

COMMITTEE	AUDIT COMMITTEE
DATE	1 DECEMBER 2016
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 18 NOVEMBER 2016
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 following report summarises the work of the Internal Audit Section for the period from 19 September 2016 to 18 November 2016.

2. WORK COMPLETED DURING THE PERIOD

2.1 The following work was completed in the period to 18 November 2016:

Description	Number
Reports on Audits from the Operational Plan	21
Follow-up Audits	3

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 18 November 2016, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Pupil Deprivation Grant	Education	Resources	B	Appendix 1
Education Improvement Grant for Schools	Education	Resources	B	Appendix 2
Budgetary Control – Ysgol Beddgelert	Education	Schools	B	Appendix 3
Budgetary Control – Ysgol Talsarnau	Education	Schools	C	Appendix 4
Budgetary Control – Ysgol Tregarth	Education	Schools	B	Appendix 5
Budgetary Control – Ysgol Santes Helen	Education	Schools	B	Appendix 6
Review of Checking Limits	Finance	Financial	-	Appendix 7
Coding Structure	Finance	Accountancy	-	Appendix 8
Discretionary Housing Payments	Finance	Revenue	A	Appendix 9
Bangor Aquatics and Healthy Lifestyles Centre	Economy and Community	Leisure	B	Appendix 10
Plas Silyn Leisure Centre	Economy and Community	Leisure	A	Appendix 11
Dwyfor Leisure Centre	Economy and Community	Leisure	B	Appendix 12
Bro Dysynni Leisure Centre	Economy and Community	Leisure	B	Appendix 13

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Beaches – Income Collection	Economy and Community	Maritime and Country Parks	B	Appendix 14
Budgetary Control – Provider	Adults, Health and Wellbeing	Across the Department	B	Appendix 15
Supporting People Grant	Adults, Health and Wellbeing	Supporting People	A	Appendix 16
Plas Pengwaith, Llanberis	Adults, Health and Wellbeing	Residential and Day	B	Appendix 17
Llys Cadfan, Tywyn	Adults, Health and Wellbeing	Residential and Day	B	Appendix 18
Youth Justice Core Grant	Children and Family Support	Children and Families	B	Appendix 19
Flying Start Revenue Grant	Children and Family Support	Children and Families	B	Appendix 20
MOT Fees	Highways and Municipal	Fleet	B	Appendix 21

2.2.2 The opinion categories within the reports affirm the following:

- Opinion “A” Assurance of financial propriety can be expressed as the controls in place can be relied upon and have been adhered to.
- Opinion “B” Controls are in place, and partial assurance of financial propriety can be expressed as there are aspects where some procedures can be strengthened.
- Opinion “C” Assurance of financial propriety cannot be expressed as the controls in place cannot be relied upon, but losses/fraud due to these weaknesses were not discovered.
- Opinion “CH” Assurance of financial propriety cannot be expressed as acceptable internal controls are not in place; losses/fraud resulting from these weaknesses were discovered.

2.3 Follow-up Audits

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

TITLE	DEPARTMENT	SERVICE	FOLLOW-UP OPINION
Plas Ffrancon Leisure Centre	Economy and Community	Leisure	Acceptable
Arfon Leisure Centre	Economy and Community	Leisure	Acceptable
Cefn Rodyn	Adults, Health and Wellbeing	Residential and Day	Acceptable

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

- Excellent** - all recommendations implemented as expected.
- Acceptable** - most recommendations implemented as expected.
- Unsatisfactory** - several recommendations not implemented.
- Unacceptable** - most recommendations not implemented, and no evidence of efforts to improve internal controls.

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

Completion Target: Quarter ending 31 December 2016

- Secondary Schools Catering – Ysgol Ardudwy
- Secondary Schools Catering – Ysgol y Gader

Completion Target: Quarter ending 31 March 2017

- Plas y Don
- Plas Hedd
- Maintenance of Buildings and Sites

3. WORK IN PROGRESS

3.1 The following work was in progress as at 21 November 2016.

- Supporting Ffordd Gwynedd Reviews (*Corporate*)
- Safeguarding Arrangements – Disclosure and Barring Service Checks (*Corporate*)
- Health and Safety – Trees (*Corporate*)
- Safeguarding Arrangements – Establishments (*Corporate*)
- Information Management – Establishments (*Corporate*)
- Use of Credit Cards (*Corporate*)
- National Fraud Initiative (*Corporate*)
- The Arrangements for Safeguarding and Protecting Children (*Education*)
- Schools – General (*Education*)
- Benefits – Review of Key Controls (*Finance*)
- Storiell – Governance and Management Arrangements (*Economy and Community*)
- Youth Club Accounts (*Economy and Community*)
- Sale of Diesel (*Economy and Community*)
- Business/Service Continuity Plans (*Adults, Health and Wellbeing*)
- Deprivation of Liberty (*Adults, Health and Wellbeing*)
- Social Services Complaints Procedures (*Adults, Health and Wellbeing*)
- Direct Payments (*Adults, Health and Wellbeing*)
- Bryn Blodau, Blaenau Ffestiniog (*Adults, Health and Wellbeing*)
- Support Workers (*Children and Family Support*)
- Adoption (*Children and Family Support*)
- Animal Health (*Regulatory*)

4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 19 September 2016 to 18 November 2016, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

**PUPIL DEPRIVATION GRANT
EDUCATION**

1. Background

1.1 The purpose of the Pupil Deprivation Grant (PDG) is to improve the results of learners that are eligible to receive free school meals and looked-after children. It was seen that new arrangements had come into force for 2015/16 with a new element for early years children and looked-after children as well as the historical element of delegating money to the schools for primary and secondary pupils. The Local Education Consortium, namely GwE, is responsible for administering the looked-after children element as well as ensuring that the schools complete the PDG requirements and for supporting the schools to that end.

2. Purpose and Scope of Audit

2.1 Ensure that there is appropriate internal management for administering the PDG that involves elements of delegating money directly to schools as well as elements that involves supporting early years children and looked-after children, in order to mitigate risks in accordance with the grant's terms and conditions. Select a sample of payments in the form of invoices, journals and salaries prepared by Gwynedd Council and GwE in relation to the various elements of the grant, and ensure that they are reasonable and are in accordance with the grant's objectives. Confirm that the sum from the grant has been directly delegated to the schools and that appropriate arrangements are in place to monitor and claim the grant funding from Welsh Government.

3. Main Findings

3.1 It appears that good arrangements exist for the administration of the PDG. It was seen that the appropriate sum from the funding had been directly delegated to the schools. It was seen from the expenditure sample that was audited for the Early Years Unit, the Education Department and GwE that they are reasonable and correspond with the grant's objectives. In addition, there were appropriate arrangements in order to claim the funding in accordance with the grant's terms and conditions.

3.2 In auditing a sample of payments in relation to the grant, some cases were found where the pink slips (TR252b) were not always used for the payment of invoices. It was seen that these were invoices processed by the Council's Education Department that is responsible for Gwynedd Council's expenditure element of looked-after children. It is expected that the Council retains invoices and any documents relating to Welsh Government Grants until the Welsh Government advises that they can be destroyed, and therefore it is expected to attach a pink coding slip to each invoice which relates to the PDG.

3.3 A sample of Gwynedd's primary and secondary schools development plans were audited, and it was seen that an analysis of the total of the school's PDG allocation had been noted in the plans selected. Confirmation was also received from GwE's Business and Finance Manager that the statements had also been included either on the school's website or on GwE's website.

3.4 In auditing the total expenditure of the looked-after children element that is under the guidance of GwE, it was seen that there was a central underspend from GwE of £75,277.60. This is a substantial sum of underspend, however a clear explanation was given by the GwE Business and Finance Manager in relation to the underspend. The following explanation was received from GwE's Business and Finance Manager for the joint-committee:

"GAD-PDG - 2015/16 was the first year for the PDG to be administrated in accordance with new arrangements from Welsh Government. Confirmation of the arrangements were not received until the end of quarter one of the financial year. As a result, there was no Co-ordinator in place until the end of quarter one and they were only available for two terms to develop and provide the programme. We are confident that we are in a much better situation this year because we have had time to prepare and develop the programme that will be held over the entire year."

The auditor has received a copy of the programme that outlines the estimated expenditure for the Looked-After Children element of PDG that is under the control of GwE for the year 2016/17. Arrangements will be made by the Senior Accountant to pay the above underspend back to Welsh Government as part of the final underspend figure.

4. Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of financial propriety in the administration of the Pupil Deprivation Grant as there are controls in place, but there are aspects where some arrangements can be tightened. The Education Department has committed to implementing the following steps to mitigate the risks highlighted:

- Officer will ensure that TR 252b pink slips are attached with every invoice that involves the grant's expenditure in the future.

EDUCATION IMPROVEMENT GRANT FOR SCHOOLS

EDUCATION

1. Background

1.1 On 1 April 2015 the Welsh Government merged the following grants to create one main grant, called the Education Improvement Grant (EIG):

- Foundation Phase
- 14-19 Learning Pathways
- School Effectiveness Grant (SEG)
- Welsh in Education Grant (WEG)
- Minority Ethnic Achievement Grant
- Education of Gypsy and Traveller Children
- Induction of Newly Qualified Teachers
- Higher Level Teaching Assistants
- Lead and Emerging Schools
- Support for Reading and Numeracy Tests
- Funding for Band 4 & 5 Schools

The grant's fundamental principle is that the vast majority should be used for frontline provision, with the grant's terms and conditions for 2015/16 noting that it was expected that a minimum of the total gross funding of 80% should be delegated directly to schools. Gwynedd Council is the host Authority for the EIG. GwE is responsible for ensuring that the schools achieve the requirements of the EIG and for supporting the schools to that end.

2. Purpose and Scope of Audit

2.1 Following an internal audit undertaken in March 2016 on the grant, a further audit needed to be carried out in order to confirm that the final figures submitted on Gwynedd Council and GwE 'Statements of Local Authority Revenue Expenditure - Education Improvement Grant for Schools 2015-16' are accurate. It was not possible to do so back in March as the final figures were not available to be audited.

2.2 Confirm that there is a basis for the figures which will be submitted on Gwynedd Council and GwE expenditure statements in relation to the grant and trace the figures to the ledger to confirm their existence. Select an additional sample of payments in the form of invoices and journals in relation to the grant which was audited during the audit in March 2016 and ensure that they are reasonable and are in accordance with the grant's objectives.

3. Main Findings

3.1 It was seen that there is a basis for the figures recorded on the Gwynedd Council and GwE expenditure statements in relation to the grant and a sample of the figures were traced back to the Council's ledger and were found to be accurate.

3.2 It was seen that the further expenditure audited was reasonable to the grant's objectives.

3.3 It was seen that the final total administration cost of GwE had increased from the figure of £167,750 originally agreed to £210,348.25, because some specific schemes under GwE's control had underspent. It is understood from the Senior Accountant (DR) at Gwynedd Council that GwE had confirmed that the cost and time of some specific staff reached the administrative sum of £210,348.25. The terms and conditions of the grant allowed this as it is noted under Condition 5 'Administration and Management Costs':

“The administration level for the first year of the Funding will be set at no more than 1.5% of the total gross grant (including match funding).”

The administration cost implemented by the consortia against the grant remains lower than the rate of 1.5%, despite increasing the GwE administration costs against the grant.

4. Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of financial propriety in the administration of the Education Improvement Grant 2015/16 as there are controls in place, but there are aspects where some arrangements can be tightened. The recommendations made in the audit report dated March 2016 have already been addressed.

BUDGETARY CONTROL - PRIMARY SCHOOLS
YSGOL BEDDGELERT

1. Background

1.1 The school Governing Body is responsible for managing and running the school and delegated powers are given to Head Teachers to run the school on a day to day basis. The Head Teacher's rights in terms of financial decisions vary from one school to the next as this has been determined by the Governing Body and has been recorded in the school's policy. The Head Teacher is responsible for reporting to the Governing Body on a regular basis on the school's financial situation and on any issue that affects that situation.

2. Purpose and Scope of the Audit

2.1 To ensure that appropriate budgetary control arrangements exist at Gwynedd's primary schools. Schools from each area in Gwynedd were selected for the sample based on budget, namely two schools with a low budget (less than £200,000), two schools with a medium budget (between £200,000 and £350,000) and two schools with high budgets (over £350,000).

3. Main Findings

3.1 It appears that good budgetary control arrangements exist at Ysgol Beddgelert with budgetary matters being discussed in detail with the governing body and there is evidence that expenditure is monitored against the budget. However, some issues require attention as follows:

3.1.1 The e-procurement system is not used in the school for the purposes of ordering goods and services. The Head Teacher expressed that she and the teacher would appreciate further training on the system. Following further enquiries, the auditor was informed that Cynnal would be providing training on the system during October 2016.

3.1.2 No use is made either by the school of an official order book. Though the Head Teacher is aware of the goods/services that she has ordered, having a procedure of keeping details of what has been ordered as well as the details of the invoices that have been received and sent to be paid would be very beneficial especially if the Head Teacher were absent for a long-term period and someone else were responsible for administrating the system. The Head Teacher was informed of the existence of the 'Order Notification Form' booklet and she noted that she would use the booklet to record details of orders and invoices which have been sent to be paid.

3.1.3 A sample of invoices was audited and it was seen that one invoice for data protection registration had been referenced to code AA04 3319, namely 'Other Educational Materials' rather than to the correct code of AA04 4806, namely 'Data Protection Registration Fee'. This means that the expenditure has been referenced against the incorrect expenditure code.

- 3.1.4 There is no system in place for dating invoices when they are received at the school to confirm the date on which they were received at the school. It is important to note the date the invoice is received at the school, because, that date is the one that the Sims Assistants should record in the 'Pwynt Treth' (Tax Point) box on the T.R.252 coding slip.
- 3.1.5 Upon auditing the minutes of the governing body, it appears that the body does not review the fees under its discretion on an annual basis in accordance with Estyn's standards and the financial rules for schools with devolved budgets.
- 3.1.6 The school is hired by external societies and despite a good system to complete a 'Request to Hire Outside School Hours' form, no contract is completed from the 'Building Hire TR184' booklet. The 'Building Hire TR184' booklet lists the hire conditions and by completing the contract the person hiring agrees to those conditions.

4. Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of the propriety in the budgetary control of Ysgol Beddgelert as there are controls in place, but there are aspects where some arrangements can be tightened. The establishment and / or Education Department have committed to implement the following steps to mitigate the risks highlighted:

- The Head Teacher and teacher will attend training on the e-procurement system that will be conducted by Cynnal in October 2016.
- Following receipt of the 'Order Notification Form' booklet, the Head Teacher will complete the booklet to record details of orders and details of the date invoices are sent to be paid.
- SIMS Assistants will ensure that the expenditure is referenced accurately on the TR252 reference slips.
- The Head Teacher will date and sign each invoice, in order to confirm the date that the school has received the invoices.
- The Head Teacher will note on the agenda of the next governing body meeting that there is a need to discuss hire fees.
- Create a current contract between the external organisations that hire the school, and the school, by using the TR184 'Building Hire' book.

BUDGETARY CONTROL - PRIMARY SCHOOLS

YSGOL TALSARNAU

1. Background

1.1 The school Governing Body is responsible for managing and running the school and delegated powers are given to Head Teachers to run the school on a day to day basis. The Head Teacher's rights in terms of financial decisions vary from one school to the next as this has been determined by the Governing Body and has been recorded in the school's policy. The Head Teacher is responsible for reporting to the Governing Body on a regular basis on the school's financial situation and on any issue that affects that situation.

2. Purpose and Scope of Audit

2.1 It was ensured that appropriate budget management arrangements exist at Gwynedd's primary schools. Schools from each area in Gwynedd were selected for the sample based on budget, namely two schools with a low budget (less than £200,000), two schools with a medium budget (between £200,000 and £350,000) and two schools with high budgets (over £350,000).

3. Main Findings

3.1 It was seen that good budgetary control arrangements existed at Ysgol Talsarnau, however, some issues require attention as follows:

3.1.1 The 'Delegation of Budgetary Responsibilities Policy', namely a written record of the body's duties and rights, had not been reviewed since 2013 although it is noted in the policy that the rights are reviewed annually.

3.1.2 The Finance Sub-committee meets once a year to discuss the budget for the following year; the balances are also discussed but there are no official minutes.

3.1.3 Following this annual meeting, the Finance Sub-committee submitted the 'Report of the Finance Sub-committee (Draft budget 2016-17) + Cut' to the Full Body on 18 May 2016. The Full Body met three times over the course of the 2015/16 financial year but the financial situation was not discussed at these other meetings.

3.1.4 There were no reliable records of dates on which supply teachers were at the school. The 'Weekly General Procedures' leaflet was checked and one record was found dating back to 6 October 2015. The Head Teacher suggested that these weekly leaflets could be used to record if a supply teacher was in the school from now on.

3.1.5 The e-procurement system is not used in the school for the purposes of ordering goods and services and there was no order book or any other record of orders in the school either. The Head Teacher was aware of the 'Order notification form' booklet and was eager to use it at the school. The auditor has now made arrangements for the Head Teacher to receive the Council's 'Order notification form' receipt book.

3.1.6 In addition, it was suggested that the Assistant Head should attend training on the e-procurement system as he would be responsible for ordering from September 2016 onwards.

- 3.1.7 When checking a sample of invoices, it was seen that the former Clerk had certified them; ideally it is only officers on a higher level that should certify payments.
- 3.1.8 A sample of invoices was audited and it was seen that one invoice for furniture had been referenced to reference AA04 3319, namely 'Other Educational Materials' rather than to the correct reference of AA04 3001, namely 'Furniture - Purchase'.
- 3.1.9 There is no system in place for dating invoices when they are received at the school to confirm the date they were received at the school. It is important to note the date the invoice is received, because, that date is the one that the SIMS Assistants should use to record in the 'Pwynt Treth' (Tax Point) box on the TR252 coding slip.
- 3.1.10 Three TR34 forms were selected from the financial ledger to be reconciled against the school records; however, the Head Teacher was not aware if there were records in the school apart from the record on the TR34 forms. Nor was she aware of whether there was a receipts book in the school. The Head Teacher was eager to have a new receipts book, this has now been arranged.

4. Audit Opinion

(C) Audit opinion is that no assurance of propriety can be given with the budgetary control arrangements of Ysgol Talsarnau as the current situation weakens the controls. The establishment and / or Education Department is committed to implement the following steps to mitigate the risks highlighted:

- Review of the 'Delegation of Budgetary Responsibilities Policy' at the next Governors' meeting.
- Arrange that the Finance Sub-committee meets every term and that official minutes are provided for each meeting.
- Report on the school's financial situation regularly to the finance sub-committee/the Body.
- Record when supply teachers are at the school on the 'Weekly General Procedures' form.
- Auditor to arrange that the school is sent a 'Order Notification Sheet' booklet from the Education Office in Pwllheli. The Assistant Head to make use of the booklet when ordering goods and services and then when he has received training on the e-procurement system to make use of the system for ordering and then only make use of the booklet for goods and services not ordered via the e-procurement system.
- Arrange for the Assistant Head to attend training on the e-procurement system that will be conducted by Cynnal in October 2016.
- Ensure a separation of duties where possible when completing an order and certifying payments.
- SIMS Assistants will ensure that the expenditure is referenced accurately on the TR252 reference slips.
- Establish a system of dating and signing each invoice, in order to confirm the date that the school has received the invoices.
- Ensure that an official receipt from the TR32a receipt book for the music training income collected.

**BUDGETARY CONTROL - PRIMARY SCHOOLS
YSGOL TREGARTH**

1. Background

1.1 The school Governing Body is responsible for managing and running the school and delegated powers are given to Head Teachers to run the school on a day to day basis. The Head Teacher's rights in terms of financial decisions vary from one school to the next as this has been determined by the Governing Body and has been recorded in the school's policy. The Head Teacher is responsible for reporting to the Governing Body on a regular basis on the school's financial situation and on any issue that affects that situation.

2. Purpose and Scope of Audit

2.1 It was ensured that appropriate budgetary control arrangements exist at Gwynedd's primary schools. Schools from each area in Gwynedd were selected for the sample based on budget, namely two schools with a low budget (less than £200,000), two schools with a medium budget (between £200,000 and £350,000) and two schools with high budgets (over £350,000).

3. Main Findings

3.1 It was seen that good budgetary control arrangements existed at Ysgol Tregarth, however, some issues require attention as follows:

3.1.1 The Head Teacher has not received specific training regarding finance from the Authority. It was said that training in the field would be very beneficial as she does not have a financial background. This has arisen in several schools during the Budgetary Control audit. The Accountants and education officers are aware of the situation as Head Teachers raise this with them regularly. No solution has been provided as yet but the Accountants continue to hold surgeries with the Head Teachers several times a year.

3.1.2 The 'Delegation of Budgetary Responsibilities Policy', namely a written record of the body's duties and rights, had not been reviewed since 2014 although it is noted in the policy that the rights are reviewed annually. It was explained that arrangements had slipped a little the previous year due to workload but the policy remains operational.

3.1.3 The e-procurement system is not used in the school for the purposes of ordering goods and services as the system had locked the Clerical Assistant out. It was suggested that they should contact Cynnal in order to obtain access to the system once again. It was noted that further training on the system would be beneficial to the Clerical Assistant so that it could be used in the future. Following further enquiries, the auditor was informed that Cynnal would be providing training on the system during October 2016.

- 3.1.4 Purposeful leaflets are being used for recording the invoices received but there was no record of the orders that had been made; however, the Clerical Assistant keeps a copy of every order where possible, invoice and receipt in order to ensure an audit trail. It was suggested that it would be possible to add columns to the table in order to ensure that there is a record of each order - the Head Teacher and the Clerical Assistant agreed and were happy to do so.
- 3.1.5 When checking a sample of invoices, two cases were discovered where the Head Teacher had ordered goods/services and certified the payment. The need to ensure a separation in duties where possible was explained to the Head Teacher.
- 3.1.6 There is no system in place for dating invoices when they are received at the school to confirm the date on which they were received at the school. It is important to note the date the invoice is received at the school, because, that date is the one that the SIMS Assistants should use to record in the 'Pwynt Treth' (Tax Point) box on the TR252 coding slip.
- 3.1.7 Copies of receipts to match the income which had been recorded on the relevant TR34 forms in the sample were obtained, which dated back to October 2015. However, the Clerical Assistant said that receipt arrangements had slipped recently, but, historically these were completed as is seen with the sample audited. It is intended to restart this procedure.

4. Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of the propriety in the budgetary controls of Ysgol Tregarth as there are controls in place, but there are aspects where some arrangements can be tightened. The establishment has committed to implement the following steps to mitigate the risks highlighted:

- Review of the 'Delegation of Budgetary Responsibilities Policy' at the next Governors' meeting.
- Arrange for the Clerical Assistant to attend training on the e-procurement system that will be conducted by Cynnal in October 2016.
- Add columns to the invoice recording sheet in order to ensure that there is a record of the details of each order.
- Ensure a separation of duties where possible when completing an order and certifying payments.
- Establish a system of dating and signing each invoice, in order to confirm the date that the school has received the invoices.

BUDGETARY CONTROL - PRIMARY SCHOOLS
YSGOL SANTES HELEN

1. Background

1.1 The school Governing Body is responsible for managing and running the school and delegated powers are given to Head Teachers to run the school on a day to day basis. The Head Teachers' rights in terms of financial decisions vary from one school to the next as determined by the Governing Body and recorded in the school's policy. The Head Teacher is responsible for reporting to the Governing Body on a regular basis on the school's financial situation and on any issue that affects that situation.

2. Purpose and Scope of Audit

2.1 It was ensured that appropriate budgetary control arrangements exist at Gwynedd's primary schools. Schools from each area in Gwynedd were selected for the sample based on budget, namely two schools with a low budget (less than £200,000), two schools with a medium budget (between £200,000 and £350,000) and two schools with high budgets (over £350,000).

3. Main Findings

3.1 It was seen that good budgetary control arrangements existed at Ysgol Santes Helen; however, some issues require attention as follows:

3.1.1 The Head Teacher has not received specific training regarding finance from the Authority. It was said that training in the area would be very beneficial as she does not have a financial background. This has arisen in several schools during the Budgetary Control audit. The Accountants and education officers are aware of the situation as head teachers raise this with them regularly. No solution has been provided as yet but the Accountants continue to hold surgeries with the Head Teachers several times a year.

3.1.2 The school had an underspend of £52,935 in 2014/15 - any underspend will be carried forward to the next financial year, namely 2015/16. The Finance Unit had not received a 'Balances Questionnaire' from the school for 2014/15.

3.1.3 One teacher was receiving additional payments (TLR payments¹) during 2015/16 but the Education Contracts and Salaries Unit had not received the 'Annual Salary Review - September 2015' form for this teacher despite this being a requirement in the Gwynedd Teachers' Salaries Policy (2015).

3.1.4 A 'Staff Absence Record' is kept on the wall of the office where absences are recorded e.g. illness of teachers and assistants as well as the name of the supply teacher covering. The sheet did not reconcile with the sample of timetables selected. In addition, a record is kept of the supply teachers who cover for non-contact time (PPA²) and training in the school diary; these records agreed with the timetables.

1 TLR - Teaching and Learning Responsibility

2 PPA - Planning, Preparation and Assessment

- 3.1.5 Some use is made of the e-procurement system in the school. The Clerical Assistants have attended training and are aware of how to use the system. There was no order book or any other record of orders made in the school. It was suggested that it would be ideal if they kept a record of every order not placed via the e-procurement system.
- 3.1.6 When checking a sample of invoices, one case was discovered where the Head Teacher had ordered goods and certified the payment. The need to ensure a separation in duties where possible was explained to the Head Teacher.
- 3.1.7 There is no system in place for dating invoices when they are received at the school to confirm the date on which they were received at the school. It is important to note the date the invoice is received at the school, because, that date is the one that the Sims Assistants should record in the 'Pwynt Treth' (Tax Point) box on the TR252 coding slip.
- 3.1.8 It was clear that the Clerical Assistants had a system of issuing receipts after receiving income but there was no way of reconciling the receipts with the sample of TR34 forms and monies analysis.

4. Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of the propriety in the budgetary control of Ysgol Santes Helen as there are controls in place, but there are aspects where some arrangements can be tightened. The establishment has committed to implement the following steps to mitigate the risks highlighted:

- Ensure that the 'Balances Questionnaire' is completed for any underspend of the budget which has a balance higher than 5% of the school's budget or £10,000, whichever is lower.
- Ensure that 'Annual Salary Review' forms are completed annually and forwarded for the attention of the Schools Salaries and Contracts Services.
- Keep a record in the diary of every supply teacher providing cover including sickness absence.
- Auditor to arrange that the school is sent an 'Order Notification Sheet' booklet from the Education Office. Clerical Assistant to make use of the booklet for goods and services not ordered via the e-procurement system.
- Ensure a separation of duties where possible when completing an order and certifying payments.
- Establish a system of dating and signing each invoice, in order to confirm the date that the school has received the invoices.
- Ensure that a receipt is completed for each music lesson income received.

REVIEW OF CHECKING LIMITS FINANCE

1. Background

- 1.1 As part of the process of releasing creditors' payments, invoices with a value of £10,000 (gross) and above are transferred from the Payments Unit to the Central Accountancy Unit in order for specific officers to verify them before releasing them to be paid. The threshold has been £10,000 since 2005, and over the years inflation has increased the number of invoices that are over this threshold.
- 1.2 The invoices are paid through the medium of BACS or cheque. Further checks will be completed on totals and the number of BACS transactions, and also the payments by cheques. The thresholds for counter-signing cheques are reliant on the nature of the expenditure (general expenditure, pensions, benefits etc.). It is required for officers to initial uncrossed cheques. With uncrossed cheques, it's possible for the payee to exchange them for cash rather than pay them into a bank account. The current threshold for an uncrossed cheque in the Council is £350.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to review the procedures that have been established to verify and pay invoices that have a value of over £10,000, as well as the authorising arrangements through the medium of cheques, and consider whether the current procedure continues to be suitable.
- 2.2 The audit included analysing creditors' records for the 2014/15 and 2015/16 financial years, as well as the first quarter of 2016/17, considering the suitability of the arrangements and the thresholds for verifying invoices, counter-signing cheques as well as submitting uncrossed cheques.

3. Main Findings

- 3.1 A four-week timetable is fixed beforehand in order to designate the task of completing the checks to the officers of the Central Accountancy Unit.
- 3.2 The purpose of verifying the invoices is to ensure that the supplier's details are correct within the financial ledger, and that the invoice is valid. The nature of the expenditure is not considered, because the information regarding the background of the payment is not available to officers in the Central Accountancy Unit. These invoices are already subject to such verifications from the Payments Unit.
- 3.3 Officers of the Central Accountancy Unit expressed that inconsistencies discovered by them have been very rare over the recent years. It is considered that the inconsistencies can be found by completing one verification only, which is already being completed by the Payments Unit. The need for officers in the Payments Unit, as well as the Central Accountancy Unit to complete the same verification, was therefore questioned.

- 3.4 When verifying the cheques, the officers reconcile the number in the batch with the list provided to them, and then sign the cheques with a value above the threshold and initial any uncrossed cheque. The nature of the expenditure is not verified, because it is only the cheque being sent to the officers for verification, not the details of the goods or the services paid for.
- 3.5 It was seen that every batch of invoices paid are being recorded by hand in a day book by the Payments Unit. It was questioned whether this procedure was necessary by now, bearing in mind that the audit trail is also seen within the computerised system.
- 3.6 By verifying the uncrossed cheques from the financial ledger (sub type 07), it was seen that four cheques had been opened during 2015/16 and the first quarter of 2016/17 that were above the threshold of £350. Three of the four were Repayment of the Imprest Account, and one was 'family support money'. Confirmation had been received from the responsible officers that these payments had received attention and a procedure had already been established of highlighting uncrossed cheques that are over the threshold and that there is an appropriate action as a result.

4. Audit Opinion

The Audit opinion is that it is timely for the Finance Department to consider the benefits of completing additional independent verifications in the Central Accountancy Unit against the possible reduction in the workload in administrative work, and therefore the possibility of streamlining the process of releasing creditors' payments. This matter has already been discussed with the Finance Manager - Resources and Corporate.

CODING STRUCTURE FINANCE

1. Background

- 1.1 The Council's current coding structure has been in place since 2001, when a move was made from the PPL system to efinancials. The PPL system had been set-up so that each code was in a 12-digit format. The efinancials system accepts 8- or 12-digit codes - *Cost Centre* (4 digits), *Account* (4 digits) and *Job* (4 digits). There is no need for a *Job* on every occasion, which means that some codes are 12-digits and others are 8. There are over 4,000 *Account* codes in the system currently, and over 3,000 of those are active.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to assess if the Council's expenditure and income coding structure has been set up in a way which offers transparency to the users, while considering the appropriateness of the codes within the structure in order to reduce the number of cases of miscoding.
- 2.2 The audit involved reviewing the revenue income and expenditure coding structure, checking the arrangements that have been established in order to ensure that there is control over the number and type of codes available, and that transactions are coded appropriately.

3. Main Findings

- 3.1 Once an *Account* code has been created in the system, it cannot be deleted. The only options are to make them inactive, or change the description. The situation is the same with *Cost Centre* or *Job*.
- 3.2 It was seen that creating *Account* codes over the years has led to a number of implications which are considered unfavourable; it was considered whether there was suitable action for them. The matters were discussed with the responsible officers, and a summary is provided below:
 - 3.2.1 A vast number of *Account* codes exist which haven't been used for years (the checks were made back to the 2010/11 financial year). We were informed that it would be possible to make them inactive, but that that would likely have a detrimental effect on the miscoded accounts. The codes would still exist, but it would not be possible to post into them and, therefore, the expenditure would be put against the mis-coded accounts as a result. This would place a burden on the Finance Units who clear the miscoded accounts. There are already a substantial number of transactions placed in the mis-coded accounts, and the Accountancy Units informed us that consideration was being given to contacting the relevant services if they were miscoding regularly.

3.2.2 The *Account* codes which have a 'general' description (for example 3319: Other Educational Uses, 3439: General Materials, 3939: Stationery, 4110: General Fees) are used for expenditure on a wide range of goods and services; it is considered that this could affect the transparency of the information within the accounting system. However, this contradicts the consideration in point 3.2.1, where it was questioned if it is possible to reduce the number of *Account* codes, which would, possibly, create a more 'general' nature for the remaining ones.

3.2.3 There are cases where there is more than one *Account* code which has the same description, or similar descriptions. We were informed that, although the codes have similar / identical descriptions, in some of the cases raised the 'Parent' was different. For example:

Account 3301: Stationery (Parent 33: Educational Materials);

Account 3939: Stationery (Parent 39: Office Goods).

3.3 It was proposed that the only action which would not lead to further unfavourable implications would be to re-start the structure, keeping the same hierarchy. It is anticipated that this would ultimately lead to the same situation, as there are over 3,000 codes that are being used and they would need to be recreated within the new structure. It is also considered that there has been justification for creating the *Account* codes which already exist and, therefore, ultimately the same situation would arise with the new structure.

4. Audit Opinion

The audit opinion is that there is no suitable action which would lead to streamlining the *Account* codes entirely, which would not cause further unfavourable implications. The Systems Manager agreed that there is room to refine here and there within the structure, but that this would not fully resolve any of the issues raised above.

DISCRETIONARY HOUSING PAYMENTS FINANCE

1. Background

1.1 During 2016/17, Gwynedd Council will receive £659,887 from the Government's Department of Work and Pensions to be distributed at its discretion to individuals or families who require additional support with their housing costs. These Discretionary Housing Payments (DHP) are in addition to Housing Benefit and are payable and used to go part of the way to cover the shortfall when the Housing Benefit is not enough to cover the entire rent. Since 2015/16, the Council has a written Policy in order to ensure that the payments are transparent and based on merit. The Council worked with other local authorities in Wales to develop a common model.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the DHP is allocated to the residents of Gwynedd in a consistent and transparent manner, and that these payments are appropriate. This was done by reviewing a sample of DHP applications made during the 2016/17 financial year to date. The audit ensured that the decisions made were based on the "Operational Policy for Sharing the Discretionary Housing Payments Allocation 2016/7".

3. Main Findings

3.1 The budget of £659,887 for DHP includes an additional allocation for families who are affected by the 'bedroom tax', and a further allocation to reflect the rural status of Gwynedd. This rural element gives significant additional benefits compared with the basic allocation, with Gwynedd receiving over £450,000 more in DHP budget than similar neighbouring counties who do not receive the rural element.

3.2 Since 2015/16, the Council has a Policy in order to ensure that the DHPs made are transparent and allocated based on merit. As the budget is limited, the Policy is used to prioritise the specific circumstances of each application. The Policy details in which cases the DHP should be paid, with circumstances categorised into priority groups together with the applicant's ability to control the situation. This is the basis of the Policy's scoring matrix which is used to calculate the payment made to applicants.

3.3 Though this scoring matrix is of assistance to officers to make consistent decisions, section 30 notes; *"This policy is not intended to restrict Gwynedd Council's discretion when making DHP decisions. It is a discretionary scheme and some cases will always have special or extraordinary circumstances when the decision-maker considers that awarding a DHP can be justified."* Essentially, the Policy cannot encompass all the different circumstances which can arise in the applications and the Benefits Officers must interpret them as appropriate.

- 3.4 This Audit must take into account the fact that the Council needs to allocate this significant budget to residents, some of whom could be at risk with their tenancies. As the payments are optional and subject to the Benefits Officers' discretion, the Audit was limited to reviewing a sample of applications to ensure that they are decided upon consistently and in accordance with the principle of the Policy and prevent the approval of unsuitable applications.
- 3.5 A sample of applications was reviewed and it was seen that there are examples where the decision made is not entirely in-keeping with the Policy, but subject to the discretion of the Benefits Officer. However, no cases of payments which were entirely contrary to the Policy were seen, and several applications are refused.
- 3.6 The Policy is reviewed annually in order to ensure that the payment rates are in-keeping with the budget allocated, as there is no certainty that the additional allocation Gwynedd receives will continue from one year to the next. The 2016/17 Policy was submitted by the Cabinet Member on 21/02/16. Though the Policy cannot encompass all the circumstances which can arise in the applications, it was seen that the financial assessment part could be strengthened as it does not mention all the costs which should be disregarded in the assessment, such as the costs of repaying any benefits overpayment, and any high expenditure which it is expected could be reduced when considering their ability to control the situation.

4. Audit Opinion

- (A) The audit opinion is that assurance can be given of propriety in the arrangements for Discretionary Housing Payments, as it was seen from the sample chosen that the payments were appropriate and in line with the principles of the Policy, but subject to the discretion of a Benefits Officer.**

**BANGOR AQUATICS AND HEALTHY LIFESTYLES CENTRE
ECONOMY AND COMMUNITY**

1. Background

1.1 Gwynedd Council Leisure Centres are within the Healthy Communities service which is part of the Economy and Community Department. There are four Area Managers who are responsible for managing the Centres under the Authority's control. Bangor Aquatics and Healthy Lifestyles Centre provides a number of services for the public, including a swimming pool, fitness room and all-weather pitch.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that robust arrangements exist in the Centre in order to control and alleviate risks and in accordance with the Council's internal procedures and other relevant legislations.
- 2.2 The audit involved visiting a sample of four Leisure Centres unannounced in order to ensure that appropriate arrangements are in place for managing risks which could exist in the areas of collection of income, budgetary control, procurement, storage of goods and health and safety.

3. Main Findings

- 3.1 It was seen that robust internal controls are in place at Bangor Aquatics and Healthy Lifestyles Centre, but that the following aspects need to be tightened:
- 3.1.1 When checking 'FIN07.01 Vending Machine Reconciliation Forms' for the three vending machines, it was seen that they had not emptied the money from the machines in several weeks. It is noted in the IMS guidelines that the 'Rijo' machine needs to be emptied weekly and the other machines at least once a month. The Area Manager explained that the officers that are usually responsible for emptying them had been on courses during the last few weeks, however the officers that were covering their posts should have completed the duties.
- 3.1.2 It appears that the money from the hairdryer (£10.60) had not been banked since 11/07/16. The sum had been inputted into the Gladstone system and at the end of the day there was a £1.45 inconsistency on the 'Z Reading' receipt, but due to £10.60 not being banked, there was a surplus of -£9.15 on the TR34 sheet. The Area Manager was not aware of what had happened to this money.
- 3.1.3 Direct debit packages are available at the centre, the information is kept in an 'in-tray' in the reception ready to be sent by internal post. They are not kept locked.
- 3.1.4 The accounts of five children were checked on the Gladstone system in order to see if there was a membership picture for them on the system. There was a membership picture on only one of them.
- 3.1.5 The centre's cleaning cupboard is in the family changing room. When visiting the room during the audit, it was seen that the key had been left in the door and the door was open. Staff were cleaning at this time. However, the room should not have been open because members of the public were around.

4. Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of the propriety in the arrangements of Bangor Aquatics and Healthy Lifestyles Centre as there are controls in place, but there are aspects where some arrangements can be tightened. The establishment has committed to implement the following steps to mitigate the risks highlighted:

- Explain to the Duty Manager that the officers that are on their shift need to complete their tasks. In addition, the centre uses the Legend system that sends a reminder of the need to complete tasks.
- Ensure that the forms are kept locked in the cupboard behind the reception by sending an e-mail to the Duty Managers, Receptionist and the Bangor and Caernarfon Area Administrator.
- Send an e-mail to the Duty Managers and the Receptionist to check that there is a picture on a child's account when they come into the centre.
- Put a note on the staff's notice board to remind them of the need to lock the cleaning room.

**PLAS SILYN LEISURE CENTRE
ECONOMY AND COMMUNITY**

1. Background

1.1 Gwynedd Council Leisure Centres are within the Healthy Communities service which is part of the Economy and Community Department. There are four Area Managers who are responsible for managing the Centres under the Authority's control. Plas Silyn Leisure Centre, Penygroes, provides a number of services for the public, the area's schools and several sports clubs; including a fitness room, sports hall and outside fields.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that robust arrangements exist in the Centre in order to control and alleviate risks and in accordance with the Council's internal procedures and other relevant legislations.

2.2 The audit involved visiting a sample of four Leisure Centres unannounced in order to ensure that appropriate arrangements are in place for managing risks which could exist in the areas of collection of income, budgetary control, procurement, storage of goods and health and safety.

3. Main Findings

3.1 The centre provides a good service to its customers and clearly the centre's staff are conscientious and committed. The arrangements in relation to the centre's financial managements were good with records completed appropriately and in full. It was seen that the elements such as health and safety, safeguarding arrangements and providing training also receive appropriate attention.

4. Audit Opinion

(A) Certainty of propriety can be expressed in the administration and financial arrangements of Plas Silyn Leisure Centre as it is possible to depend on the internal controls in place and they have been followed.

**DWYFOR LEISURE CENTRE
ECONOMY AND COMMUNITY**

1. Background

1.1 Gwynedd Council Leisure Centres are within the Healthy Communities service which is part of the Economy and Community Department. There are four Area Managers who are responsible for managing the Centres under the Authority's control. Dwyfor Leisure Centre, Pwllheli, provides a number of services for the public, the area's schools, Coleg Meirion Dwyfor and several sports clubs; including a fitness room, sports hall and outside fields.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that robust arrangements exist in the Centre in order to control and alleviate risks and in accordance with the Council's internal procedures and other relevant legislations.

2.2 The audit involved visiting a sample of four Leisure Centres unannounced in order to ensure that appropriate arrangements are in place for managing risks which could exist in the areas of collection of income, budgetary control, procurement, storage of goods and health and safety.

3. Main Findings

3.1 The centre provides a good service to its customers and the staff are conscientious when administrating and providing a service to the public. However, unexpected staffing problems at the centre made it difficult to cope with every task in full and a few risks arise in this situation. Despite this, controls were in place to cope to an extent with these risks, and it was seen that staff can be promoted to be responsible for the majority of duties.

3.1.1 Though two people sign the banking forms at the end of the day, there are times when only one person counts the money from the till, which is an accepted risk when officers work alone in centres; but consideration should be given to whether the risk needs to be taken where it can be avoided. This happens due to the current staffing situation, and is one of the risks that arise because of that.

3.1.2 Mistakes on the till happen at times when the tills don't work. Though there is an effort currently to resolve the problems with tills and the system, a risk now stems from the back-up arrangements.

3.1.3 Apart from a few exceptions, there was good control on the administration of banking forms. Nevertheless, some weaknesses appeared in the controls. An example was discovered where £391.85 of income had been collected but it was only possible to account for £147.45. Following enquiries, an explanation was given for the surplus, and steps were taken to rectify it.

3.1.4 Bad-debtors and unpaid invoices were being addressed; however, the centre manager was keen to be able to monitor bad-debtors herself live on the ledger, so that income is claimed earlier.

- 3.1.5 It was seen that members' accounts remained on the system after they had ended their membership including frozen accounts. In addition, membership forms are kept beyond the necessary period. The centre had not discussed this risk of acting contrary to the Data Protection Act with the information management service.
- 3.1.6 It is understood that the staffing problems had meant that the property register had not been updated as timetabled, but that the work was in the pipeline and it will be completed and kept on the new iGwynedd system, when staff will have returned. However, property and equipment critical to the centre's work are checked on a daily basis.
- 3.1.7 A Legionella risk assessment had not been completed, which is the responsibility of the property service.
- 3.1.8 It may be that an opportunity is being lost in using the expertise of staff who have a first aid trainer qualification to train staff in other centres.
- 3.1.9 Management of the CCTV system was inadequate, stemming from the lack of training and selecting responsibility for the system, though the centre reported that they had been able to provide a tape to the police with external assistance.

4. Audit Opinion

(B) Partial assurance can be expressed of propriety in the administration of Dwyfor Leisure Centre as there are controls in place, but there are aspects where some arrangements can be tightened. The service is committed to implement the following steps to alleviate the risks highlighted:

- Manager to receive training on the ledger system in order to be able to manage the budget in a timely manner.
- Update the property register.
- Discuss the risk of keeping data beyond the required period, and the implications of the Data Protection Act for this with the information management service.
- Arrange training on administrating the CCTV system.

**BRO DYSYNNI LEISURE CENTRE, TYWYN
ECONOMY AND COMMUNITY**

1. Background

1.1 Gwynedd Council Leisure Centres are within the Healthy Communities service which is part of the Economy and Community Department. There are four Area Managers who are responsible for managing the Centres under the Authority's control. Bro Dysynni Leisure Centre, Tywyn, provides a number of services for the customers, including a swimming pool, fitness room and all-weather pitch.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that robust arrangements exist in the Centre in order to control and alleviate risks and in accordance with the Council's internal procedures and other relevant legislations.

2.2 The audit involved visiting a sample of four Leisure Centres unannounced in order to ensure that appropriate arrangements are in place for managing risks which could exist in the areas of collection of income, budgetary control, procurement, storage of goods and health and safety.

3. Main Findings

3.1 It was seen in general that appropriate internal controls are in place at Bro Dysynni Leisure Centre, but that the following aspects need to be tightened in order to alleviate the risks highlighted.

3.1.1 The Area Manager is responsible for managing finance at the Centre, and it was noted that the responsibility had not been delegated to the Duty Managers in his absence e.g. during periods when he is located at other Centres under his control. Although no budgetary control weaknesses had been highlighted, it was seen that the Area Manager had not received formal training in the field.

3.1.2 Inconsistencies in terms of payment method variances were seen on many of the till reports produced as staff count and check receipts at the end of the shift. This meant that the system had recorded more / less cash than received in reality, and on the contrary with card payments. We were informed that this was mainly due to customers initially wanting to pay with cash, for example, before changing to wanting to pay with another method, such as a card, after the staff had recorded the method of payment on Gladstone.

3.1.3 The 'For Office Use Only' section on the Request to Hire Facilities forms had not been filled by the Centre officers on all occasions. This section includes administrative information which records the steps which are a part of the process of raising an invoice, and it also provides an audit trail.

3.1.4 There were occasions where the customer was charged for VAT when the Gladstone system notes that the activity is tax exempt. It was seen that this had happened because the officers who had completed the Request to Raise an Invoice had not noted the relevant VAT code (namely 'X').

- 3.1.5 There are specific spreadsheets in the Centre to control expenditure, income and stock of goods sold e.g. from catering machines. However, examples were seen where the money received was very different from what the spreadsheets suggest.
- 3.1.6 It was seen that the risk assessments in the Centre were out of date, but we were informed that they were about to be transferred to the Health and Safety Data Base which would allow them to be updated more often.
- 3.1.7 The clock on the CCTV system was half an hour off the correct time. A member of staff corrected it there and then. However, as the access to the CCTV system is restricted, it is considered that there is a risk of unauthorised access here.
- 3.1.8 On the whole, the staff of the Centre have not completed the mandatory e-Gwynedd modules on Safeguarding and Protecting Children and Vulnerable Adults.

4. Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of the propriety in the arrangements of Bro Dysynni Leisure Centre as there are controls in place, but there are aspects where some arrangements can be tightened. The establishment has committed to implement the following steps to mitigate the risks highlighted:

- Relevant staff to be informed that the 'For Office Use Only' section on the Request to Hire Facilities forms is to be filled in on all occasions.
- Relevant staff to be informed that code 'X' should be noted on the Request to Raise an Invoice forms when the facility hired is VAT exempt.
- Ensure that access to the CCTV is restricted, and that it displays the right time and date.
- All the staff of the Centre, including casual staff, to complete the mandatory e-Gwynedd training, including Safeguarding and Protecting Children and Vulnerable Adults.

BEACHES - INCOME COLLECTION ECONOMY AND COMMUNITY

1. Background

1.1 The Council provides services to park and launch maritime vessels on many of the County's beaches, together with a management and monitoring service at the beaches over the summer season, for the enjoyment of residents and visitors. Gwynedd has an extensive coastline, which includes a number of popular and famous beaches. Many of Gwynedd's beaches have won a blue flag award including Abersoch and Morfa Bychan, which is a sign that the beaches are of the highest standard.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that adequate arrangements were in place on the Council's beaches in order to manage risks in the areas of income collection and banking.

2.2 A sample of beaches in Gwynedd was chosen to audit by visiting the beaches without prior notice to undertake checks to ensure that they comply with the main principles in relation to the collection of Council income. The beaches at Abersoch, Machroes and Morfa Bychan were audited as a sample of beaches for the purposes of the audit. There are two entrances for Morfa Bychan beach, namely entrance A and entrance B.

3. Main Findings

3.1 It appears that good arrangements exist for the administration of income of the beaches. It was seen that the relevant receipts are issued to customers. A sample of the TR34 forms 'Receipts and Banking' was audited to ensure the accuracy and detail of the documents. There are robust arrangements in place, on the whole, for banking the money as well as adequate facilities to safeguard the income which hasn't been banked. Also, it was found that the beaches charge the right fee by advertising the fees publicly on the beaches. Nevertheless, it was seen that the following aspects, involving Abersoch beach mainly, needed to be tightened:

3.1.1 While attempting to reconcile the income on the day of the audit, it was seen that there was a substantial sum of money in the cash-box at Abersoch beach. An attempt was made to check how many receipts/launching tickets had been issued to obtain a total for the day but it had not been possible to check this either as the launching tickets book had not been dated on the day of the audit. As a result, the auditors were not able to reconcile the income on the day of the audit.

3.1.2 A sample of 'Cash Reconciliation Statements' forms, which are completed at the end of the day, was audited. It was seen that Machroes and Morfa Bychan beaches complete them on a daily basis but it appears that this wasn't the system for Abersoch beach. This was highlighted in a previous audit held in November 2014.

3.1.3 While auditing the beaches' banking arrangements it was seen that Morfa Bychan beach banked every day, particularly during busy periods in the summer. Cases were seen where Abersoch and Machroes beaches did not bank regularly.

4. **Audit Opinion**

(B) **The Audit opinion is that partial assurance can be expressed of financial propriety in the income collection arrangements of Beaches as there are controls in place, but there are aspects where some arrangements can be tightened. The service has committed to implement the following steps to alleviate the risks highlighted:**

- Ensure that arrangements will be in place to ensure compliance with the procedure. Monthly audit to be held for April-September by the Senior Beaches Officer in order to ensure compliance with the requirements. Ticket system, as used on Morfa Bychan beach, to be put in place.
- Present information in our induction to ensure compliance with the requirements. Principal Beaches Officer to ensure that the procedure is followed by receiving copies of the documentation.
- Regular banking procedures to be established and shared with staff and monitored on a weekly basis in 2017.

BUDGETARY CONTROL – PROVIDER ADULTS, HEALTH AND WELL-BEING

1. Background

1.1 The Provider Services are involved in four areas: Residential Care, Day Care, Community Care and Supported Accommodation. Within the Residential Care field, there are eleven residential homes, with a designated Manager for each one. The Provider Service's final accounts for 2015/16 show an overspend, and Residential Care has contributed significantly to this.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the budgets of residential homes are managed effectively, and that any significant over/underspend is justified.

2.2 The audit encompassed selecting a sample of residential homes and checking that responsibilities had been designated appropriately, that the nature of the information received by the budget holders is suitable for their needs, and that this information is used in a purposeful way. Consideration was given to the possibility of sharing good practices and investigations were held into any cases of significant under/overspend.

3. Main Findings

3.1 A sample of four residential homes was selected for audit purposes; of those, two had shown an overspend at the end of 2015/16 and two had underspent significantly. When undertaking the audit, it was seen that the reason for the overspend on the whole was not shortcomings in the Service's monitoring arrangements. The Area Managers and the Senior Operational Manager were seen to be giving proactive input when attempting to get to grips with the areas where there is significant overspend. The following is an outline of what is considered to be the main cases of overspend over the course of 2015/6 and to date in 2016/17:

3.1.1 In the two homes which have overspent in 2015/6, the majority of the overspend stems from staffing costs. We were informed that staff absences levels had been high in the homes in general, which is a cause of concern for the Service and, therefore, work has been underway for some time now in an attempt to manage the situation. Although the Managers feel that there have been periods of improvement at times, the problem remains on the whole. This was confirmed by the sickness figures where it was seen that there had been 40,020 hours (5,408 days) of sickness between the Council's homes during 2015/16 and 19,476 hours (2,632 days) up to half way through 2016/17.

3.1.2 The homes seem to have a significant overspend on the Furniture - Purchase (3001) code. When auditing down to the level of individual transactions, it was seen that the expenditure does not necessarily stem from furniture purchase. Expenditure such as repair works on the home's property (including washing machines) and servicing of hoists is seen here. It is considered that these are unavoidable costs.

- 3.1.3 Disposing of clinical waste by Cannon adds to the unavoidable costs of the homes. We were informed that an exercise had been held to see whether it was possible to make savings here, but it was found that the current arrangements were the cheapest.
- 3.1.4 For one of the homes audited, it was seen that the travelling costs were significantly higher than the other three homes. We were informed that this was as a result of staff relocation costs. The budget of £250 a year has not been enough to pay for the costs, and as this home is one of the ones facing staffing difficulties, this budget is under pressure in general.
- 3.1.5 It was seen that one home had spent nearly £650 on the Stationery code (3939) approximately half way through the current financial year, and that approximately £600 of that was expenditure on printer ink. This is significantly higher than the other homes and is, therefore, a matter that requires attention.
- 3.1.6 It appears that the phone costs of two of the homes audited were high, and it is considered that action is required here to ensure that the service does not pay more than is needed on phone contracts.
- 3.1.7 It was enquired whether the Managers and Clerks of the homes have or want access to the financial ledger in order to see individual transactions, and possibly reduce the work load of the Payments and Accounts Units in relation to responding to enquiries. The staff of one home expressed that having access to the ledger would be useful.

4. Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of the propriety in the Budgetary Control - Provider arrangements, as there are controls in place within the Service to address the overspend across the homes but, the vast majority of the overspend stems from staffing difficulties, which is a matter that is being addressed regularly by the Managers. The service is committed to implement the following specific steps to alleviate the risks highlighted:

- Continue with the proactive work of seeking to manage the staff absences level;
- Investigate the homes' printing costs, and consider if savings can be made here;
- Hold an investigation into the phone costs of the homes, in order to ensure value for money.

SUPPORTING PEOPLE GRANT ADULTS, HEALTH AND WELL-BEING

1. Background

- 1.1 Gwynedd Council received over £5 million in grant money from Welsh Government during 2015-16 as part of the Supporting People scheme. The scheme commissions and funds over 25 providers to offer support to vulnerable individuals to keep their tenancies and avoid homelessness, with the aim of enabling the individual to live independently by providing support services associated with housing. The service can be provided in the individual's home or in a hostel, sheltered homes or any house where support is provided. The scheme provides support to a wide range of people, such as older people, people with domestic violence issues, people who are at risk of becoming homeless, people with mental health issues, and people with substance misuse needs as well as people with learning disabilities.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure the accuracy of the Supporting People grant audit certificate for 2015-16, by checking the costs claimed and the number of cases reported, as well as ensuring that the Unit has complied with the conditions of the grant letter, good practice and the Council financial procedure rules.

3. Main Findings

- 3.1 It was discovered that Gwynedd had claimed and spent the Supporting People grant in full during 2015-16. The expenditure was reconciled with the ledger and a sample of costs was tracked back to their source, including checking invoices paid to external providers as well as journals when the care was provided by other Units within the Council.
- 3.2 A sample of payments made to the external providers was tracked back to their contracts with the Council, and they were found to be appropriate.
- 3.3 As part of the contract, the Supporting People Unit carries out periodic monitoring visits of the providers in order to ensure that what is provided meets the expected standards.
- 3.4 Several 'outcomes' reported to Welsh Government were checked, for the two phases within the year. The intention with this was to collect information about the number and type of support provided. The providers submit this information for each individual to Conwy County Borough Council as the lead body of the North Wales Supporting People Region, which in turn sends a summary report of the data base to Gwynedd Council to check and send to Welsh Government. In addition, a spreadsheet is received which includes all the details of every individual who receives assistance. This information is used by the Unit in order to select a sample of outcomes to audit when carrying out monitoring visits with the providers. It was seen that these reports reconcile with that which was reported to Welsh Government, and that the Unit validates these when visiting them.

3.5 The Supporting People Unit publishes a Local Commissioning Plan every year, with the intention of outlining the existing supply of support services which involve housing, assessing the needs of vulnerable people in the future in the housing context and to review projects which already exist. However, at the time of the audit it was seen that the Plan which was on the Council's website was relevant to 2013-15, with an appendix which had a 'draft' watermark. The Unit agreed to replace this report with the 2015-18 Operational Plan, and it was seen that this has now been implemented.

4. Audit Opinion

(A) The Audit Opinion is that certainty of appropriateness can be expressed with the administration of the Supporting People Grant 2015-16 as appropriate controls are in place, which have been followed. It can be expressed that the details on the audit certificate are accurate. The Unit has committed to implement the following steps to mitigate the risks highlighted:

- Updating the Supporting People Operational Plan which is on the Council's website.

**PLAS PENGWAITH RESIDENTIAL HOME, LLANBERIS
ADULTS, HEALTH AND WELL-BEING**

1. Background

- 1.1 Plas Pengwaith Residential Home is located in the village of Llanberis. The home is registered to provide care for 32 people, and 26 residents were registered in the home on the day of the visit. The home also offers day care to non-residents who wish to use the service.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the financial arrangements of Plas Pengwaith residential home are appropriate and in accordance with relevant regulations and standards. The audit encompassed checking that the home's arrangements were sufficient in terms of administration and staffing, procurement of goods and receiving income, health and safety, and monitoring performance along with ensuring that the service users and their property are safeguarded.

3. Main Findings

- 3.1 It was seen that there was generally good control over the home's arrangements, with robust input offered from the Home's Manager and Deputy Manager. It was felt that arrangements could be tightened in some areas, mostly in order to strengthen the controls that already exist, as outlined in the points below.
- 3.2 Staff training is not completely up to date. However, the Home's Manager was aware of the situation and had already addressed the matter.
- 3.3 There was no formal evidence available (e.g. on certificate form) of the staff's qualifications. This is a responsibility that has been delegated to the staff themselves, and it was seen on the whole that their files are not kept up to date.
- 3.4 The staff do not receive formal supervision every two months, which is an expectation set in the Care Homes (Wales) Regulations and the National Minimum Standards.
- 3.5 Minor calculation mistakes were seen in one member of staff's timesheet from the sample that was checked. Nevertheless, it was seen that some of them had been corrected during the process of approval to be paid. The mistakes are not considered material so far, however, it was agreed that the matter would receive further attention.
- 3.6 Mistakes were seen in two members of staff's holiday cards, in terms of the number of hours owed that were given to them for the holiday year. As a result, it was agreed that the Manager and the Clerk would check all of the holiday cards, and confirmation was received from them the following day that they were correct.
- 3.7 A date stamp is not used on invoices, which could cause the time taken to pay suppliers seem longer than it actually is.
- 3.8 It is considered that there is room to refine arrangements in terms of fire tests, because it was seen from the log book that some tests had been omitted.

- 3.9 The 'Diogelu' / 'Safeguarding' posters were not seen in the home, therefore some of them were provided on the day of the audit and they were displayed at once.
- 3.10 Not all members of staff who provided medication had signed to express that they had read and understood the Medication Policy, but it was said that this is a process in the pipeline anyway.

4. Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of propriety in administrating Plas Pengwaith Residential Home as regulations have been established, but there are some aspects where arrangements can be tightened. The service has committed to implement the following steps to alleviate the risks highlighted:

- Continue with the work of ensuring that staff training is up to date.
- Remind the staff to include certificates in their training files, checking the situation periodically.
- Refine the arrangements in terms of staff to ensure that they satisfy the regulations.
- Check the number of owed hours that have been recorded on every member of staff's current holiday card.
- Use a date stamp to mark invoices when they are received in the home.
- Keep a closer eye on the fire tests (fire log book), ensuring that no test is omitted.
- Continue with the work of circulating the Medication Policy, ensuring that every relevant member of staff has signed to express that they have read and understood it.

**LLYS CADFAN RESIDENTIAL HOME, TYWYN
ADULTS, HEALTH AND WELL-BEING**

1. Background

- 1.1 Llys Cadfan residential home is located in the town of Tywyn. It has 28 bedrooms, eight of which are specialist units for individuals with complex or severe needs. Two of the beds have been kept for respite and intermediate care. The home also offers day care to non-residents who wish to use the service.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the management and maintenance arrangements of Llys Cadfan residential home are appropriate and in accordance with relevant regulations and standards. The audit encompassed verifying that the home's arrangements were sufficient in terms of administration and staffing, procurement of goods and receiving income, health and safety, and monitoring performance along with ensuring that the service users and their property are safeguarded.

3. Main Findings

- 3.1 There is a homely and friendly feel to the home and managers clearly appreciate the staff's commitment to their work.
- 3.2 It was seen that the staff do not receive formal supervision as often as is expected in the Care Homes (Wales) Regulations and the National Minimum Standards, which state the need for staff to be supervised every two months. Supervision is used to improve service, with additional supervision undertaken as and when necessary. It was agreed to ensure that staff do not go for much longer than two months without supervision, apart from in special circumstances such as illness or leave.
- 3.3 In the context of the fact that the home is likely to move to the e-procurement ordering system in the near future, there was no purpose in auditing the invoice processing arrangements thoroughly. However, it was seen that stamping invoices on the day of receipt is a step which has already been implemented recently to improve control and the prompt payment of invoices indicator.
- 3.4 Only one person signs and, therefore, checks, the TR34 money banking forms, which is contrary to the financial regulations. This increases the risk of failure to identify mistakes, or income not reaching the Council.
- 3.5 It was seen that the home delays before reclaiming imprest money from the Council. The Area Manager was not aware of the guidelines for the imprest accounts and the need not to spend over 2/3 of the account total before reclaiming the money was discussed.
- 3.6 On the day of the visit, it was discovered that the medication fridge thermometer had broken; therefore, the temperature had not been recorded over the weekend. Though the fridge was cold and likely to be working properly, something could have gone wrong and there was no procedure to inform the manager that the thermometer was deficient.

4. Audit Opinion

(B) Partial assurance can be expressed of the propriety in the administration of Llys Cadfan home as there are controls in place, but there are aspects where some arrangements can be tightened. The service has committed to implement the following steps to alleviate the risks highlighted:

- Change the supervision system in order to ensure that staff are supervised regularly every two months or as close as possible to that in a case of illness or leave.
- Continue to stamp invoices when they reach the home.
- Ensure that a second responsible person checks the TR34 banking forms and signs them to certify that this has been done.
- Make imprest claims more often taking into consideration the rule of not spending over 2/3 of the total before making a claim of re-payment.
- Procure a new thermometer for the home's medication fridge.
- Discuss and create a procedure with staff where deficiencies are reported and resolved immediately, specifically when medication and safety of clients are in question.

**YOUTH JUSTICE CORE GRANT
CHILDREN AND SUPPORTING FAMILIES DEPARTMENT**

1. Background

1.1 The Crime and Disorder Act 1998 places a statutory responsibility on local authorities to collaborate with the Police, Health service, Probation service and Fire and Rescue service and to establish a Youth Justice Team for their areas, ensuring that appropriate resources are provided to hold various youth justice services in accordance with Section 38(4) of the Act. A grant was received from the Youth Justice Board for England and Wales to be used in accordance with the conditions of section 41(5) of the Act. The purpose of the grant has been amended by *"Youth Justice Board for England and Wales Order 2015, Article 2c"*.

The money is used to deliver the following results:

- a reduction in youth re-offending,
- a reduction in the numbers of new offenders in the criminal justice system,
- a reduction in the use of youth custody,
- effective public safety,
- effective defence,
- access to services for the young people in the youth justice system.

The Grant is administrated by the Youth Justice Service for the Gwynedd and Anglesey areas with Gwynedd Council leading.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the Youth Justice Service complied with the terms and conditions of the Youth Justice Core Grant and that appropriate budgetary control, ordering and receipt of goods and employment arrangements existed.

3. Main Findings

3.1 It appears that robust internal controls exist in the Youth Justice Service for administrating the Youth Justice Core Grant in Gwynedd and Anglesey. However, some issues require attention as follows:

3.1.1 When auditing a sample of invoices, it was seen that 4 out of the 16 invoices had not been stamped with the date on which they were received. It is important to note the date the invoice is received, because, that date is the one that the Office Manager should record in the 'Pwynt Treth' (Tax Point) box on the TR252 coding slip.

3.1.2 During the audit, it was not possible to reconcile the orders against the invoices which had been paid, as there was no procedure of completing orders for everything which had been ordered. The Service confirmed that they would be moving over to the e-procurement system in the near future for ordering goods and services. However, in the meantime, it is good practice to raise orders when goods/services are ordered so that an adequate trail exists. It is also helpful when officers who have

ordered the goods/services are absent, in order to allow other officers to check the goods received together with processing the invoices which have been received.

- 3.1.3 The grant terms and conditions note that the Youth Justice Team is expected to submit a summary of income and expenditure detailing the expenditure against the grant together with the entire budget of the Youth Justice Service for the period from 01/04/15 to 30/09/15 to the Youth Justice Board by 30/11/15. This summary was not submitted to the Youth Justice Board until February 2016.

4. Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of the propriety in the administration arrangements of the Youth Justice Core Grant in Gwynedd and Anglesey as there are controls in place, but there are aspects where some arrangements can be tightened. The establishment has committed to implement the following steps to mitigate the risks highlighted:

- Service to ensure that each invoice is stamped with the date received and processed and sent to the Payments Section within the week.
- Service to ensure that each official order is completed every time.
- Ensure that each party is aware of the mid-term closing dates and that the Youth Justice Service Manager collects the information on time.

**FLYING START REVENUE GRANT
CHILDREN AND SUPPORTING FAMILIES DEPARTMENT**

1. Background

1.1 Flying Start is a part of the Early Years Programme for families and children aged under 4 years old who live in the most deprived areas of Wales. There are four core elements to Flying Start, namely free childcare of a high standard for children aged 2-3 years old, extended service from Health Visitors, access to Parenting Schemes and early language development. The programme is funded by Welsh Government. It was seen that Flying Start brings several agencies together, which includes collaborating with the Betsi Cadwaladr Local Health Board. The Flying Start programme is offered in a number of catchment areas in Gwynedd.

2. Purpose and Scope of Audit

2.1 Ensure that there is appropriate internal control for administering the Flying Start Grant which involves ensuring that the grant funding is spent in accordance with the terms and conditions of the grant. Select a sample of payments in the form of invoices, journals and salaries prepared by Gwynedd Council in relation to the various elements of the grant, and ensure that they are reasonable and are in accordance with the grant's objectives. Confirm that appropriate arrangements are in place to monitor the grant and claim the grant funding from Welsh Government for 2015/16.

3. Main Findings

3.1 It appears that robust internal controls exist for administering the Flying Start Revenue Grant; however, some issues require attention as follows:

3.1.1 When auditing a sample of invoices, it was seen that 12 out of the 17 invoices had not been stamped with the date on which they were received by the service. It is important to note the date the invoice is received, because that date is the one that the administrative officers should record in the 'Pwynt Treth' (Tax Point) box on the TR252 coding slip.

4. Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of the propriety in the administration arrangements of the Flying Start Revenue Grant as there are controls in place, but there are aspects where some arrangements can be tightened. The establishment has committed to implement the following steps to mitigate the risks highlighted:

- The administrative staff at Plas Pawb and Tŷ Cegin have been reminded to stamp the date on which the invoices are received. Also have reminded staff who certify invoices that they require a date received stamp.

MOT FEES HIGHWAYS AND MUNICIPAL

1. Background

- 1.1 Gwynedd Council has two workshops which provide an MOT service for vehicles; one in Caernarfon and one in Dolgellau. The workshops provide a service to the Council's fleet (up to 3.5 tonnes) and are also open to the public.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that appropriate internal controls are associated with the Council's MOT service. This was undertaken by reviewing the transactions of the financial ledger for 2015-16 and 2016-17, including checking that arrangements to collect income are adequate and that payments to external MOT workshops are appropriate.

3. Main Findings

- 3.1 The ledger for MOT tests expenditure and income was checked and it showed that the Council's Departments make appropriate use of the Council's MOT workshops. However, it was also seen that the Council makes use of external MOT workshops. This stems from the fact that the Council is not able to perform MOT tests on vehicles of over 3.5 tonnes; therefore, external providers must be used in such cases. In addition, the Council does not have an MOT workshop in Pwllheli, therefore, vehicles in this area are taken to a local company.
- 3.2 The Government has issued a list of maximum prices that any MOT Test providers can charge customers. Since 2010, the Council does not have the right to charge more than £54.85 for a category 4 MOT, namely ordinary cars. The Council charges £50 for such an MOT. It can be seen from the Cabinet Member Decision Notice, 17/02/15, that the 2015/16 fees were agreed on an appropriate level; however, the corresponding record for 2016/17 fees was not received.
- 3.3 As the Council has stations which provide MOT tests, by law the service must also be available to the public. The Council does not advertise this service very much, nor does it offer low prices to attract customers. This stems from criticism aimed at the Council in the past for drawing customers from local businesses which also provide this service. This business strategy and the option of changing the fees have not been considered as part of the 'Highways Service Strategic Review' (January 2016).
- 3.4 It was found that the Dolgellau Workshop does not bank money often enough. It was seen that there is no additional information on the TR34 (other than 'MOT Tests' and the total paid into the bank) and only one officer signs them.

3.5 It was seen that the Cibyn Workshops bank money more often with a lower value on average. The TR34 also lists every payment individually, including the receipt number and who made the payment. In order to reduce the risks associated with keeping money on the site, and to assist the customers, the Service is looking into the possibility of having machines which will enable them to accept payments by card.

4. Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of the propriety of the MOT Fees, as there are controls in place, but there are aspects where some arrangements can be tightened. The service has committed to implement the following steps to alleviate the risks highlighted:

- Inform the Dolgellau Workshop that there is a need to increase the frequency with which money is banked, and provide more details on the TR34.
- Continue to consider the possibility of introducing card payment machines at the workshops.