

COMMITTEE	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
DATE	<b>29 NOVEMBER 2018</b>
TITLE	<b>OUTPUT OF THE INTERNAL AUDIT SECTION</b>
PURPOSE OF REPORT	<b>TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 16 NOVEMBER 2018</b>
AUTHOR	<b>LUNED FÔN JONES – AUDIT MANAGER</b>
ACTION	<b>TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES</b>

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**1. INTRODUCTION**

- 1.1 The following report summarises the work of the Internal Audit Section for the period from 17 September 2018 to 16 November 2018.

**2. WORK COMPLETED DURING THE PERIOD**

- 2.1 The following work was completed in the period to 16 November 2018:

<b>Description</b>	<b>Number</b>
Reports on Audits from the Operational Plan	8

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 16 November 2018, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Interfaces with the Financial Ledger	Finance	Accountancy	High	Appendix 1
Council Tax - Refunds	Finance	Revenue	High	Appendix 2
Plas Ffrancon Leisure Centre	Economy and Community	Leisure	Satisfactory	Appendix 3
Glaslyn Leisure Centre	Economy and Community	Leisure	Satisfactory	Appendix 4
Penllyn Leisure Centre	Economy and Community	Leisure	Satisfactory	Appendix 5
Glynllifon - Income	Economy and Community	Maritime and Country Parks	Satisfactory	Appendix 6
Supporting People Grant	Adults, Health and Wellbeing	Supporting People	High	Appendix 7
Disabled Facilities Grant	Adults, Health and Wellbeing	Private Sector Housing	High	Appendix 8

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

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

### 3. FOLLOW-UP WORK

3.1 New arrangements have been established for follow-up audits. In 2017/18, a total of 163 actions were agreed to be undertaken before 31 March 2019. Following a request made to the Units/Services for information and evidence on progress agreed actions, as at 16 November 2018, there was acceptable implementation on **58.28%** of the agreed actions, i.e. 95 out of 163.

### 4. WORK IN PROGRESS

4.1 The following work was in progress as at 16 November 2018:

- Safeguarding Arrangements - Establishments (*Corporate*)
- Proactive Prevention of Fraud and Corruption (*Corporate*)
- Managing the Risk of Fraud and Corruption (*Corporate*)
- Information Management – Establishments (*Corporate*)
- General Data Protection Regulations (*Corporate*)
- National Fraud Initiative (*Corporate*)
- Employment Status IR35 (*Education*)
- TRAC Project (*Education*)
- GwE – Employment Status IR35 (*Education*)
- Purchasing Equipment through the School (*Education*)
- Schools - General (*Education*)
- Property Repairs and Maintenance (*Environment*)
- Public Transport (*Environment*)
- Systems – Patch Management (*Finance*)
- Contributions from Employers (*Finance*)
- Benefits – Review of Key Controls (*Finance*)
- Cybersecurity (*Finance*)
- Welsh Church Fund (*Economy and Community*)
- Social Services Annual Report (*Adults, Health and Wellbeing*)

- Houses into Homes Scheme (*Adults, Health and Wellbeing*)
- Children – Out of County Placements (*Children and Family Support*)
- Diesel Tanks and Diesel Management (*Highways and Municipal*)
- Flood Management (*Gwynedd Consultancy*)

**5. RECOMMENDATION**

- 5.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 17 September 2018 to 16 November 2018, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

## INTERFACES WITH THE FINANCIAL LEDGER FINANCE

### 1. Background

- 1.1 The Council has several systems for individual services that are fed into the main ledger through interfaces on a daily basis. The creditors and debtors systems are integrated with the ledger, whilst other systems are being fed through interfaces. The data is automatically transmitted, with some depending on manual intervention by loading on a temporary server or creating a record via journals. The reports are produced from individual service systems and then fed directly to the ledger or to sub-ledgers of the creditors and debtors system. Once the data has been received and posted to the ledger, it is the responsibility of the services to ensure that the information is accurate and complete by conducting reconciliations to service systems.

### 2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable systems were in place for systems interfaces to the Council's main financial ledger. In order to achieve this, the audit covered checking the procedures and controls of the interfaces in place, including checking a sample of systems that feed into the ledger to ensure their accuracy in data processing and reconciliation. A sample of interfaces was selected through the Payroll system, AIM - cash receipts, Capita Council Tax and Non Domestic Rates ("Academy") and transfers to subcontractors to the main ledger.

### 3. Audit Level of Assurance

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

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

### 4. Main Findings

- 4.1 During the audit, it was found that there were strong arrangements in place to ensure that transactions from the systems reviewed fed into the main ledger in a complete and accurate manner.
- 4.1.1 Processing controls were found to be in place for the information entered into the feeder systems, and it was found that the Systems Manager or the Technician who receive and authorise the data presented. In addition, it was found that the process was documented.
- 4.1.2 From the sample of interfaces checked, it was seen that the totals are reconciled regularly. Control totals were produced independently of each other, and then used to verify and reconcile. It was noted from the sample checked that a deputy officer could undertake the task of reconciling the figures in the absence of the responsible officer.

- 4.1.3 Controls were found to be in place within the independent systems for identifying and preventing duplicate data being transmitted.
- 4.1.4 Interfaces to the ledger could identify and prevent invalid codes from being utilised before transferring to the main system. It was noted that any invalid codes loaded into the system were either rectified or placed in a suspense account.

## COUNCIL TAX REFUNDS FINANCE

### 1. Background

- 1.1 During the financial year 2017/18, the council collected approximately £67 million of council tax revenue and approximately £2 million refunds were made throughout the year, which is equivalent to 3,400 refund transactions.
- 1.2 The service can process a refund to any account that is in credit, as a result of any overpayment made by the taxpayer. The taxpayer is able to apply for a council tax rebate or the system automatically generates a refund when it is allowed i.e. when an account is closed, to clear any remaining credit. Taxpayers receive refund payments by cheque, but has the option of applying to receive payments through BACS which is processed through the Payments Unit based on the submission of the payment instruction form TR27b.
- 1.3 Recently, a case of fraud in an authority in South Wales has been reported on the news. A member of staff generated false claims and diverted money into her personal bank account. It was reported that over £48,000 funds had been stolen. In the current economic climate, there has been a reduction in the traditional methods of conducting thorough checks. This emphasises the importance of compensating controls to counter fraud.

### 2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements are in place for generating council tax refunds. During the audit, a sample of refunds made during the 2018/19 financial year were examined to ensure appropriate procedures were in place, that they had been followed correctly and an audit trail was in place.  
The Revenue Systems Manager expressed an intention of establishing a new system for payment of refunds, with the first option to receive payment by BACS with an aim to reduce payments by cheque. This is intended to reduce the costs of processing cheques. The audit therefore included checking controls for mitigating any risk of fraud that may arise from these changes.

### 3. Audit Level of Assurance

- 3.1 The controls for risk mitigation were examined. The auditor's assessment concludes that the level of assurance of the audit is as follows (the opinion excludes the proposed processing of refunds by BACS directly from the Academy system as the arrangement is not currently operational and there is no certainty to date what controls/exception reports can be produced to mitigate risks):

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

#### **4. Main Findings**

- 4.1 It was found that strong internal controls were in place for the payment of Council Tax refunds. A random sample of 65 refunds was selected consisting of 15 transfers between bills, 20 refunds specifically processed through BACS for the financial year 2018/19 to ensure that council tax refund had been carried out in an appropriate manner.
- 4.1.1 From the sample of refunds checked, all appear to be valid with evidence or/and appropriate reasons supporting them.
- 4.1.2 A sample of transfers were checked within accounts/from bill to bill and all were found to have been transferred correctly and agreed with the credit from the previous bill. No transfer of payments between systems was found.
- 4.1.3 The refund approval procedure was reviewed and the Revenue Systems Manager confirmed that certain officers carried out checks before the batch of refunds were released for payment. It was found that separation of duties existed within the system for the process of generating and authorizing the refunds.
- 4.1.4 Reconciliations of payments are maintained and tests were carried out to ensure that the system agreed with the totals paid.
- 4.1.5 Under the new arrangements for payment of refunds by BACS as the first option, it was found that the risk of fraud arising has increased. The BACS refunds are authorised and paid directly from the system, with no additional checking arrangements in place such as checking how many refunds are made to the same bank account. It has therefore been agreed with the Taxation Manager and the Revenue Systems Manager that the service investigates the generating of bespoke reports to conduct these checks or the possibility of establishing compensating controls.

#### **5. Actions**

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

- **Investigate the possibility of producing a report with all repayments by BACS including details of the payee, the date of payment, the amount and details of the bank account that the refunds will be paid into them.**

## PLAS FFRANCON LEISURE CENTRE ECONOMY AND COMMUNITY

### 1. Background

- 1.1 Gwynedd Council's Leisure Centres are a part of the Healthy Communities Service within the Economy and Community department. Four Area Managers are responsible for managing the Centres which are under the Authority's management. Plas Ffrancon Leisure Centre provides a number of services to the public, including fitness/weight rooms and fitness classes.

### 2. Purpose and Scope of Audit

- 2.1 Ensure that robust arrangements have been established at Plas Ffrancon Leisure Centre, in order to properly manage and mitigate risks and to ensure compliance with the Council's internal procedures and other relevant laws.
- 2.2 The audit covered visiting the Centre to conduct an audit to ensure that appropriate arrangements were in place for managing various risks that might exist in the areas of income collection, budgetary control, procurement, storage of goods and health and safety.

### 3. Audit Level of Assurance

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

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

### 4. Current Score Risk

- 4.1 The audit's risk are as follows:

<u>Risk Level</u>	<u>Number</u>
<b>VERY HIGH</b>	<b>0</b>
<b>HIGH</b>	<b>0</b>
<b>MEDIUM</b>	<b>3</b>
<b>LOW</b>	<b>1</b>

### 5. Main Findings

- 5.1 Satisfactory internal controls were observed at Plas Ffrancon Leisure Centre, with the need to tighten on some aspects, the areas that need attention are detailed below:
- 5.1.1 A sample of TR34 and TR34cc forms were reconciled during the visit. Income was generally dealt with accurately but it was found that in many cases a surplus/deficit had been recorded under codes other than 'J'. Trying to find a reason for surplus/deficit is good practice but use of the 'J' account should be made if there is no robust explanation for a surplus/deficit.

- 5.1.2 On August 20, 2018, the time observed on the CCTV system was 8 minutes later than the actual time. The Duty Manager stated that the difference had been more at times and staff were not aware of how to reset the system's time and date. Each Duty Manager has access to the CCTV system. It was expressed during the visit that the Centre's managers had not received training on the CCTV. Concerns were also expressed that there was no longer a company responsible for the maintenance of the system as the previous agreement had expired.
- 5.1.3 The Leisure Centre has adopted the 'Legend' system. The system is a digital solution to record many tests/tasks carried out in the Center on a daily/weekly/monthly basis. The Duty Manager stated that difficulties with the system's upload process led to loss of data. This meant that, although the Duty Manager was confident that the tests had been completed, there was no record of the completion of fire and legionella tests for several weeks.
- 5.1.4 The Leisure Centre stock records are kept on Excel spreadsheets. Drink stock records for June and July 2018 were checked. Cleaning stock records were received for July 2018. On the day of the visit, stock levels were found to be reasonable, therefore there was no risk of loss of income due to insufficient stock levels. Stock checking documentation, on the other hand, was problematic. June records showed that 0 'Brecon water' bottles were in stock or had been bought or sold for the month. Water bottles were found in the store. '*total stock @ end of the month*' column was completed as '0' for each item in June. In July, each box was '0'. It is likely that no stock checks were carried out through July and the beginning of August. The number of items seen in the cleaning materials store was different from what was seen on the stock check sheets in some cases. There were also examples of negative numbers in the '*remaining*' stock column for some items. This may be the result of spreadsheet formula errors.

## **6. Actions**

**The Duty Manager and the Area Manager have committed to implement the following steps to mitigate the risks highlighted.**

- **Use J code in TR34 and TR34cc forms where necessary**
- **Liaise with an appropriate officer or company to arrange maintenance for the CCTV system and training on the system for the Centre's Managers.**
- **Healthy Living Service to test the 'Legend' system and report on any problems that arise to the Area Manager.**
- **Ensure that stock checks are completed on a regular basis, that the checks encompass the relevant products and that the spreadsheets used contain appropriate formulas.**

## GLASLYN LEISURE CENTRE ECONOMY AND COMMUNITY

### 1. Background

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

### 2. Purpose and Scope of Audit

- 2.1 Ensure that robust arrangements have been established in the leisure centres, in order to properly manage and mitigate risks, and to ensure compliance with the Council's internal procedures and other relevant laws.
- 2.2 The audit involved visiting a sample of four Leisure Centres in Gwynedd for inspection to ensure that appropriate arrangements were in place for managing various risks that might exist in the areas of income collection, budgetary control, procurement and storage of goods and health and safety.

### 3. Audit Level of Assurance

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

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

### 4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

### 5. Main Findings

- 5.1 Adequate internal controls have been found to exist at Glaslyn Leisure Centre, but some aspects need to be tightened. The areas that need attention are detailed below:
- 5.1.1 The centre's stock records do not match the quantities that were seen on the day of the visit. A sample of 8 items was selected in the store room and checked in order to ascertain if the quantities agreed with the stock records. The quantities were not correct for any of the items. For one item, the stock records confirmed that July's opening stock number 21, and August's opening stock number was 8. However, no stock was sold during this period.

The Receptionist confirmed that stock checks are conducted on the first of every month, and that August's sales had not yet been recorded, which explained the difference in numbers. He remembered that there had been a problem with the till at end of July, which could mean that sales for the period were not processed until August, and that is why no sales were recorded for the period. Following the visit the Area Manager requested that the Receptionist to kept a more detailed record of the stock.

- 5.1.2 No checks were found to be taking place for the chemical stocks levels. The Assistant Area Manager confirmed during the visit that he was sure these were being carried out, but the records could not be found at the time. Following the visit, confirmation was received that checks were not carried out.
- 5.1.3 The CCTV system is not set at the correct time. The system was checked at 9:15 on Tuesday morning, August 21. However, although the date agreed, the system confirmed the time as 9:47. The Assistant Area Manager confirmed following the visit that the time was now rectified.
- 5.1.4 The Personal Emergency Evacuation Plans (PEEP) are not dated. It was found that the Assistant Area Manager had signed to confirm that he had reviewed the plans, but the date had not been confirmed, making it difficult to know when they were last reviewed. He agreed to do this in the future.
- 5.1.5 The fitness and weight rooms were visited during the visit. It was seen that there was a keypad on the doors, with the code being shared with customers who have paid for the use of the facilities. The keypad code is changed weekly. However, the rooms could be accessed through the unlocked side doors. The Assistant Area Manager confirmed that these were often opened by customers. The door can be locked from the outside with a key, but a key is not required to open the door from the inside. Staff have been instructed to check that the doors are locked, however, they were open during the visit. Following the visit, confirmation was received from the Assistant Area Manager that he had again reminded staff to carry out frequent checks of the doors.

## **6. Actions**

**The Area Manager and the Assitant Area Manager has committed to implementing the following steps to mitigate the risks highlighted.**

- **Ensure that stock records are detailed and accurate at all times, with any discrepancies investigated.**
- **Arrange that monthly checks are carried out on the chemical stock levels.**
- **That frequent checks are made to ensure that the doors are locked.**
- **Ensure the CCTV system is set at the right time.**

## PENLLYN LEISURE CENTRE ECONOMY AND COMMUNITY

### 1. Background

- 1.1 Gwynedd Council's Leisure Centres are part of the Healthy Communities service, within the Economy and Community Department. There are 4 Area Managers responsible for managing the Centres that are managed by Gwynedd Leisure Company. Penllyn Leisure Centre provides a number of services to the public, including a swimming pool, fitness / weights rooms and fitness classes.

### 2. Purpose and Scope of Audit

- 2.1 Ensure that robust arrangements have been established at Penllyn Leisure Centre, in order to properly manage and mitigate risks, and to ensure compliance with the Council's internal procedures and other relevant legislation.
- 2.2 The audit covered visiting the centre to carry out an audit to ensure that appropriate arrangements were in place for managing various risks that might exist in the areas of income collection, budgetary control, procurement and storage of goods, and health and safety.

### 3. Audit Level of Assurance

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

Assurance Level	Description
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects where the arrangements can be tightened to further mitigate the risks.</b>

### 4. Current Risks

- 4.1 The audit's risk are as follows:

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

### 5. Main Findings

- 5.1 It was seen that the Centre's arrangements were generally sound with administrative work being completed correctly. Daily tasks were consistently completed in a timely fashion and recorded and administered efficiently:

- 5.1.1 There was stock control for foods and goods but not for COSHH<sup>1</sup> chemicals. Although the correct certificates were available and displayed in the chemical storage areas, staff did not have a system of recording stock levels of any chemicals / substances. Section HS-09-3.1 of the IMS<sup>2</sup> references the need to record the stock of any COSHH chemicals.
- 5.1.2 It was found that the room that kept the general cleaning materials and chemicals was not locked during the visit. On this occasion, a member of staff was cleaning the fitness room which is opposite the room cleaning chemicals are stored.
- 5.1.3 It was seen that there was regular use of the Legend tablet for daily checks as well as checks related to Health and Safety. In addition, it was seen that the Centre continued to record checks on paper as well. This may be an unnecessary duplication of work.

## **6. Actions**

**The Assistant Area Manager has committed to implement the following steps to mitigate the risks highlighted:**

- **Ensure records for COSHH chemicals are kept and included in stock check procedures.**
- **Ensure that all rooms that store chemicals are locked at all times.**

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<sup>1</sup> COSHH – Control of Substances Hazardous to Health

<sup>2</sup> IMS – Integrated Management System

## PARC GLYNLLIFON INCOME ECONOMY AND COMMUNITY

### 1. Background

- 1.1 Following a planned audit on income collection within the Maritime and Country Parks Service, the the Audit and Governance Committee requested an investigation into the arrangements in place for the collection of visitor entry fees to Parc Glynllifon. The current procedure is that the shop holder near the Park's entrance collects fees from visitors and then transfers the money collected (less commission of 15% + VAT) directly to the Council and sends supporting information to the Service. Due to a lack of resources, the Service does not check the number of visitors and there is no evidence to support the information presented by the Shop, however the Service is confident that the figures are reliable and that the arrangement provides value for money to the Council.

### 2. Purpose and Scope of Audit

- 2.1 Due to the fact that there are no checks of Parc Glynllifon visitor numbers or the entry fees collected, the purpose of the audit was to look at the arrangements, the income collected since 2009 and a comparison of historic and present entry fee collection arrangements. This was achieved by interrogating at the financial ledger and the current and previous staffing structures.

### 3. Audit Level of Assurance

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

Assurance Level	Description
<b>SATISFACTORY</b>	<b>There are controls in place to achieve objectives but there are aspects where the arrangements can be tightened to further mitigate the risks.</b>

### 4. Current Risks

- 4.1 The audit's risk are as follows:

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

### 5. Main Findings

- 5.1 The income collected has been relatively consistent (approximately £14,000 annually) since the start of the arrangement with the Shop in 2014, but as a result of structural changes and staffing responsibilities in the Park, it was not possible to make a fair comparison of the financial performance of collecting entry fees between the current arrangements and those before 2014.

- 5.1.1 Glynllifon Improvement Working Group was established by the Development Scrutiny Committee to consider the options for the management of Parc Glynllifon. A package was formed which included the Shop and the Café and tenders were invited for the lease. Following the commencement of the lease however, the arrangement was not successful and no entry fee income was received in the 2012-13 or 2013-14 financial years. As a result, the tenant yielded responsibility for the Shop and a separate lease was created for the Café and Shop with a tendering process undertaken in 2014. The tender was won by the current occupier who signed a lease for a period of 3 years in August 2014.
- 5.1.2 The lease has not been renewed but the tenant continues to run the Shop. In accordance with the lease, the tenant has paid an annual rent of £2,500 to the Council. It was explained that the Property Service was working on the process to renew the lease and review the rent.
- 5.1.3 The lease stipulates that the tenant is responsible for selling daily and annual tickets for entry to the Park during the opening hours of the shop in accordance with the owner's instruction. It is also noted that the tenant is responsible for keeping a detailed record of the money received for entry tickets and paying these over to the landlord. It was seen that leaflets were available in the Shop promoting the annual membership card and that all the entry fees were clearly displayed on a board behind the counter.
- 5.1.4 Income is transferred to the Council 3 or 4 times a year with a 'payment note' provided to the Service for each transfer. Examples of 'payment notes' from the shop were seen which identified income received for an amount that would not be possible within the pricing list. This suggests that the amounts could be inaccurate or that extra money e.g. small change is given/left by some customers. The Maritime and Country Parks Officer committed to investigate this anomaly by contacting the leaseholder.
- 5.1.5 In 2009 and prior to the restructuring to identify savings, the Council employed a manager, assistant-manager and 2 wardens within the Park. The Council currently employs two members of staff for 4 days, namely an Assistant Manager and Assistant Warden / Estate Worker. This is highlighted in staffing costs and decisions such as to cut the 'Park Manager' Post in July 2011 and 'Parks Assistant' posts. As a result there was a reduction in staffing costs from £110,288 in 2009 compared to £50,765 in 2017. Due to these changes, there are insufficient resources in terms of facilities or time available for the current employees to collect entry fees and monitor visitors.
- 5.1.6 The fact that the shop is open 7 days a week enables income to be collected every day of the week with no additional staffing costs to the Council. Although the Council may be giving up a percentage of the fees as a commission, this option provides better value for money as it seems that alternative arrangements would lead to increased staffing costs to the Council that would outweigh any increase in income. There is a risk attached to the fact that there is no evidence presented with the payments made to the Council, but there is a concern that trying to force the leaseholder to present thorough evidence could adversely affect a relationship that is based on trust. There is also a risk that the leaseholder would be unwilling to work with the Council with the same level of willing cooperation.

- 5.1.7 The Maritime and Country Parks Officer's view is that the Council should be thankful that any income is received considering the current circumstances with staffing and budget, and that this risk is acceptable when considering the relatively low value of the income, and the costs that would be associated with alternative arrangements.

**6. Actions**

**The Maritime and Country Parks Officer has committed to implement the following steps to mitigate the risks highlighted:**

- **Discuss with the leaseholder in order to obtain further details of visitor numbers and which category of visitors/payments have been received**

## SUPPORTING PEOPLE GRANT ADULTS, HEALTH AND WELLBEING

### 1. Background

- 1.1 A grant in excess of £5 million was allocated to Gwynedd Council by the Welsh Government during 2017-18 as part of the Supporting People scheme. The scheme commissions and funds a number of providers to offer support to vulnerable individuals to retain their tenancy and avoid homelessness, with the aim of enabling individuals to live independently through the provision of housing related support services. The service can be provided at the home of the individual or in a hostel, sheltered homes, or any supported housing. The scheme provides support to a wide range of people, such as older people, people with domestic violence problems, people at risk of homelessness, people with mental health problems, substance misuse as well as 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 2017-18, by reviewing the costs claimed in the number of reported cases, as well as ensuring that the Service had complied with the conditions of the grant offer letter, good practice and the Council's financial procedure regulations.

### 3. Audit Level of Assurance

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

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

### 4. Main Findings

- 4.1 During 2017-18 the Supporting People scheme had underspent £52k against the total grant allocation. Surplus funds are kept in a specific fund, but over the years, the historical underspend has accrued, and at the request of the Welsh Government the Service funded over half a million of Supporting People expenditure 2017-18 using this historic underspend. The expenditure was reconciled with the ledger and a sample of costs was traced back to their sources, including invoices paid to external providers and internal transfers made where the service was provided by other Units within the Council. They were deemed appropriate and the financial details of the audit certificate was declared to be correct.

- 4.2 Condition 11 (a) (iii) of the grant offer letter states that all original documents associated with the funding needs to be retained until the Welsh Government informs the Council that they may dispose of them. Invoices are usually destroyed by the Council six years after the current year. For invoices that need to be retained for an extended period, due to the requirements of an audit trail in the terms of the grant, for example, then pink (as opposed to yellow) TR252 coding and authorisation slips are attached. It was discovered that the Service uses yellow slips when paying invoices, which pose a risk of the invoices being destroyed before the Council receives instruction from the Welsh Government to do so. However, at present, all the Council's invoices are kept for the extended periods, so this risk is low, but it would be good practice to use pink slips from now on.
- 4.3 The number of 'outcomes' reported to the Welsh Government for both periods within the year were reviewed. This is intended to gather information on the number of and type of support given. The providers present this information for each individual to Conwy County Council as the lead body of the North Wales Supporting People region, which then sends a summary report of their database to Gwynedd Council for checking and submission to the Welsh Government. In addition, a spreadsheet containing all the details of each person receiving support is received. This information is used by the Service to select a sample of outcomes to verify when conducting periodic monitoring visits with the providers. It was seen that these reports were consistent with what was reported to the Welsh Government, and that the Service verifies them when conducting visits.

## **5. Actions**

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

- **Use pink invoice coding and authorisation slips (TR252) to ensure that invoices are not prematurely destroyed.**

## **DISABLED FACILITIES GRANT ADULTS, HEALTH AND WELL-BEING**

### **1. Background**

- 1.1 Disabled Facilities Grant (DFG) is available for disabled people to assist them financially with work to provide facilities and make adaptations to their houses. The maximum grant limit in Wales is £36,000 per application, although in exceptional cases, an additional loan may be awarded, by means of a Discretionary Disabled Facilities Loan (DDFL).
- 1.2 The grant may be applied for by a referral from an occupational therapist only, to ensure that the individuals are eligible and meet disabled person's criteria. A means test will be carried out for each applicant based on the individual's income and capital in order to calculate their contribution towards the adjustments.

### **2. Purpose and Scope of Audit**

- 2.1 The purpose of the audit was to ensure that there are robust arrangements in place for the administration of Disable Facilities Grants and to confirm that systems and internal controls are in place to ensure that the Grant is being used for the appropriate purposes.
- 2.2 This was done by selecting a sample of applicants who have received the grant to ensure that all individuals have application forms, are eligible and have been referred by an occupational therapist, and that the individual's financial contributions towards the work is calculated correctly.

### **3. Audit Level of Assurance**

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

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

### **4. Main Findings**

- 4.1 It was observed that appropriate arrangements were in place for the administration of the disabled facilities grant and that the grant was being used for appropriate purposes.
  - 4.1.1 It was seen that the Council had published a 'Disabled Facilities Grant' booklet which summarises what is available to the public. In addition, the Service has their own site within the Council's website, which includes details of the grant. There have been no further advertising, such as on social media, as it can be misleading and could lead to a number of applications that are ineligible. It is believed that there is no significant risk of qualifying individuals missing out, as medical professionals are aware of what is available and inform eligible clients.
  - 4.1.2 From the sample of applications checked, all appeared to be eligible to receive the grant and all applicants had submitted the appropriate documentation.

- 4.1.3 It was seen that at least two quotes were received for all applications, and a tender report for significant work. The successful quotes were checked against the actual cost of the work for all the claims and at times the actual cost of the work exceeded the quote given prior to the commencement of the work, but there was a valid reason for this.
- 4.1.4 The monitoring of housing sales ensures that any grant over £5,000 is subject to a local land charge for 10 years. The selected sample was checked and this control was seen to be in place.