In addition, a copy of the Digital Standards for Education was received in 'excel' format from Gwynedd Schools Digital Service, which included their status confirmation exercise for each standard to interpret if Gwynedd schools meet these Standards, or where they did not reach the standard, actions were taken up for working towards the standard.
- 5.3 The Digital Strategy for Gwynedd Schools was accepted and published in Summer 2021 following approval by the Council in 2020. The Strategy stated that they ensure that they support schools for achieving the Digital Standards of Education - Hwb.
- 5.4 Hwb systems are separate from the Council's corporate systems. Schools do not have access to corporate iGwynedd, however, school staff are able to use Self Service to view payslips etc.
- 5.5 It is noted in the Strategy that support to the network is provided and offered on a range of devices. Each school will receive a basic service which will ensure that the core devices and network are supported as part of a core service level agreement, which is funded by the schools.
- 5.6 Specific IT policies were not seen to be set up by schools. It was seen in the records of the Gwynedd Schools Digital Service that 'USB' mobile devices are banned on Hwb devices. In addition, it was reported that the Schools Digital Service has processes in place for managing the security of the schools' network and data such as a protection link to the web, cybersecurity such as anti-virus for all school hardware and devices, an in-place filtering policy that follows Welsh Government filtering standards. The "Digital Focus" report generally expresses that Gwynedd's efforts to implement robust safeguards and update policies demonstrate a commitment to online safety.
- 5.7 The Standards state that there should be 'a clear strategy for responding to and managing incidents' and 'being aware of their roles and responsibilities in relation to cyber security'. Evidence was obtained that relevant training was being run and a list of individuals registered to attend was seen. In addition, it was found that templates for reporting cyber-attacks and contact points were available to the schools. It was reported that the action plan was circulated following the training and a template was shared through Hwb.
- 5.8 All user devices on the network are to be enterprise grade equipment, and not equivalent home user equipment, and should be procured with the advice of the local authority. Network changes are planned to be introduced before the end of the 2024/25 academic year and move over to using only Hwb devices by the end of September 2025. This means that any device other than devices that the local authority has set up on the network will not be able to connect.

- 5.9 When the network changes are operational, all devices, including mobile devices in the school's premises, will be centrally managed by a Mobile Device Management solution 'MDM'. All consumer devices will be on the Hub to get an up-to-date version of an operating system currently supported by the buyer.
- 5.10 It has been reported that all Hwb devices are configured and managed securely with security patches and updates being pushed out regularly.
- 5.11 Evidence was requested to ensure that the schools' data network cabinet meets the Digital Standards of Education including wiring installation standards. Information was received that not school cabinets protected by an uninterruptible power supply (UPS) but it was found that Gwynedd's IT Standards policy is in place and that any (new) cabling work should follow the Standards. Examples of certificates received following cable laying was obtained and was seen in compliance with the Standards and the appropriate Health and Safety regulations; however, certificates are not always obtained.
- 5.12 To ensure that devices receive updates to the operating system and programmes to release updates to Hwb devices in a timely manner it will be necessary to ensure that schools have Delivery Optimisation arrangements in place.

6. Actions

The Education Service has committed to implementing the following steps to mitigate the risks highlighted.

- **Gwynedd schools to adopt IT policy template.**
- **Complete training provision on cyber security/incident standards for Gwynedd schools.**
- **School network cabinet maintenance certificates are monitored to ensure compliance with Digital Standards for Education.**

SCHOOL TRANSPORT

1. Background

- 1.1 Cyngor Gwynedd provides free transport for secondary and primary school children who fall into the different categories within the School Transport Policy, as well as for post-16 young people attending colleges. For any children who do not meet the requirements of the criteria, it is possible to apply for any empty seats, where a fee is payable.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place for the administration and provision of a free school transport service for eligible children in accordance with the Education Act 1996, as well as income collection arrangements for ineligible children. To achieve this, the audit covered checking a sample of travel ticket applications and confirming the accuracy of administration.

3. Audit Assurance Level

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

Assurance Level	Description
LIMITED	While controls are in place, compliance with the controls needs to be improved and/or new controls introduced to reduce the risks the service is exposed to.

4. Current Risk Score

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 A system called 'Synergy' is used for recording details of children receiving free transport, as well as those paying. Details such as the child's name, address, school year etc. are fed here from the 'SIMS' system, which is a recording system used by the schools. The Environment Transport Team is responsible for processing applications, distributing bus tickets, raising invoices and arranging transport.

- 5.2 On 18/09/24 'Synergy' confirmed that 3,186 children were receiving transport, 3,098 of these free of charge. As part of the audit a sample of 40 pupils receiving free transport, 20 from primary and 20 from secondary schools, was reviewed to confirm they met the criteria requirements. No children attending special schools were selected, as the decision to allow transport for them was made through a panel, without specific criteria. From the sample reviewed, all children appear to be eligible except for one primary child. It appears that the child continues to receive free transport, although 'Synergy' confirms that they had changed address over 6 months earlier, and is now not eligible, as they are now outside the school catchment area. The Transport Coordinator noted that schools do not alert the Team when there is a change in a child's circumstances, and that in this case it was likely that a taxi had gone to the child's old address to pick them up, creating unnecessary costs to the Council. It was confirmed that the child had not applied to receive transport from the new address.
- 5.3 On 18/09/24, 88 children were paying for transport through the Empty Seat scheme, 19 primary, 22 secondary, and 47 nursery children. As part of the audit a sample of 20 nursery applications was reviewed, and each primary and secondary child's application was checked, to confirm that invoices had been raised. At first glance, it appeared that only 21 of the 88 had been invoiced. However, the Transport Coordinator confirmed that the system had not been fully updated at the time, with the rest of the sample (67 children) now worthy of free transport. The Systems Support Officer noted that there was a one-week delay between inputting information to 'SIMS' and transferring it to 'Synergy'. It has also been reported that there has been a problem with the system since the start of the academic year, resulting in some schools' data not being transferred at all.
- 5.4 On 16/09/24, the Council had issued 1,529 post-16 travel passes to College pupils. As part of the audit a sample of 20 applications were checked. From the sample reviewed, it was found that 45% lived outside Gwynedd and were therefore ineligible for the pass. All these applications were made online. The Customer Contacts Service Manager noted that similar cases had been identified in the past, as well as cases of students submitting multiple applications, and receiving more than one travel ticket. It has been confirmed that any invalid tickets are revoked, but those students are able to re-submit applications online, which are being approved again. It was explained that this had been highlighted to the Education Transport Manager, and that they were already working with the Information Technology service to re-submit the checks on the online application system.

- 5.5 When a pupil loses a bus pass, they must pay £5 to get a new one. It is the individual schools that ask the Transport Team to create a new pass and are responsible for collecting the income and paying it into the Council. Although the Transport Team does not keep a record of requests for additional bus passes, it was estimated that they had generated over 50 in September 2024. The Schools Group Accountant confirmed that only £20 of income has been received so far in 2024/25 into Education accounts across all schools. As a result, the Transport Coordinator agreed to record requests and sending the information for the attention of the Group Accountant at the end of each term.
- 5.7 Following an allegation or complaint, the Transport Team often conduct visits to schools at opening/closing times, to check that the taxi or bus companies are operating as expected. At the beginning of the audit, it was found that the visits were not being recorded, making it difficult to recognise patterns or learn lessons. Appropriate records are now kept and shared with the Education Transport Manager. Following one visit to a school, it was discovered that over 80% of pupils were without a bus pass, i.e. either the pass had been misplaced, had not receive a pass, or left it home. It was also reported that one pupil was travelling outside the school catchment area and therefore not entitled to free transport. Following the visit, an email with the conclusions had been sent to the Head of the school and to the bus company, asking to remind parents that all pupils need to have a bus pass to show to the driver, stressing that transport can be refused to anyone without a pass. Since then, several applications for the new bus passes have been received.

6. Actions

The relevant officers are committed to implementing the following steps to mitigate the risks highlighted:

- **Establish a formal procedure for notifying the Transport Team of any significant change on 'SIMS/Synergy'.**
- **Carry out data checks and reconciliations to ensure that the information on 'Synergy' and 'SIMS' systems is accurate and up to date, arranging for prompt correction of any deficiencies.**
- **Continue working with Information Technology service for re-introducing the feature of running checks on the online application system.**
- **Consider alternative options for charging a fee for post-16 transport.**
- **Keep appropriate records of applications for a new bus pass, reporting to the Group Accountant at the end of each term.**

ARRANGEMENTS FOR THE DISTRIBUTION OF BINS

1. Background

- 1.1 The stock of the Council's bins and waste equipment is kept at Llwyn Isaf depot, Clynnog, where a crew of 8 drivers are responsible for distributing the equipment across Gwynedd. Requests can be submitted by phone or online, and all orders are expected to be delivered within 30 days.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place for the distribution of bins to Gwynedd residents and businesses, taking into account the costs incurred. To achieve this, the audit encompassed reviewing the processes, controls and documentation associated with bin distribution, as well as visiting the depot to conduct a stock check.

3. Audit Assurance Level

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

Assurance Level	Description
LIMITED	While controls are in place, compliance with the controls needs to be improved and/or new controls introduced to reduce the risks the service is exposed to.

4. Current Risk Score

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	2
MEDIUM	2
LOW	0

5. Main Findings

- 5.1 The Auditor visited Llwyn Isaf depot on November 21st, 2024. The main gates were found to allow access not only to the depot, but also to the company 'Biogen,' which has a factory on site. It was confirmed that the gates are locked at the end of each day by a member of 'Biogen' staff. It was noted that there were no security cameras in the depot. It was also observed that a small forklift was kept in the warehouse, and that the vans were loaded the previous night ready for delivery the next day. The Team Leader explained that the forklift and van keys were kept in a safe, locked in the office. Large bins and stock items were found securely kept in another part of the depot, with gates locked, and access depot staff only with access.

- 5.2 The warehouse does not appear to have been maintained to an acceptable standard. The building is damp, with the roof leaking and fragile. The Team Leader noted that officers from the Property service had previously warned depot staff not to enter the building following heavy snow, as the extra weight on the roof risked causing it to fall. It was found that the cardboard boxes holding the equipment had rotted, but the equipment within was in an acceptable condition.
- 5.3 A large number of old bins/equipment were found broken in the depot. It has been confirmed that arrangements are in place for these to be collected for recycling to generate income for the service.
- 5.4 A company recycles old bins on behalf of the Council, paying £160 per tonne. It has been discovered that while an invoice has already been raised for the 2024 collections, no invoice has been raised for the 2023 collections, the equivalent of 17.42 tonnes, £2,787.68. The Waste and Recycling Manager-Quality Assurance, confirmed he would arrange for an invoice to be raised immediately.
- 5.5 It was soon discovered that there was no monitoring of stock levels, nor stock checks being carried out. It has been confirmed that the service is in the process of procuring a new system that would enable not only effective stock monitoring, but also to optimise journeys, with the hope of being able to reduce the use of hire vehicles. 4 out of 8 service vehicles are currently hired, at a total cost of £90.41 per day.
- 5.6 For the period 10/10/2024-16/10/2024 the service had received 325 requests for equipment. A sample of 25 was selected, verifying that they had been distributed within the expected 30 days. For each of the sample selected, the equipment was delivered within 21 days of receiving the request.
- 5.7 None of the 8 drivers distributing equipment have read any of the Council's policies, with 7 having not completed any of the mandated E-learning modules either.

6. Actions

The relevant Officers are committed to implementing the following steps to mitigate the risks highlighted:

- **The warehouse is locked, with consideration to invest in security cameras.**
- **Stock checks are carried out regularly and effectively.**
- **Assess the appropriateness of the depot, considering options for maintaining the warehouse.**
- **Regular monitoring of the condition of the warehouse stock, disposing of any spoiled stock.**
- **Any bins waiting to be recycled are kept orderly, and in a safe place.**
- **Income from the sale of old bins is promptly claimed.**
- **That all drivers complete the Council's mandated E-learning modules.**
- **All drivers accept mandated policies, such as Safeguarding.**

CATEGORY MANAGEMENT - ENVIRONMENT

1. Background

1.1 Category Management is a method of procurement that places particular emphasis on the Council's strategic objectives to keep the benefit local and to save money, as well as meeting the needs of the Council's service users. The expenditure categories are areas of expenditure wider than the Council's departmental boundaries. There are three teams for category management within the Council namely, Environmental, People and Corporate Category team.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements are in place to ensure that the Council spends public money in a strategic and accurate manner. To achieve this, the audit included reviewing a sample of agreements in order to check the Council's development of environmental category schemes and to verify that the Category Team prioritises value for money and retains the benefit locally.

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
LIMITED	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.

4. Current Score Risk

4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	1
MEDIUM	2
LOW	0

5. Main Findings

5.1 Information on procurement processes of goods/services was received through the Category Management service and it was found that the Service does not have specific policies, but the team follow the policies and procedures of the Procurement Unit when procuring goods/services to the departments, which is appropriate. In addition, the Procurement Act 2025, which came into force in February 2025, meant that there were many changes the service will need to include as part of their processes. Teams will receive training on the Act, where 9 modules will be run by the UK Government, and 6 modules by the Welsh Government with an exam at the end.

- 5.2 It was found that a great deal of work had been done to promote the Environmental Category Team across the Council. The Highways, Engineering and YGC Department's newsletter contains information on the purpose and functions of the team including providing a list of subcontractors, companies for casual work, and non-contract work worth less than £50,000, so that staff can use suppliers who have already been through the appropriate checks, such as insurance, tenders and the framework.
- 5.3 A copy of the spreadsheet containing a record of current contracts was received. It was found that once the agreement has been set, the responsibility for managing the agreement passes to the relevant management, and the Environmental Category Management Manager explained that the team only provides basic monitoring of the agreements to the relevant managers.
- 5.4 It was found that once an agreement has been placed and where the Category Team has received the original documentation e.g. Insurance, certificates etc to validate the agreement, it has been found that there is no longer a request to receive the documents through the life of the agreement. The relevant manager does not seem to check this either. An explanation was received from the Environmental Category Manager that obstacles such as lack of resources, workload etc mean that it is not possible to follow up on these documents. It was expressed that discussions had recently taken place with the Integrated Systems Team of the Highways, Engineering and YGC Department to discuss monitoring of the agreements, including the social benefits element, with the hope of monitoring all elements of the agreements through one operational system.
- 5.5 A sample of 5 agreements was selected for verification. From the sample selected, any monitoring work that had taken place following the establishment of the agreement was checked. Evidence was received that 2/5 contracts had been properly monitored, i.e. they appeared to have carried out supplier performance control checks. One of the agreements used an external company as the administrator of the contract, and did not apply to the other two agreements which are agreements to purchase of goods as required and if any issues arise this is resolved within the terms and conditions of the agreement.
- 5.6 Keeping the benefit local is part of Cyngor Gwynedd's 2023-28 plan. The Service has been seen to measure the performance of the Environmental Category Management Team through performance challenge meetings held every six months, which include performance measures such as value for money, carbon reduction, social value, and local percentage.

5.7 A sample of contracts was reviewed to ensure that agreements were in place and procurement processes such as quotes, tendering and advertising were completed and followed correctly. It was found that the contracts for the selected sample of suppliers existed, and that the tenders were properly scored and advertised.

6. **Actions**

The Environmental Category Team has committed to implementing the following steps to mitigate the risks highlighted.

- **Transfer agreements to a single system, so that the status of the agreements can be monitored, including identifying when relevant documents need to be renewed and working towards being able to send reminder emails to customers.**
- **Transfer any monitoring exercises throughout the lifetime of the agreements to the system so that responsible managers can update the system and allow the Category Management team to check the monitoring status of the agreements.**
- **Arrange for relevant managers to be aware of the new Procurement Act and to be able to attend training if required.**
- **Arrange for all Category Management Team staff to receive and complete relevant training promptly.**
- **Carry out random checks of a sample of contracts to ensure that correct procedures have been followed and provide corrections/implementations where applicable.**

FOLLOW-UP - CORPORATE CATEGORY MANAGEMENT

1. Background

- 1.1 An Internal Audit of the Corporate Category Management was carried out as part of the 2023/24 audit plan, to ensure that the Council has suitable arrangements in place for the spending of public money, ensuring that monies is spent in a strategic and correct manner. The audit was given a limited level of assurance, that is, although controls were in place, compliance with the controls needed to be improved and/or new controls introduced to reduce the risks to which the service was exposed.

2. Purpose and Scope of Audit

- 2.1 The purpose of the follow-up was to ensure that the Corporate Category team and the Procurement team had implemented the steps to which they had agreed to in order to mitigate the associated risks.

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
LIMITED	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.

4. Current Risk Score

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	1
MEDIUM	2
LOW	0

5. Main Findings

- 5.1 Three actions from the original audit were agreed in April 2024 (two risk scores of 6 and one score of 12). Three of the actions were found to have been partially implemented and are summarised below. While progress has been made on the agreed actions, the Category team and the Procurement team recognise that there is still further work to be done. However, it has been found that the actions to date have not reduced the risk and the assurance level.

- 5.2 One of the risks highlighted in the original audit was that there was a lack of understanding of Category Management across the Council in general and that services had a misunderstanding the team's role and the services' responsibilities. The Category team and the Procurement team expressed that work had been undertaken to raise awareness of the strategic plan and the category management arrangements by updating the intranet site, external site and the site 'Prynu'n Ddoeth' on the intranet. However, it was acknowledged that there is much more work in progress.
- 5.3 During the original audit, it was found that the work programme was incomplete and that contracts had not been established for all suppliers. It was reported from the work programme that it was not possible to identify the number of suppliers without formal contracts and their value, and the information was not available by the Category team during the audit. In addition, there are several contracts that need to be renewed. The Corporate Category team and the Procurement Team expressed that they reinforce the message that the Corporate Category specialists undertake the procurement in its areas and not rely unduly on the Category team, and that discussions have commenced on a second review of the Corporate Category specialists, and there will be further meetings to identify appropriate officers to undertake the role.
- 5.4 In addition, action is being taken to investigate a more appropriate and suitable system for managing contracts rather than maintain details on a spreadsheet.
- 5.5 The Procurement team expressed the need for the Category teams to keep the contract register, work programme and 'Prynu'n Ddoeth' site up to date, and that contracts over £2m need to be included on the 'Sell2Wales' website, but arrangements to place the contracts on the website have not yet commenced.

6. Actions

The Category Management Team and the Procurement Team has committed to implementing the following steps to mitigate the risks highlighted.

- **Continue to raise awareness of Category Management.**
- **Communicate Category Management arrangements among Corporate Category experts.**
- **Updated the content of the 'Prynu'n Doeth' link for the Corporate Category team.**
- **Put together a programme to present on the 'Prynu'n Doeth' link.**
- **Prioritising the Corporate Category team's work programme.**
- **Re-examine the role of the Corporate Category experts and hold meetings to identify appropriate officers to undertake the role.**
- **Consider options for occupying more appropriate and suitable facilities for information monitoring.**
- **Work towards being able to send reminder emails to customers off the new system/facilities.**

STREET CLEANING OVERTIME

1. Background

- 1.1 Section 89 of the Environmental Protection Act 1990 places a duty on certain bodies to keep relevant land and highways for which they are responsible clean and clear of litter and waste. This is a statutory service that needs to be provided 7 days a week, including bank holidays. However, the employees have 5-day (Monday-Friday) contracts. Overtime contributes significantly to service overspending and is therefore subject to review within the department as well as internal audit.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place for administering the timetable of street cleaning and emptying of street bins in Gwynedd, as well as reviewing the arrangements for processing and validating overtime claims. To achieve this, the audit covered reviewing the 'rota' as well as a sample of overtime claims, ensuring proper arrangements for administration and processing exist.

3. Audit Assurance Level

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

Assurance Level	Description
LIMITED	While controls are in place, compliance with the controls needs to be improved and/or new controls introduced to reduce the risks the service is exposed to.

4. Current Risk Score

- 4.1 The audit's risks are as follows:

<u>Risk Level</u>	<u>Number</u>
VERY HIGH	0
HIGH	2
MEDIUM	5
LOW	0

5. Main Findings

- 5.1 The Task Team set up within the service to review overtime had distributed monitoring forms to the workforce, asking anyone working overtime for the period 17/06/24-22/07/24 to report on their start/finish times, as well as the nature and location of work. This data was compared with information from vehicle tracking systems, as well as official overtime claims.

- 5.2 All data was shared with the Auditor, and meetings were arranged with each Street Cleaning Team Leader to discuss the results, and to see if there was any means of adapting journeys to make them more effective, reducing the need for overtime. For each meeting the Project Manager, Street Cleaning Services Manager, Senior Street Cleaning Team Leader, relevant Team Leaders, and the Auditor were present.
- 5.3 It soon became apparent that the information from the tracking systems of some of the vehicles could not be completely relied on, with the data confirming that some vehicles were not used at all on the dates they were used, and the 'switch on' times of some vehicles on an occasion as early as 2:17 a.m. It was explained that the service has acquired a municipal asset management system which can track vehicles to assist with optimising the operations of the service. The system is expected to be operational within 6-12 months.
- 5.4 Workers from all areas (Caernarfon, Bangor, Dwyfor and Meirionnydd) often claimed overtime before 5:00am which is contrary to Health and Safety requirements. Similarly, there has been evidence that Team Leaders are claiming overtime on the Leader (S1) pay scale, where street cleaning is assumed to be performed, which should be claimed on the Street Cleaner (GS2) scale.
- 5.5 It was found that several of the employees had submitted official overtime claims for more hours than they indicated they had worked on the monitoring forms. The Team Leaders suggested that staff members had entered the wrong hours on the monitoring forms or may have spent extra time emptying or cleaning the vehicle but not including the work on the monitoring form. Without Team Leaders present on the weekends to confirm the hours of the employees, or a reliable tracking system to validate the hours, the true hours worked could not be validated.
- 5.6 From the audit work conducted and confirmed through the Task Team, several overtime claims were found to have occurred regularly, and for some time, and hence part of the officers' work pattern. It was agreed that the Street Services Manager will liaise with Human Resources to receive further guidance on the matter.
- 5.7 At the meeting to discuss Caernarfon overtime, it was recognised that all work being completed at weekends is essential, and that cutting overtime would significantly disrupt the service. However, the Senior Team Leader confirmed that he had been considering other options for saving money. By working with the Fleet Manager, the Caernarfon area routes could be reorganised to dispose of 3 hired vehicles. This would save the service £30,732 annually. Similarly, Bangor journeys could be reorganised to save on the cost of hiring a single vehicle (an additional saving of £4,000 per year).

- 5.8 In Bangor, it was acknowledged that Bethesda receives far too frequent visits. It was agreed to change the area's cleaning arrangements, saving 20 hours of overtime on the GS2 pay scale, every 4 weeks. The Team Leader confirmed that the new arrangements would be operational from November 2024 onwards. For Dwyfor, the scope of reducing the frequency of cleaning some areas to just one day on weekends was discussed, monitoring litter levels and complaints for a period. It was suggested to do it for a trial for a period of 4 weeks. Similarly, at the meeting to discuss Meirionnydd's overtime, it was agreed to clean up the Tywyn and Harlech areas only once every fortnight for a trial period of 4 weeks, monitoring litter levels and complaints. This would give a saving of 24 hours of overtime on the GS2 pay scale, every 4 weeks.
- 5.10 Nevertheless, even after the implementation of the agreed savings in each area, it is assumed that the overtime budget is inadequate, without taking into account the work necessary on weekends to carry out statutory duties.

6. Actions

The relevant officers are committed to implementing the following actions to mitigate the risks identified:

- **Ensure that the Service operates an operational tracking system, generating regular monitoring reports for data analysis and verifying their appropriateness in terms of working effectively and efficiently.**
- **Inform staff of work contract hours and allowed paid time, and for health and safety purposes, not to start work before 5:00am.**
- **Any overtime claims are verified against vehicle/rota tracking records to ensure that staff are only claiming for overtime that has been worked.**
- **Overtime claims are monitored and paid in accordance with the correct scales.**
- **Implement plans to rearrange routes so that hired vehicles can be disposed of, monitoring the impact this will have on the budget.**
- **For a period of 4 weeks, trial reducing the cleaning frequency in some areas as a means of saving overtime and monitor any litter and complaints.**
- **Procurement of a second truck for waste collection to eliminate shifts over 12 hours.**
- **Enquire for an update on the recent request for additional funding to purchase a vehicle that will allow the separation of recycling waste.**
- **Ensure that the budget is adequate for staff salaries, and that any discrepancies are investigated and corrected.**
- **If unsuccessful in efforts to reduce overtime, consider submitting a revenue request to fill the gap in the budget.**
- **Ask an accountant to provide regular budget reports to enable timely monitoring of overtime expenditure.**

SMALLHOLDINGS

1. Background

- 1.1 An audit of Smallholdings was conducted as part of the 2023/24 audit plan, to ensure that suitable arrangements were in place to offer the best opportunities to young farmers in Gwynedd and to ensure that an adequate management system was in place for the letting and management of smallholdings. As part of the original audit, policies, ledger transactions and income collection processes, agreements and maintenance arrangements were reviewed.

2. Purpose and Scope of Audit

- 2.1 The purpose of the follow-up was to ensure that the service had implemented the actions committed to in order to mitigate the associated risks. To achieve this, the follow-up encompassed ensuring that the service had updated their policy, reviewing the information held for each smallholding, along with the arrangements for rent arrears.

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
LIMITED	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.

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 Since the publication of the original report, the Estates Manager has left her post within the department, and since March 2024 a new manager has been appointed to be responsible for the Council's estates. A Senior Estate Surveyor has also been appointed to undertake the management of the smallholdings.

- 5.2 Four actions were agreed in the original audit in March 2023, and the four had a risk score of 12. Three of the actions were found to have been partially implemented and are summarised below. While progress has been made on the agreed actions, the service recognises that further work remains to be done. However, the actions to date do not reduce the risks and the assurance level of the report and as a result, a revised agreed action plan will be presented.
- 5.3 One of the risks highlighted in the original audit were inconsistencies in the service's arrangements because the Smallholdings Policy had not been updated to include existing procedures. While this remains unimplemented, the service recognises that the policy needs to be updated.
- 5.4 It was found from the original audit that the information held by the service on smallholdings was incomplete. A sample of 6 smallholdings where the information was incomplete were reviewed and it was found that some work had been done to update the records to reflect the contracts and rents that had been agreed, but further work needs to be done in terms of formalising leases, reviewing agreements and getting written contracts in place. It was found that 2/6 of properties in the sample were on a repair programme, and the service intends to review the agreements once the work is completed. One of the sample had been moved from a smallholdings portfolio to a general property due to change in use, and it was found that there were discussions for negotiating a new tenant for two or more from the sample.
- 5.5 Updating the service records with the current details of the smallholdings was another action of the original audit. It was seen that the service is now working off a new document which contains a list of all the Council's current smallholdings with detailed information about the property, tenants, payments, maintenance issues, water supply, and further detailed notes for each smallholding. While there is further work to be done as most of the historical information is likely to be on paper files, the service appears to be aware of the status of all smallholdings and is maintaining the list up to date.
- 5.6 During the original audit, 8 examples of discrepancies were found between the annual rent amount stated on the service's spreadsheet and what has been invoiced to the tenant. The service expressed that work had been done in relation to the discrepancies, and the records in general had been adjusted to reflect the correct rent.
- 5.7 Another risk highlighted in the original report was a lack of action on rent arrears and historical examples of annual rent invoices remaining due. A copy of a recent rent arrears report was received and it was found that the service has now acted on the majority of historical debts. It was found that some arrears continue to exist, but that the service is aware of them, has established a payment arrangement and is working with the Finance department to address any issues.

6. Actions

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

- **Update the Smallholdings Management Policy to ensure consistency, encompassing e.g. responsibilities, procedure for letting the units, rent review, debt recovery and internal administration.**
- **Continue the work to formalise leases and review agreements once work has been completed on the smallholdings.**

HOMELESSNESS PREVENTION GRANT

1. Background

- 1.1 The Welsh Government allocated £1.09m in grants to Gwynedd during 2023-24 as part of a homelessness prevention campaign, divided into the 'No one left out' element (£597k) to fund support such as temporary accommodation and support that cannot be funded through the Housing Support Grant, £433k for discretionary homelessness prevention support be used in a flexible way with the overall aim of preventing homelessness and supporting measures that reduce dependence on temporary accommodation, and £60k to fund a Strategic Coordinator position.

2. Purpose and Scope of the Audit

- 2.1 The purpose of the audit was to ensure the appropriateness of the audit certificate for 2023-24 by verifying the claimed costs, as well as ensuring that the Service complied with the conditions of the grant offer letter.

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
LIMITED	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.

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 Assurance can be given that the entries on the audit certificate for the 2023-24 financial year are fairly stated. Based on the tests carried out, an audit trail was seen for the figures.

5.2 It was found that the grant instalments were not paid to the Authority until January 2025, after making a claim for the full year instead of on a quarterly basis, in line with the payment profile of the grant offer letter. The grant offer letter states that the funding must be claimed in accordance with the dates set out in the indicative payment profile and they reserve the right to withdraw any part of the funding that is not claimed promptly. Staffing changes within the Service and the Finance department have contributed to the delays, along with numerous enquiries on the claims by the Welsh Government.

6. **Actions**

The Service has committed to implementing the following to mitigate the risks highlighted.

- **Complete and submit the 2024/25 grant claims, along with the supporting documents, in a timely manner.**