COMMITTEE	**AUDIT AND GOVERNANCE COMMITTEE**
DATE	**13 JUNE 2019**
TITLE	**OUTPUT OF THE INTERNAL AUDIT SECTION**
PURPOSE OF REPORT	**TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 31 MARCH 2019**
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**

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1. INTRODUCTION

1.1 The following report summarises the work of Internal Audit for the period from 4 February 2019 to 31 March 2019.

2. WORK COMPLETED DURING THE PERIOD

2.1 The following work was completed in the period to 31 March 2019:

Description	Number
Reports on Audits from the Operational Plan	19

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

2.2   Audit Reports

2.2.1   The following table shows the audits completed in the period to 31 March 2019, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Managing the Risk of Fraud and Corruption	Corporate	-	Satisfactory	Appendix 1
Whistleblowing Policy – Gwynedd Schools	Education	Resources	Satisfactory	Appendix 2
Employment Status IR35	Education	Resources	Satisfactory	Appendix 3
GwE – Employment Stats IR35	GwE	-	Limited	Appendix 4
Purchasing Equipment through the School	Education	Schools	Satisfactory	Appendix 5
Pest Control	Environment	Public Protection	Satisfactory	Appendix 6
Licensing Arrangements	Environment	Public Protection	Satisfactory	Appendix 7
Property Repair and Maintenance	Environment	Council Land and Property	Satisfactory	Appendix 8
Contribution from Employers	Finance	Pensions and Payroll	Satisfactory	Appendix 9
Benefits – Review of Key Controls	Finance	Revenues	High	Appendix 10
Disposal of IT Equipment	Finance	Information Technology	Satisfactory	Appendix 11
Cybersecurity	Finance	Information Technology	Satisfactory	Appendix 12
It Disaster Recovery Arrangements	Finance	Information Technology	Satisfactory	Appendix 13
Employment Status - Economy and Community IR35	Economy and Community	Across the Department	High	Appendix 14

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
Caernarfon Waterfront and Town Centre Regeneration Initiative – Governance Arrangements	Economy and Community	Strategy and Development Programme	High	Appendix 15
On-call and Emergency Arrangements	Adults, Health and Wellbeing	Across the Department	Satisfactory	Appendix 16
Social Services Annual Report	Adults, Health and Wellbeing	Across the Department	High	Appendix 17
Children – Out of County Placements	Children and Family Support	Children and Families	Satisfactory	Appendix 18
Street Enforcement	Highways and Municipal	Waste Management and Streets	Satisfactory	Appendix 19

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

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

3. 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 31 March 2019, there was acceptable implementation on **94.48%** of the agreed actions, i.e. 154 out of 163. No response was received in respect of the following audits:

- Smallholdings (3 actions)
- Arrangements for Children leaving Care (1 action)
- Recycling Targets (5 actions)

4. WORK IN PROGRESS

4.1 The following work was in progress as at 1 February 2019:

- Care and Support Plans (Children) under Part 4 Social Services and Wellbeing Act (Wales) 2014 *(Children and Family Support)*
- 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 4 February 2019 to 31 March 2019, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

MANAGING THE RISK OF FRAUD AND CORRUPTION
CORPORATE

1. Background

1.1 A local authority is self-regulating in respect of counter fraud. It should aim to show that it undertakes realistic self-assessment and has identified and understands the major risks. It should acknowledge the problems and put in place plans which can demonstrate that it is taking action with visible outcomes. The "Risk of Fraud, Bribery and/or Corruption" has been identified as one of the Council's corporate risks. A report by the Senior Manager – Audit and Risk was presented to Audit and Governance Committee on the 14 February 2019, stated, "*Currently, this is considered to be of a low risk (score of 4) within the context of the Council's governance framework*".

2. Purpose and Scope of Audit

2.1 A "Fighting Fraud and Corruption Locally" 2016-19 checklist was developed, supported by CIPFA's[1] Counter Fraud Centre focussing on 34 standards. The Authority's compliance with each of these standards was reviewed. Activity in relation to each standard was measured using the following scales:

Grade	Definition
	Compliant with the checklist
	Compliance to an extent, but additional work needed in order to fully comply
	Failure to comply
	Not applicable

3. Audit Level of Assurance

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

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

4. Current Score Risk

4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	1
LOW	0

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[1] Chartered Institute of Public Finance and Accountancy

5.   Main Findings

5.1 The self-assessment against the checklist shows that the Council complies fully with 22 out of the 34 standards, with 12 partially complying.

5.2 Several of the standards refer to an Anti-Fraud Team. Gwynedd Council does not have a dedicated Counter Fraud Team, but fraud and investigations will be carried out by the Internal Audit Service. For local authorities with dedicated anti-fraud teams, they have specific work plans for carrying out fraud investigations as well as proactive anti-fraud and prevention work.

5.3 The work of conducting fraud investigations in Gwynedd falls on the Internal Audit Service. In the annual audit plan, provision is made for fraud and corruption prevention work together with the National Fraud Initiative exercise. The provision for 2019-20 is 40 days and a 40 day provision has been earmarked for undertaking responsive work.

5.4 Due to the fact that Gwynedd Council does not have a dedicated Anti-Fraud Team, this means that it is not possible to comply fully with the 34 standards.

5.5 Actions have already been identified for:
- Workshops are held and good practice shared
- Working together to develop fraud investigations
- Report to the Audit and Governance Committee on fraud prevention work biannually
- Raise awareness of fraud across the Council
- Provide training.

5.6 It was seen that the Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy 2019-22 was at present not available to staff on the Policy Centre.

6.   Actions

The Senior Manager – Revenue and Risk has committed to implement the following to mitigate the risks highlighted:
- **Ensure that the Anti-Fraud, Anti-Bribery and Anti-Corruption Strategy 2019-22 is made available on the Council's Policy Centre.**

WHISTLEBLOWING POLICY – GWYNEDD SCHOOLS
EDUCATION

1. **Background**
   In the Children's Commissioner for Wales' Audit Report on allegations of child sexual abuse in a school (Clywch Inquiry, June 2004), the following was recommended:
   "I recommend that the Welsh Assembly Government issues guidance, within 6 months of the Publication of this report, which requires the governors of all schools, whether they be community, voluntary aided, voluntary controlled, foundation or independent schools and further education colleges to have a whistleblowing policy in place and that all teachers and non-teaching staff are informed as to its operation".
   In response to the recommendation, the Welsh Government made a commitment to consult on, and publish 'best practice' guidance to assist governing bodies in setting up whistleblowing procedures for all school staff.

2. **Purpose and Scope of Audit**
   2.1 The aim of the audit was to ensure that there were suitable arrangements in place for individuals to raise concerns, without fear of reprisal, discrimination or consequent disadvantage, by checking that a whistleblowing policy had been adopted by the county's schools. In order to achieve this, the audit covered checking that a current policy was in place, that it was readily available, e.g. on the school website, and that it had been formally adopted by the relevant governing body. School workers' awareness of the policy was not verified during this inspection.

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

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

4. **Current Score Risk**
   4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	2
LOW	0

5. Main Findings

5.1 A Whistleblowing policy has been devised with the intention of encouraging employees to come forward and to report serious concerns they have about practice, in order to maintain public confidence and to protect the reputation of the Council. The policy is intended to encourage and enable employees to share serious concerns internally rather than choose to seek to resolve things externally.

5.2 Gwynedd Council's 'Whistleblowing Policy for School Staff' is based upon the Welsh Government's model policy 'Whistleblowing Procedures in Schools and Exemplar Policy' Welsh Assembly Government Circular December 2007. The Whistleblowing policy is a non-statutory policy for school Governors in accordance with the Welsh Government's requirements. It is not mandatory that schools have a policy in place but it is considered good practice. The importance of having a robust arrangement was reinforced at a Full Council meeting on 7 March 2018, where the Council's Whistleblowing Policy and concern about the protection of 'whistleblowing' workers was discussed.

5.3 The establishment of a Whistleblowing Policy should not diminish the commitment of the governing body. The Government's procedures are set out:

"The establishment of a whistle-blowing policy should also not in any way diminish the commitment of the governing body to deal with concerns expressed by individuals other than school staff, i.e. parents, pupils, governors, etc., under its complaints procedure or any other relevant procedures".

5.4 During January 2019, the Education Department sent a package of policies to all schools in Gwynedd which included Gwynedd Council's 'Whistleblowing Policy for School Staff' template. The policy is also included within the Education Department Safeguarding Pack. Following this, each Head teacher was contacted by email in order to find out if the Schools had a current policy in place and that it had been formally adopted by the Governing Body, and all staff had easy access to the policy. The results are as follows:

5.4.1 101 schools were emailed twice and 77 responded, which is 76%.

	Number of Schools	Number of Responses	Not responded
Primary	86	63	23
Secondary	13	12	1
Special	2	2	0
Total	**101**	**77**	**24**
		76%	**24%**

5.4.2 Of the responses received, 71 Schools provided a version of a whistleblowing policy. The versions received varied in content. 6 schools did not provide a policy.

5.4.3 Fifteen schools supplied different policies from the Education Department's latest policy, these included the Education Department's previous policies such as the 'Disclosure Policy/Ring the Bell' School service version 2010 and 2015. The policies were seen to refer to the Council rather than the Governing Body, referring to the Chief Executive as Accountable Officer and reference to posts that now do not exist within the Council. *"This policy applies to all council staff and Contractors carrying out work for the Council on Council premises, such as agency workers or builders; Suppliers and those providing Services under contract with the Council on their own property, such as care homes".*

5.4.4   There were some similarities in comparing these policies with the current policy, for example, both refer to the Public Interest Disclosure Act 1998 and refer to 'Public Concern at Work' (PCAW). The Act protects employees from persecution if they make a disclosure. The PCAW is an independent Charity that is now knows as 'Protect'. They provide confidential advice to individuals who wish to raise a concern about fraud and other serious misconduct.

5.4.5   Not all schools had adopted the latest whistleblowing policy, several schools noted that the adoption of the policy had been placed on the agenda of the next Governors' meeting. For the schools that had already adopted the policy, the minutes were seen to confirm this. However, a small number of schools adopted the policy over three years ago with one adopted in 2013.

5.4.6   Although the policy was shared with schools in January 2019, one Secondary School Head teacher stated that they had not received any policy from the Authority. Schools should have received the policy as part of the annual Safeguarding Pack before the latest version is sent out, however it is possible to access Department of Education policies through HWB which is the Education Department's iGwynedd site, which all Head teachers have access to.

6.   Actions

The Education Department has committed to implementing the following steps to mitigate the risks highlighted:

- **Re-send a whistleblowing policy template to schools that do not use the current version and for schools that did not respond.**
- **All Head teachers in Gwynedd to receive a copy of the 'Whistle-Blowing Policy-Gwynedd Schools' audit report to that they can act as appropriate to the school.**

EMPLOYMENT STATUS
EDUCATION

1. Background

1.1 'Employment status' indicates whether an individual is employed or self-employed according to HM Revenue and Customs' definitions in 'IR35: Countering Avoidance in the Provision of Personal Services' legislation. The employment status of an individual has an impact on employer's tax payments and national insurance contributions, and wrong employment status can result in financial penalties by HM Revenue and Customs. An individual's employment status is denoted by considering several factors, and employers can use a 'Check employment status for tax' test on the UK Government's website to evaluate statuses. When conducting an inspection, HMRC looks at the nature of the relationship between employees and the employer rather than looking at an agreement in order to come to an opinion on whether or not the arrangement should be part of IR35.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the Council correctly paid individuals based on their employment status by investigating whether there were any individuals who were paid by invoice who should have actually been on the Council's payroll. In order to achieve this, the audit encompassed checking the general ledger and selecting a sample of payments made to agency or consultant workers and considering the circumstances of the individuals in relation to their employment status.

3. Audit Level of Assurance

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

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

4. Current Score Risk

4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	2
LOW	0

5. Main Findings

5.1 The financial ledger was checked for examples of regular payments made to suppliers using the spending codes for 'Client Services'. Payments to one supplier attracted attention, but the system appeared to have ceased, so there was no further investigation. However, recent cases have been investigated below.

5.1.1 Consistent payments were found to have been made to one supplier for a period of time. It was seen that a payment by invoice was paid in October 2017 and that regular monthly payments continued until April 2018. It was found that another person had started as an equivalent officer in the Education Department in April 2018 who was on the payroll which suggests that this is a job that should be a part of the payroll system.

5.1.2 This person was receiving payments for attending conferences and using the employer's IT resources and materials. IR35 rules indicate that self-employed individuals should be responsible for their own training and materials.

5.1.3 It was found that the supplier attached a copy of the result of the employment status check off of the UK Government's website. He stated that he was self-employed and was entitled to send a substitute to carry out work on his behalf. This right is meant to indicate that the company is providing the service rather than the individual. In fact, HMRC would consider the relationship between the employee and the client in an investigation, and the Department would need to prove that the expertise and experience of the individual was not the basis for the service arrangement. It is unlikely that it would be possible to send a seconder at short notice due to the need for special rights for admission to the Council's offices and systems.

5.1.4 There were also regular payments to another supplier. However, the number of payments made annually has decreased since 2017 and no payment has been processed since September 2018.

5.1.5 There are potential financial implications associated with these decisions, so each of the Council's departments need to be careful and consider the Employment Status rules when staff retire or duties/projects need to be accomplished. Education Officers are responsible for reviewing the way they 'employ' or commission work, and is it their responsibility is to ensure that employees' employment status is correct and within the statutory guidance.

6. Actions

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

- **Undertake an analysis of staff to identify risks relating to a workforce that is close to retirement to ensure that essential information is kept within the Education Department.**
- **Ensure that employees are part of the staff/payroll where necessary, by implementing IR35 rules when considering paying for future services.**

EMPLOYMENT STATUS
GwE

1. Background

1.1 'Employment status' indicates whether an individual is employed or self-employed according to HM Revenue and Customs' definitions in 'IR35: Countering Avoidance in the Provision of Personal Services' legislation. The employment status of an individual has an impact on employer's tax payments and national insurance contributions, and wrong employment status can result in financial penalties by HM Revenue and Customs. An individual's employment status is designated by considering several factors and employers can use a 'Check employment status for tax' test on the UK Government's website to check statuses. When conducting an inspection, HMRC looks at the nature of the relationship between employees and the employer rather than an agreement in order to come to the opinion whether or not the arrangement should be part of IR35.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the Council paid individuals correctly based on their employment status by investigating whether there are any individuals who are paid by invoice who should actually be on the Council's payroll. In order to achieve this, the audit covered checking the general ledger and selecting a sample of payments made to agency or consultant workers and considering the circumstances of the individuals in relation to their employment status.

3. Audit Level of Assurance

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

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

4. Current Score Risk

4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	4
MEDIUM	0
LOW	0

5. Main Findings

5.1 The financial ledger was checked for examples of regular payments made to suppliers using the spending codes for 'Client Services'. It was seen that a number of examples of employees receive payments by providing their own invoices or their companies. Many of these employees appear to have the same role as a number of paid GwE staff members.

5.1.1 It was seen that there was significant expenditure on 'Agency Staff' for GwE in 2018/19. However, it appears that this expenditure code is used for a variety of different payments (which suggests mis-coding), but a number of regular payments were made to several individuals and companies. There were several examples where employees existed on the job system as a 'Challenge Advisor' but were paid by providing invoices to GwE.

5.1.2 According to IR35 rules, self-employed staff should be responsible for preparing and providing their own work materials. Due to the fact that GwE, as the client, provides all the materials such as hardware and computer software, this suggests that the person actually works as a member of staff who should be on the payroll. An example of an inquiry to the Support Services was seen, asking to provide access to the Council's computer systems where a pay number is required to obtain a right of access. Other examples were found where computer hardware was ordered for non-payroll employees. Due to Data Protection concerns, GwE has decided to purchase hardware and software for every individual who undertakes work on their behalf.

5.1.3 In addition, there were several examples of employees who invoiced GwE making claims for repayment for attending training and conferences. IR35 suggests that self-employed workers should be responsible for their own training. The client is not expected to fund the training of individuals who are not employed with them as there is an expectation that they are already eligible to do the job. Unless the person only works for this client, which is a sign that he should be on the payroll, then the benefits arising from the training will remain with the individual and not the client.

5.1.4 It was found that some of the employees being paid through invoices were responsible for budgets within GwE and also responsible for certifying a number of payments. The management of GwE's budget by a non-member of staff is not good practice. It was also seen that a post had been advertised with a non-payroll worker as the main point of contact and Line Manager for the position. GwE accepts that this is not good practice and that this arrangement has since ceased.

5.1.5 The Employer is responsible for reviewing the way they 'employ' or commission work, and their responsibility is to ensure that employees' employment statuses are correct and within the statutory guidance. The findings were shared with GwE and it was agreed to undertake a review of the employment status of self-employed staff in the sample of 12, and GwE suggested that they would also extend the exercise to include all self-employed staff. GwE is already in the process reviewing the sample and have already identified 8 individuals where the employment status needs to be changed.

6. **Actions**

   GwE has committed to implementing the following steps to mitigate the risks highlighted.
   - **Undertake an analysis of staff to identify risks relating to a workforce that is close to retirement to ensure that essential information is kept within the Education Department.**
   - **Carry out an employment status assessment before considering paying for services from external companies.**
   - **Assess the status of GwE's relationship with all current self-employed employees in respect of IR35.**
   - **Ensure that employees are part of the staff/payroll where necessary.**

PURCHASING EQUIPMENT THROUGH THE SCHOOL
EDUCATION

1. Background

1.1 In accordance with normal practice, the Council reclaims the VAT element on school expenditure on goods or services from HM Revenue and Customs. In addition to the school budget that is a part of the Council's accounts, schools have unofficial funds that are not registered for VAT nor are they a part of the Authority's accounts. Such funds are not normally able to recover VAT on purchases made in its own name. However, VAT rules allow schools to avoid VAT on goods closely related to educational supplies.

1.2 If the Head teacher is able to justify that the goods are for pupils' educational purposes, then the Council can buy goods and services on behalf of the school and reclaim the VAT, and the unofficial fund of the school will refund the value of the expenditure (without VAT) to the school's budget. As it is the Council purchasing the goods, it is the Council who will also own the goods and not the school fund. In certain circumstances, VAT rules allow the goods to be sold on to pupils in order to save the VAT element, provided that the goods are to be used in class on a regular basis. These include portable musical instruments and devices such as iPads. Sales to teachers and other staff are not included in the VAT saving scheme.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements were in place for purchasing equipment for pupils throughout the school without the VAT element. In order to achieve this, the audit included reviewing a sample of invoices paid by the Council on behalf of the school's funds and ensuring that the schools had purchased eligible goods. The audit also ensured that schools were aware of the scheme and took advantage of it.

3. Audit Level of Assurance

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

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

4. Current Score Risk

4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	1
LOW	0

5. Main Findings

5.1 A sample of recent invoices on the A999 SA98 'suspense' expenditure code were reviewed, which is the code used to pay invoices on behalf of schools with the aim of reclaiming VAT. The same code is also used to receive the refund from the school fund. A range of expenditure was seen, including the purchasing of musical instruments and outdoor activities. The VAT Officer confirmed that all of the expenditure appeared to be appropriate as the expenditure could be justified as being towards the pupils' education and so the schools had saved VAT appropriately and in accordance with the rules.

5.2 A ledger report shows that only around half of schools used the A999 SA98 code. Although this suggests that half of the schools may lose out on a method of saving money by unnecessarily paying VAT on expenditure from the unofficial fund, schools have been encouraged by the Education Department's Finance Unit to pay invoices directly from the official budget through the Creditors Unit, and then pay the net element back to the school's budget from the unofficial fund. This is done in order to remind Heads teachers of their ability to avoid VAT and also to avoid the administration work that comes with using the A999 SA98 code.

5.3 Following a referral from the Education Department's Finance Unit, an invoice was received from Investec for three iPhones and two iPads purchased through a lease arrangement. The Head teacher of the school confirmed that the phones had been purchased on behalf of staff members, and that the iPads were purchased for two pupils. Assuming that the iPads are, in fact, regularly used by the pupils in the class, then these are in line with VAT rules. However, the VAT Officer confirmed that staff are unable to benefit the VAT saving scheme by purchasing goods for personal use. As the Council pays an invoice for an educational supply on behalf of a school with the intention of saving VAT, the property is owned by the Authority and although the goods can be sold on to the pupils, selling the goods on to members of staff is not considered to be in line with HM Revenue & Customs' rules. The personal use of the phones is subject to VAT, and so it is necessary to calculate this with the cost borne by the customers – namely the staff.

5.4 In order to mitigate the risk of other schools entering into such agreements that are contrary to HMRC's rules, it would be considered good practice to circulate the relevant VAT rules to all schools in Gwynedd.

6. <u>Actions</u>
The Finance Unit has committed to implementing the following steps to mitigate the risks highlighted.
- **Circulate VAT arrangements with schools, including VAT avoidance schemes.**
- **Come to an agreement with the staff at Ysgol Rhiwlas in relation to the reimbursement of VAT costs.**

PEST CONTROL
ENVIRONMENT

1. **Background**

1.1 The Council provides a responsive pest control service to homes and businesses in Gwynedd as well as a contracted service to internal and external clients. There are four Pest Control Officers/Animal Wardens in the Council's employment and approximately 20% of their time is spent on the statutory dog control service. As a part of the Council's savings plan, it was decided that the service would have to be self-sufficient if the Council was to continue to provide it.

2. **Purpose and Scope of Audit**

2.1 The purpose of the audit was to ensure that suitable arrangements were in place in order to ensure that the Pest Control service provided an overall effective service. The audit included checking a sample of service requests and ensuring that the Council met the needs of residents and that there were appropriate controls in the financial arrangements in order to ensure that the service was self-sufficient.

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:

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

4. **Current Score Risk**

4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	1
LOW	1

5. **Main Findings**

5.1 The future of the Pest Control service was the subject of discussion in 2015/16 due to the need for the Council to realize its financial savings. During this time, consideration had been given to abolishing the service all together. However, due to the fact that that the service serves not only the Council's departments but also the public, it is believed that it would have been unlikely that savings could have been made in reality. Consequently, it was decided that the Council would continue to provide the service with the intention of generating sufficient income in order to be a self-sufficient service. As of now, it appears as though the service has succeeded in achieving this.

5.1.1 There has been an increase of approximately 30% in the number of Pest Control agreements with businesses since 2015. This was achieved following the transferral of the Service over to the Property/Environment Department and an unofficial campaign to target farms following changes in the law that have an impact on the rights to order poisons. The Service has sought to break historical boundaries in which officers operate to make the service more flexible and to share the workload more effectively. Officers are also able to tailor their work programs and the responsive work to prioritize calls and avoid unnecessary travel.

5.1.2 Inquiries and applications are received either via Galw Gwynedd or a self-service request on the website. Call details including the type of pest are recorded on the Siebel system, which then sends an automated email to the administrators of the Environmental/Public Protection system. These details are then integrated into the 'Flare' system before being allocated to the Pest Control/Area Officer. A sample of calls was selected that highlighted the fact that the staff at Galw Gwynedd provide a good customer care service by offering the option of receiving a free telephone consultation and free advice as a first step rather than immediately paying for services. Through the self-service system, customers can pay for pest treatment in advance. Occasionally, the Pest Control Officer will conclude that treatment is not suitable or that the customer has identified the wrong type of infestation for example, wasps rather than honey bees, which are only treated in an emergency. This could mean that there is a need to change or adjust invoices or have to arrange a refund to the customer.

5.1.3 It is mainly the public's responsibility to report any incidents or indications of pests. This can, at times, be a barrier, especially when the public report incidents that take place on someone else's property where the owners have no intention of acting upon the instance. This makes the situation difficult to resolve until the issue becomes a Public Health or Environmental health issue which then adds the rights of enforcement and can result in a fine to the Public Protection service. In such instances, there have been difficulties with who receives the invoice for any service or treatment. The information protection laws and the steps that are a part of Galw Gwynedd's system and website mean that it is not possible to invoice a person if they themselves have not made the request. As a result, the individual making the call may receive an invoice from the Council.

5.1.4 There appears to be a weakness in communication between departments and services due to the number of systems and processes that exist for payments and invoicing. There is no easy way for the Pest Control Service to check whether or not invoices have been paid unless they contact the Income Unit. This can be problematic, especially if an individual is applying for a service but has not paid for the previous service. The Pest Control Service is committed to strengthening this approach by adopting a new system of bringing the work to the service's back office in order to monitor bad debtors. It was seen that there were weaknesses in the order in which customers were invoiced despite the fact that they had already paid through self-service on the website.

The necessary information is not shared effectively and occasionally the Income Unit receives guidance for customer invoices that have already been paid. This is an example of poor customer experience and means that the Income Unit needs to rid themselves of a number of invoices and also submit credit notes. The Service is aware that there is room for improvement in terms of the current arrangements and has already discussed the matter with the Manager of 'Galw Gwynedd' regarding alternative arrangements for some aspects. The Manager of Galw Gwynedd explained that they had a new system in place and that it was hoped that this would contribute to improving the current situation.

5.1.5 The financial transactions up to the middle of month twelve of the financial year suggest that the service is going to make a profit for the year and that the objective of being financially self-sufficient can be realized. Although this included internal recharges of £41,409, it can be said that this expenditure would have been higher if Council departments had to pay for services to independent external companies.

6. Actions

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

- **Find a solution to the problem where customers who have already paid through the self-service section of the website are invoiced.**
- **To update the list of pest control fees on the Council's website.**

LICENSING ARRANGEMENTS
ENVIRONMENT

1. **Background**

1.1 Gwynedd Council is the licensing authority under the Licensing Act 2003, the Gambling Act 2005, Hackney Carriage and Private Hire Vehicle Licenses, Drivers and Operators Licenses etc. Licensing Officers are based in Caernarfon and Dolgellau and licensing clinics are held several times a week at Siopau Gwynedd in the 3 areas.

2. **Purpose and Scope of Audit**

2.1 The purpose of the audit was to ensure that the arrangements in place were adequate and reliable in order to process applications and that license fees were in accordance with industry standards. In order to achieve this, the audit covered auditing arrangements for the preparation, processing, implementing and recording of licenses.

3. **Audit Level of Assurance**

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

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

4. **Current Score Risk**

4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	2
LOW	0

5. **Main Findings**

5.1 Adequate internal controls have been found to exist but there is room for further tightening on the areas noted below:

5.1.1 A Gambling Policy Statement should be reviewed/updated every 5 years in accordance with the Gambling Act 2005, but there is no Statement in place. A draft Gambling Policy Statement together with the equality assessment was approved by the Central Licensing Committee on 10th September 2018, for adoption by the Full Council. An application has been made to obtain a decision to approve the statement at the next Full Council meeting of 7th March 2019.

5.1.2   A sample of 10 invoices for annual fees of licensed premises were selected for inspection. The Non Domestic Rating System was checked to confirm the property band and then the fees list was checked to ensure that the correct amounts were raised. There was one inconsistency in the first sample so a sample of another 10 invoices was selected, another inconsistency was found between the property band with what was being raised which led to a loss of income to the Unit.

5.1.3   It is possible for property details to change, such as its rateable value, which may mean that the wrong fee for the band is charged. It was explained that the Unit had recently carried out an exercise to review licensed premises tax bands to ensure that the annual license fees were correct. However, two examples were found where incorrect fees had been raised

5.1.4   The Unit is keen to use the recurring billing format for annual property licenses invoices. This arrangement has not yet been established due to circumstances within the Unit but the Public Protection Manager (Environment) is keen that this is set up in the near future.

5.1.5   The tender for a new system came to an end in January 2019, with discussions about which system to adopt having started. The 'Civica App' system is currently used for the Public Protection Service including the Licensing Unit but it is hoped that a new system will be able to be used across the Environment Department and possibly for the Consultancy Department.

6. **Actions**
   The Public Protection Manager (Environment) has committed to implementing the following steps to mitigate the risks highlighted.
   - **Record the references of all properties from the Non Domestic Rates System and place them against the relevant property on the Licensing Unit's database.**
   - **Undertake an exercise to ensure that all properties are on the correct rateable band from the beginning.**
   - **Receive reports on a basis to be agreed with the Non Domestic Rates Service so that any changes in the property's rateable value can be checked, and if so, adjust the band so that the correct fee is charged.**
   - **Hold discussions with the Income Unit to ensure that annual property licenses invoices are placed as recurring billing on the Debtors System.**

**PROPERTY REPAIR AND MAINTENENCE
ENVIRONMENT**

1. **Background**

1.1 The Property Maintenance Unit is responsible for carrying out maintenance work on Council properties. There are approximately 500 buildings or 1000 sites within the Council's responsibility including centres, schools and offices. In 2017/18, an expenditure of over £2.6 million was seen for property maintenance against a budget of £1.6 million. Around 60 calls for maintenance work are recorded daily and the TechForge system has been used to track these calls since 2018.

2. **Purpose and Scope of Audit**

2.1 The purpose of the audit was to ensure that suitable arrangements were in place for arranging Gwynedd Council's property maintenance operations. In order to achieve this, the audit covered checking arrangements in place for receiving, recording, updating and allocating maintenance work, along with the paying of invoices and performance monitoring arrangements, including the budget to ensure that the service is operating effectively, efficiently and in an appropriate manner. For the purpose of the audit, 17/18 Telecare maintenance work was exempted.

3. **Audit Level of Assurance**

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

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

4. **Current Score Risk**

4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	3
LOW	2

5. **Main Findings**

5.1 The Property Maintenance Unit's arrangements for the recording, allocating, monitoring and invoicing payment for property maintenance work were reviewed. The findings are as follows:

5.1.1 The Service adopted a system called TechForge (TF) in 2018 in order to record and monitor calls for the daily maintenance work. However, it was seen that the process of transferring the data from the old system, K2 to the new system (TF) caused a few problems. It was reported that over 2,600 calls on the system still appeared as being 'open', but the Maintenance and Energy Conservation Manager explained that 1,500 of these had been transferred over from K2 and that many of these were not actually 'open' or over their deadline, but were completed. It was agreed that this was a barrier for identifying and monitoring the correct statistics for the number of calls actually 'open', however arrangements to solve the problem are underway.

5.1.2 A report of calls completed from 2017 up to the second quarter of 2018 was obtained, and it can be reported that requests were found to be implemented 'as soon as possible'. It was seen that work is being completed promptly, with the performance measurement data showing at the time (in days) it took to respond to maintenance request was 8/9 days.

5.1.3 A sample of invoices was selected and these were agreed back to the TF system. From the sample that was checked, it was found that the payment of invoices was prompt and it took on average 21 days to pay invoices from July 2018 onwards. 4/10 invoices with a completion date were successfully agreed back to the date stated on the TF system. There were 7/10 without a completion date, but the work appeared to have been completed before the invoice date. It was explained that the calls are closed once instructions for work are despatched for external organizations, known as the work 'arranged on behalf'. For the rest of the work raised on the system, complete trust is placed on the contractors to inform the Unit of when work has been completed by dating the invoices without any further monitoring.

5.1.4 It was found that there were appropriate arrangements in place for allocating work to contractors. A sample of contractors that received high amounts of work was selected and checked and it was confirmed that the contractors had either acquired the work through the framework or competitively in terms of the selection/delivery of value for money as appropriate.

5.1.5 An audit trail was found to exist on the TF system, and any changes/modifications could be inspected further for each of the calls/records. However, it was reported that the Unit decided, on the principles of 'Ffordd Gwynedd', that they were not going to implement segregations of duties within their processes – i.e. for creating calls, allocating work, monitoring and modifying work on TF. In addition, the same officer has the right to pay invoices. The Maintenance and Energy Conservation Manager explained that they are aware of the related risks, however accept the risks under the principles of 'Ffordd Gwynedd'. It was confirmed however that the process has since been reviewed introducing one difference, which is to ensure that only officials with 'admin' rights on TF can set up new contractors on the system to be paid.

5.1.6 A sample of duplicate invoices raised in 2017/18 were checked. It was recognised that there is a risk of duplicating payments where invoices are manually processed, and where the invoices are not referred back to the instructions and recorded on TF. The Maintenance and Energy Conservation Manager explained that the Unit is striving to restrict the invoice payment procedure so that they are only processed and paid through TF interface in the future to avoid the risk of duplicate payments.

5.1.7   The main performance indicators were seen in section 4 of the contractor's framework agreement. However, it was reported that the Unit does not monitor the performance of contractors. The Service relies on customer feedback to confirm the condition and completion of any work, with the Maintenance and Energy Conservation Manager commenting that he is confident that customers would inform the department if the work was not of a good standard.

6. **Actions**

The Maintenance and Energy Conservation Manager has committed to implementing the following steps to mitigate the risks highlighted.

- **Ensure that status of the calls transferred from the old system to the new system are correct to ensure that the manager can use the TF system to monitor the status of the calls and conduct regular performance reviews on the department's and contractor's work as necessary.**
- **Ensure that all invoices are only processed through the TF interface in the future rather than processing invoices by hand.**
- **Review the monitoring arrangements of the contractors' main performance indicators and ensure that performance measurements and any associated penalties are highlighted on the framework agreement and implemented as necessary.**

EMPLOYER CONTRIBUTIONS
FINANCE

1. **Background**

1.1 The Gwynedd Pension Fund is part of the Local Government Pension Scheme. The Fund, which has 48 organisations as members, is administered by Gwynedd Council's Pensions Service. The organisations are split into 3 categories:

- **Bodies on the schedule:** Organisations such as Local Authorities where members are entitled to be members of the Fund.
- **Designated bodies:** City / Town / Community Councils that have the right to decide whether their employees can join the Fund.
- **Approved bodies:** Other organisations participating in the Fund under an access agreement between the fund and the organisation. They include voluntary, charitable and similar organisations or private contractors who undertake a local authority function once the function is outsourced to the private sector.

Staff of the organisations pay a certain percentage of their monthly salary and any relevant additions to their employer, and employers also make a contribution.

2. **Purpose and Scope of Audit**

2.1 The purpose of the audit was to ensure that the contributions made to the Pension Fund by the organisations were accurate and accepted within the agreed timescale. In order to achieve this, the audit included selecting a sample of organisations, visiting and checking their arrangements, checking the contributions of a sample of their employees and also the employer's contributions.

3. **Audit Level of Assurance**

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

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

4. **Current Score Risk**

4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	2
LOW	1

5. Main Findings

5.1 A sample of 15 organisations was selected in order to check their arrangements and contributions to the Pension Fund. It appeared as though the contributions were generally calculated correctly and that there was effective communication between the organisations and the Pensions Service.

5.2 There was variation in how employee contributions were calculated by the organisations. Some based the contribution on the employees' total pay for the previous year while others set them based on the expected total of the current year or on the total for the relevant month. This flexibility helps employers to place their employees on the right rate bands. Many employees within the larger organisations receive additional pensionable payments such as overtime and on-call pay which vary from month to month and year to year. As a result, the previous year approach is effective in avoiding additional work and ensuring adequate contributions.

5.3 Salary sacrifice schemes, such as childcare schemes, are offered by a number of organizations and there is a need to ensure that the contributions are calculated correctly as some elements need to be included in the pensionable total for calculation, whilst other elements do not. An example was seen where the employee's contribution was based on the total salary after deducting the amount on childcare vouchers rather than based on the gross amount.

5.4 It was seen that additional payments for First Aid were not included in calculating the pension contribution in some of the organizations.

5.5 The Gwynedd Pension Service is keen for all organisations to commit to adopting the i-Connect system in order to present information electronically on a monthly basis rather than the historical procedure of submitting an annual report in order to note any changes within the organisation in relation to employees and contributions towards the Pension Fund. The organisations were asked about the new system and the response was generally positive, although some organisations had noted that it was quite complex and inflexible when trying to transfer details and present information within specified timescales. Of course, the process is more time consuming and slower for organisations that employ more workers but it is hoped that much of the transfer work will be completed within the next year. This is a priority for the Pensions Service and it is hoped that the restructuring of staff will help them to carry out this work.

5.6 Regular training is provided by the Pension Fund but it appears that the person responsible for implementing the salaries and pensions in the organisations does not attend at all occasions. This may mean that new rules are not being implemented correctly and that contributions are incorrectly calculated by some of the organisations.

6. <u>Actions</u>

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

- **Liaise with the organisations to ensure that any errors in calculating the contributions that emerged during the Audit are corrected.**
- **Provide employers with a leaflet informing them and reminding them of the correct guidelines when calculating pension contributions for their employees.**
- **Establish a regular procedure to visit the largest organizations within the Fund every 3/6 months.**

BENEFITS SYSTEM – REVIEW OF KEY CONTROLS
FINANCE

1. Background

1.1 The Auditor General for Wales Code of Audit Practice May 2018 states that the Authority's auditors in conducting their audit of the Council's accounts will rely, where possible on the work of internal audit (and others). The Benefit System is regarded as an 'important financial system' and therefore an annual review is carried out on the system's key controls.

1.2 The Benefit Service will process claims for housing benefit and council tax reductions claims when an applicant submits an application to claim housing benefit and/or a council tax reduction together with appropriate evidence, including confirmation that they are short of income and unable to afford the rent and/or the cost of council tax.

1.3 Universal Credit is being introduced in Gwynedd during 2018/19 for new applications and changes in circumstances for people of working age, and the benefits arrangements will change. Universal Credit will replace six benefits – housing benefit, child tax credit, income support, employment and support allowance or jobseekers allowance. An application for Universal Credit can only be submitted on the internet and payments will be made on a monthly basis. All applications under the Council Tax Reduction Scheme will continue to be administered by the Benefit Service.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements were in place for the assessment and processing of benefit claims, that the benefit system accurately calculates the benefit amounts and is paid in a timely manner. Confirm that appropriate reconciliations is undertaken, review the performance management arrangements for the Unit and check that appropriate reconciliations is carried out, review the performance management arrangements for the Unit and check that adequate data protection arrangements are in place.

2.2 For the Financial year 2018-19, examine a sample of benefit applications to ensure that appropriate assessments are carried out. Check that reconciliations are carried out and that benefit payments are calculated and paid in a correct and timely manner. Assess the performance status of the Service in relation to implementing benefit applications and notifications and check that the benefit system is being managed effectively and that all data is appropriately safeguarded.

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
HIGH	**Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.**

4. Main Findings

4.1.1 Strong internal Controls were seen to exist within the administration arrangements for the benefits system.

4.1.2 A random sample of 30 new applications was selected from the report 'hb7243a' by ensuring a risk score was recorded and that they were correctly calculated and paid in a timely manner. In addition, a sample of 15 extended payments and backdating applications were checked and found to be correct and in accordance with current regulations.

4.1.3 It was observed that benefits reconciliations were carried out on a regular basis and it was proved that the system agreed with the amounts that were paid.

4.1.4 The benefits system's parameters were checked to ensure that the rates have been correctly set in accordance with the latest benefit rates publications published by the Department for Work and Pensions and the Council Tax Reduction Schemes Regulations for calculating council tax reductions. The details appear to have been entered correctly.

4.1.5 The unit's performance statistics were checked for the average number of days taken to process a new benefit application and to process change of circumstances notice. Gwynedd's performance has fallen since last year, however, when comparing performance against Wales and Britain as a whole it appears to be comparably good (see table below).

Gwynedd	**Yearly figures 2017/18**	**Q1 Figures 2018/19**	**Q2 Figures 2018/19**
Processing new claims (days)	18	18	21
Processing change of circumstances (days)	7	5	7

	Q2 Figures 2018/19		
	Gwynedd	**Wales**	**Britain**
Processing new claims (days)	21	21	22
Processing change of circumstances (days)	7	7	8

DISPOSAL OF IT EQUIPMENT
FINANCE

1. Background

1.1 The Council owns over 4,000 types of IT equipment including laptops, computers, tablets and thin clients. It is estimated that around 1,200 of these are disposed of annually as they are either old or no longer in use. It is the Council's duty as an organisation that uses electronic equipment to ensure that it complies with the WEEE's (Waste Electrical and Electronic Equipment) regulations that came into effect in January 2013. These regulations are intended to encourage recycling and to ensure that equipment is disposed of in a way that is safe for the environment. The Council is required to maintain proof that its equipment has been disposed by a waste management company and that the equipment was handled and disposed of in a way that is safe for the environment.

1.2 Additionally, it is the Council's responsibility to ensure that it complies with the Data Protection Act and protect any data in its possession that may be of a personal or sensitive nature. It must therefore ensure that any data is removed from the device prior to their disposal.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place for the disposal of the Council's computer equipment as well as to ensure that they were disposed of in a safe and legal manner. In order to achieve this, the audit included checking that relevant guidelines were in place, ensuring that up-to-date asset registers existed, examining their procedures and receiving assurance that the Council was operating under appropriate arrangements when disposing of IT equipment.

3. Audit Level of Assurance

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

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

4. Current Score Risk

4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	2
LOW	0

5. Main Findings

5.1 The Information Technology Department's arrangements for the disposal of IT equipment were reviewed by following and observing their procedures and processes as well as receiving evidence of the recording, collection, retention and disposal of IT equipment. It was also checked whether appropriate arrangements were in place for the destruction of data on the devices. The following was discovered:

5.1.1   Formal guidance are in place containing information on how to properly dispose of various types of IT equipment in compliance with WEEE regulations. It was found that arrangements are in place for the disposal of various electrical appliances depending on whether they are applicable to WEEE regulations or not. It was discovered that for each method, equipment is recycled during the process or is destroyed in an appropriate manner.

5.1.2   The collection process for old and unused IT equipment was observed and it was found that there were effective and appropriate arrangements in place. Everything is monitored and updated on the 'TopDesk' system either manually or automatically when a device's operating time comes to an end. Once a device is recycled or destroyed, its details are archived on 'TopDesk' where they can easily be tracked by inputting the device's serial number.

5.1.3   It was found that there was no cost to the Council for using an external company to dispose of IT equipment. The department used competitive methods to search for an external company to dispose of their equipment.

5.1.4   Any information or data that remains on any device is erased by the company. An appropriate ISO certificate for the company was seen and individual reports as well as monthly summaries are provided for each device reporting the status and success of each separate job. Following a review of the report, one piece of equipment appeared to not have been successfully erased but the department was unable to receive robust assurance from the disposal company that the specific device had been properly disposed of.

5.1.5   A sample of 13 items of equipment disposed of during 2018/19 were checked, 9 of these selected from the asset register and 4 from the disposal certificates provided by the external company. For the sample that was checked, the certificates were reconciled back to the asset register and 4 out of 9 from the asset register to the certificates. It was found that for the remaining 5 samples their statuses appeared to have been updated on 'TopDesk', however their certificates were not available at the time of the review as the sample had only recently been disposed of and it takes up to a month before the Council to receive the related disposal certificates. Therefore, it was confirmed that the Council received confirmation from the company that 8 out of 13 items of equipment were appropriately disposed of.

5.1.6   The asset register is updated on a monthly basis in order to ensure that the register is up to date. The register is created in the form of an Excel spreadsheet that is also used to monitor and reconcile the equipment within the storage room, and to confirm that everything matches the summary reports of the external company. A sample of 10 items were chosen at random to ensure that the asset register is updated correctly and is complete, and that it was possible to agree the stock back to the storage room. 5 of the sample were chosen from the current asset register (January 2019) and 5 were chosen from the equipment in the storage room. It was found that 4 out of 5 of the selected sample were located in the storage room in agreement with the asset register. However, it was not possible to locate 1 of the sample and it appeared to have been missing. In the same way, 5 items were selected at random from the storage room and reconciled back to the asset register. It was seen that 4 of these matched the asset register, with one of the spaces on the register left blank where supposed the serial number of the device in question should have been recorded.

6.   **Actions**
   The Desktop Engineer has committed to implementing the following steps to mitigate the risks highlighted.
   - **Receive confirmation from the external company that when a device appears as 'failed' on an 'erasure summary report' it is inspected in order to receive robust assurance that the device has been disposed of appropriately.**
   - **Ensure that each device that is re-located/moved from the storage room is recorded or updated on the asset register in order to be able to locate the devices and ensure that they are not lost.**

CYBERSECURITY

FINANCE

1. **Background**

1.1 Cyber Security is the practice of protecting and securing networks, computers, programs and data from attacks, damage or unauthorized access through processes and practices designed to reduce cyber risk and to protect information assets. Cyber-attacks can come from a malicious anonymous entity, accidental loss or hackers.

2. **Scope and Purpose of Audit**

2.1 The purpose of the audit was to ensure that suitable arrangements were in place for managing, preventing, detecting and responding to cyber risk. To achieve this, the audit encompassed reviewing procedures for safeguarding the Council's network against cyber security breaches, including staff awareness training, secure configuration, network security, IT security policies and procedures that control user access.

3. **Audit Level of Assurance**

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

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

4. **Current Risk Score**

4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	2
LOW	0

5. **Main Findings**

5.1 Gwynedd Council's PSN connection compliance certificate was seen to be valid from 6 March 2019 to 6 March 2020. This certificate allows the Council to access the Public Services Network. Several public bodies in the UK, accredited by the Government are connected to the PSN. It is a platform that is protected and managed by the Government and its purpose is to enable the public bodies to share data securely. Whilst meeting this standard is important, the PSN website states: 'PSN compliance is not a way to deliver security across your business. Directing your resources towards simply meeting our requirements is no substitute for engaging in ongoing risk assessment, management and mitigation across your business.'

The Council is also in the process of applying for 'Cyber Essentials Plus'. The relevant self-assessment questionnaire has been completed by different Council departments and when submitted, an external accreditation body will conduct a visit to ensure the standards are adequate.

5.2 Several risks were highlighted during an audit conducted by Sec-1 which are a network security company offering IT audit and testing services to the Council. A Remediation Plan was submitted to PSN as part of the application for the PSN connection compliance certificate for 2019/20. Contained within this document are the steps the Council will take to mitigate the risk of high impact vulnerabilities highlighted in the 'IT Health Check' undertaken in December 2018. Appropriate steps are in place or have been taken regarding 14 out of 14 of the significant risks.

5.3 A baseline has been set in terms of the Council's operating systems. Microsoft's supported version of Windows 7 is the oldest operating system used on computers with plans for all computers to be upgraded to Windows 10 by January 2020. The situation is similar in respect to the Council's servers, with all systems using supported versions of Windows or Linux. Windows Server 2008 (which is used by some of the Council's servers) will stop being supported by Microsoft on 14 January 2020. There are plans to upgrade most relevant operating systems by this date. Funding has been designated to secure extended support by Microsoft for some servers that might remain on Windows 2008 after January 2020 if necessary. Passcodes and PINs for laptops and tablets are generated by IT based on specific unique parameters. The user has the right to change these codes when they receive the device.

5.4 User account controls were seen to control staff access to the web. 'Smoothwall' is the system used to achieve this. Each website is categorized such as 'news', 'gambling, 'sport' etc. and some categories are 'blacklisted'. It is possible for staff to access some of the websites by being accepted by the Security Engineer to one of the lists of staff with exceptions for specific categories. Strong controls are also in place for staff permissions to download and install software. Staff can download PDF documents etc. but do not have permission to download and install software other than apps from the Microsoft Store pre-approved by the IT department.

5.5 Staff user accounts are deleted on midnight the day their pay ends, based on the payroll system. This ensures that core staff will not have access to the Council's network after their employment has ended. Individuals who use the council's systems but are not employed by the council have their accounts closed every 3 months and an application is made to the IT department to enable the account. This ensures that accounts do not remain open for a long period after the need for the accounts has expired. The accounts of a sample of staff who had terminated their employment with the Council in February 2019 was checked and all accounts had been closed. Password settings for users were seen to be appropriate. Passwords must be 12 characters long, there are no restrictions on password age and the 'Store passwords using reversible encryption' option is disabled.

5.6 Policies relating to the Council's cyber security (E-mail and Internet Use Policy, Information Security, Disposal of Confidential Waste Policy, Encryption Policy and Data Breach Reporting Policy) were checked. All policies contained the appropriate information and were up to date.

5.7 The policies that the Council has in place (noted in paragraph 5.6) are available to Council Staff on the 'Policy Centre' within the Council's intranet. However, there are no controls to restrict access to the Council's network for staff who have not read and accepted the relevant policies. The risk that staff do not read and accept the Council's statutory policies has already been highlighted in the report for the General Data Protection Regulation 2018/19 audit. Responsibility for the implementation was accepted by Corporate Support to 'consider the options for how to ensure that all staff complete statutory training together with the Council's policies'.

5.8 A 'phishing' exercise was conducted by the IT service in May 2017 by sending a fake promotional email to over 200 Council staff asking for login details to their Amazon accounts. Email addresses were seized but the Amazon passwords of the individuals who had responded to the fake e-mail were not held. The email contained a link to a website that was hosted on a server that was set up internally. The Team Leader – Networks, Servers, Applications and Security stated that very few responses were received to the feedback email sent to the individuals following the exercise. Despite the concerning result, no further, similar exercises have been conducted to monitor the situation and train/raise staff awareness of cyber security. An IT bulletin email was sent to all staff on 18 October 2018 reminding them of the expected quality of passwords and other cyber security issues.

5.9 The Team Leader – Networks, Servers, Applications and Security stated that 12 videos highlighting the cyber risks to staff had been commissioned and since completed. These will be made available to staff when the dedicated IT intranet site is completed.

5.10 The current corporate risk register was checked and no cyber safety issue was highlighted in the document. Unless cyber security risks are recorded in the corporate risk register, there will be no emphasis on having adequate controls in place to ensure that the cyber aspects of the Council are safeguarded appropriately.

6. **Actions**
    The IT service and the Corporate Support department are committed to implementing the following steps to mitigate the risks highlighted:
    - **Conduct training for staff and raise their cyber security risk awareness.**
    - **Ensure that cyber security risks relevant to the Council corporately are noted in the corporate risk register.**

IT DISASTER RECOVERY
FINANCE

1. Background

1.1 IT disaster recovery has been developed as IT Managers begin to acknowledge dependency on their establishment's IT system. The disaster recovery plan is a process or series of procedures documented to recover and protect IT business foundations in case of disasters. The plan is usually documented in writing, a set of prescribed procedures that the establishment will follow if a disaster happens.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate IT disaster recovery arrangements are in place and to evaluate the effectiveness of the processes and controls related to managing IT disaster recovery. To accomplish this, the audit involved checking that a complete and relevant plan is in place, contains accurate information and responsibilities, checking the backup arrangements and ensure that sufficient insurance arrangements are in place.

3. Audit Level of Assurance

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

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

4. Current Score Risk

4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	1
LOW	0

5. Main Findings

5.1 Following the loss of systems on the 21st of July 2018, the IT Service has continued to improve its system's resilience and are confident that if a similar disaster were to happen in the future, it will not affect users in the same way. Maintenance on the data centre's air conditioning system was undertaken in November 2018 with new units installed. In addition, a plan is in place to change the Council's system's structure from 'active-passive' to 'active-active' by 2020, so that the processing of the safety profile are distributed amongst all cluster units rather than one primary unit that processes communication sessions with one or more sub-units.

5.2 Backup arrangements were checked and it was seen that appropriate arrangements are in place. It was found that the backup arrangements are implemented regularly on each system. A copy of the backup is taken from each system to a disk in Headquarters and a copy separately in a different location. The Cloud Team monitor copies of the backup for any failures and receive an email from *Commvault* on the backup status of each system. It is also possible for the IT Service to view the screen on the *Commvault or VMware* system that gives a quick overview of when the last backup copy was undertaken. In addition, appropriate monitoring was seen for defects in the server room at Headquarters and for the backup server. The Environmental Control's system was seen maintained on a regular basis and the room tested on many levels to prove that the controls are operating correctly and wholly e.g. responds to smoke, testing the alarms and sensors and the operation of the Argon and Nitrogen (IGSS[2]) gas.

5.3 Although some good internal controls on the backup arrangements were seen, it was found that because of hardware problems and difficulties over the last two years, the last testing on the recovery from backup on the systems for RAISE and Payroll was last undertaken in 2016. Although the IT systems were shut down and restarted successfully by installing a new air-conditioning system in July 2018, there is a danger that the disaster recovery arrangements are unsuitable if they cannot regularly conduct realistic tests.

5.4 It was checked whether a disaster recovery plan was in place and it was seen that there was no corporate structure and rules formally documented and recorded to manage and recover an IT disaster and to ensure the Council's business continuity. Without a clearly defined plan for the worst possible scenarios or any documents containing corporate information/instructions of critical and priority recovery of systems, it is likely to cause a delay in the IT disaster recovery arrangement as a result fail to provide effective systems.

5.5 It was found that the recovery of the Caernarfon Data Centre DC1 had been documented, which include rules to follow on how to restart or shut down the main centre in Caernarfon. However, no recovery rules were seen formally documented for the back-up data centre.

6. **Actions**
   The IT Service has committed to implementing the following steps to mitigate the risks highlighted.
   - **Prioritize departmental/corporate IT systems to be included in disaster recovery arrangements which is implemented by the IT service.**
   - **Incorporate the prioritisation regime that has been undertaken by the Panel to create a corporate IT disaster recovery plan and the Council's business continuity plan.**
   - **Carry out regular testing on the corporate disaster recovery and the business continuity plan and also the backup data and record any lessons learnt.**
   - **Ensure that recovery guidelines have been documented for the back-up data centre.**

[2] Inert Gas Suppression System

EMPLOYMENT STATUS
ECONOMY AND COMMUNITY

1. Background

1.1 'Employment status' indicates whether an individual is employed or self-employed according to HM Revenue and Customs' definitions in 'IR35: Countering Avoidance in the Provision of Personal Services' legislation. The employment status of an individual has an impact on employer's tax payments and national insurance contributions, and wrong employment status can result in financial penalties by HM Revenue and Customs. An individual's employment status is selected by considering several factors, and employers can use a 'Check employment status for tax' test on the UK Government's website to evaluate statuses. When conducting an inspection, HMRC looks at the nature of the relationship between employees and the employer rather than looking at an agreement in order to come to an opinion on whether or not the arrangement should be part of IR35.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the Council correctly paid individuals based on their employment status by investigating whether there were any individuals who were paid by invoice who should have actually been on the Council's payroll. In order to achieve this, the audit included checking the general ledger and selecting a sample of payments made to workers and considering the circumstances of the individuals in relation to their employment status.

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
HIGH	**Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.**

4. Main Findings

4.1 The financial ledger was checked for examples of regular payments made to suppliers by checking the Economy and Community department's expenditure across all supplier and service codes. A number of suppliers were selected where, at first glance, the data suggested that their employment status may be wrong.

4.1.1 Six different individuals who received regular payments over a period of time through the use of invoices were selected and investigated. This was done by examining the invoices to see the amount being claimed and then discussions were held with the relevant Managers to establish the background, responsibilities, expectations and terms of work of the individuals to establish the nature of the relationship between the supplier and the Council.

4.1.2 Whilst investigating these relationship, it was concluded that the current arrangements were appropriate and that there was insufficient justification for the need to transfer the individuals to the payroll. It was therefore concluded that the payments made to the suppliers by invoice were valid. During the audit, an example of a Manager undertaking an employment status check on a supplier prior to appointment was seen, and that the overall awareness of employment status was appropriate.

**CAERNARFON WATERFRONT AND TOWN CENTRE REGENERATION INITIATIVE -
GOVERNANCE ARRANGEMENTS
ECONOMY AND COMMUNITY**

1. Background

1.1 A bid for ERDF grant funding to the Welsh Government for a Caernarfon project between March 2016 and December 2020 has been successful. It is part of Visit Wales' Tourist Attractor Destinations (TAD) scheme. The project includes a train station, Galeri 2, the waterfront environment: entrances and connections, and project management. It is noted in the Council's contracts with project partners that Gwynedd Council will accept the grant conditions on behalf of the parties. Gwynedd Council will be accountable to the Welsh government if any of the parties do not comply with the conditions of the grant.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to govern the Caernarfon Waterfront and Town Centre Regeneration Initiative.

In order to achieve this, the audit encompassed reviewing the controls in place to mitigate the risks relating to the management and governance of the project as well as the documentation produced to support / document the Initiative's reasons.

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
HIGH	**Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.**

4. Main Findings

4.1 It was seen that a clear structure had been established for the project with several information streams from the partners feeding into the Project Board which included representatives from each of the stakeholders. A sample of the minutes and agendas of the Project Board meetings held were reviewed as well as the minutes of the individual project partners' progress meetings. It was seen that there was regular communication and that the information pathways were operating appropriately. The Caernarfon Waterfront Project Manager (Project Manager) was responsible for representing the Council at the partners' meetings and reporting back to the Project Board.

4.2 Contracts were reviewed between the Council and the individual partners. It was seen that the contents of the contracts between Gwynedd Council and the 3 entities included the same information. The agreements included the conditions that Gwynedd Council (Principal Sponsor) and other entities (Parties) must meet to ensure that the project receives European / Welsh Government funding through WEFO. Each agreement was signed and sealed on behalf of the Council by a Senior Solicitor who has the authority to do so. Signatures were also seen from appropriate partners from the partners for the 3 contracts.

4.3 A business plan was submitted to the Welsh Government as part of the project bid. From the Decision Notice, it was seen that the plan had been approved by the Leader of the Council, that the Head of Finance had been consulted and that a statement had been made.

4.4 As most aspects of the different projects are not dependent on each other, there was no timetable for the project. As the timescales created for the individual projects were so detailed, it would be difficult to include all the information in a manageable document.

4.5 It was seen that budgets had been set for the project. There were live spreadsheets of these and these are completed monthly and monitored. Through monitoring and planning, it was found that one of the projects was likely to be underspend and it was decided to apply for a budget adjustment. The discussions that followed were reviewed and it was seen that they were appropriate for this application and confirmation was received from WEFO on 06/03/2018 stating 'So in relation to the Gwynedd project we are content for the changes proposed by the joint Beneficiary in the email dated 7th February 2018...'

4.6 Claim 9, June 2018 was selected to be reviewed as a sample. It was seen that appropriate claims had been sent by the partners including invoices, bank evidence and certified TR27b forms. It was seen that lists of orders had been included by the partners. All the information for the application sent to the Welsh Government was collated. It was seen that the form had been completed correctly and that an appropriate officer had signed it as a designated officer on behalf of the Head of Finance.

4.7 It was seen that an effective risk register was maintained for the project. A record of risk status ('close' or 'open'), recording and review dates, mitigation and risk rating is maintained. The risk register was detailed and regularly reviewed. However, the Project Manager noted that no lessons learned register was being maintained for the project. There is no purposeful record of what lessons are learned from risk and mitigation. The Project Manager agreed that such a register should be kept and stated that he would be happy to develop one for the project and keep it up to date.

ON-CALL AND EMERGENCY ARRANGEMENTS
CHILDREN AND SUPPORTING FAMILIES

1. **Background**
1.1 The service workers are based at Hergest Unit, Ysbyty Gwynedd and are responsible for providing a service to Gwynedd and Anglesey residents in emergencies. The service is available to the public outside normal office hours – including evenings, weekends and public holidays. There are 6 full time members in the Out of Hours team, namely, the Manager and five Social Workers, in addition there are two locums from Anglesey and three locums already working for Gwynedd Council who work occasional hours for the service.

2. **Purpose and Scope of Audit**
2.1 The aim of the audit was to ensure that the Service's administration and staffing arrangements were adequate. In addition, it is intended to ensure that the procedure for claiming overtime hours is accurate and fair and that the hours worked comply with statutory requirements/legislation, and that arrangements are in place for the protection of the public and employees. To achieve this, the audit covered the verification of employment agreements, employees' salaries and timesheets, their qualifications/training and any relevant risk assessments.

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

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

4. **Current Score Risk**
4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	1
LOW	1

5. **Main Findings**
5.1 It was observed that adequate internal controls were in place but there was scope to further tighten the areas elaborated on below:

5.1.1 The officers' timesheets were checked against the rota. A shift commences at 4:30p.m. but it was seen that one officer recorded that she was starting her shifts at 4:00p.m. It was seen from the sample of timesheets that this officer received a salary for this additional half hour on each occasion seen, although it is not a significant amount her shift does not start until 4:30p.pm. and there is a need to ensure consistency across the employees. The Manager was informed of this and it was explained that some workers start working sooner in order to plan, read the log, reports etc., not all locums are able to do this, the Manager tries to be flexible with them.

5.1.2 In accordance with the 'working time directive', on average workers should not work more than 48 hours per week, usually calculated over a period of 17 weeks. It is possible to opt out in writing if you want to work more than 48 hours a week, but none of the workers appeared to have opted out. Five different periods of 17 weeks were checked between April 2018 and January 2019 and one case was seen where a full-time officer had worked 48.54 hours on average over 17 weeks. It should be noted that these calculations are estimates as absences such as sickness, annual leave, maternity, paternity etc. need to be considered. Any time that the individual has been away from work during the 17 weeks should be added at the end of the period in order to find the correct figures.

5.1.3 It was noted that there was a significant overspend in the pay heading of the service workers, it was explained that this had been out of the Services hands as a member of the team had been away with a long term illness. In his absence another officer was employed to the team, this involved additional costs on top of the costs associated with the long term absent officer.

5.1.4 The 'Adult Workforce (Advanced)' disclosure of one casual member of staff (locum) had expired in December 2018 and she is currently at Stage 1 of the process of obtaining a 'Children and Adults Workforce (Advanced)' disclosure, this means that they do not have an up to date disclosure. The Manager was aware of this and has informed her that she cannot work until she has an up to date disclosure. The Payroll System was checked and it was seen that the individual has not received a salary since December 2018.

6. <u>Actions</u>

The Out of Hours Team Manager has committed to implementing the following steps to mitigate the risks highlighted.

- **Reminding staff of the need to complete and submit the documents that are relevant to their DBS and monitor their status.**
- **Periodically undertake reviews to ensure that no team member works more than 48 hours per week (on average).**

DIRECTOR OF SOCIAL SERVICES ANNUAL REPORT
CORPORATE

1. Background

1.1 The purpose of the Director of Social Service's Annual Report is to share information on Social Services performance and effectiveness. It is an overview summarising the main points and activity, together with an outline of improvements and priorities that will require attention over the year 2018/19. At the end of each financial year, all Statutory Directors of Social Services are required to prepare and publish a report on Social Service's duties within the authority over the previous year. The report sets out how Gwynedd Council has achieved against the six quality of well-being standards as set out within the Social Services and well-being (Wales) Act 2014.

2. Purpose and Scope of Audit

2.1 The aim of the audit was to ensure that the procedures followed in preparing the Social Services Annual Report complies with legislations, based on good practice and offers a clear process for gathering evidence. In order to achieve this, the audit covered the review of the Director of Social Service's Annual Report to ensure that the report is in the form prescribed in the Local Authority Social Service's Annual Reports (form prescribed) (Wales) 2017 and that supporting evidence is available to support performance measures.

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
HIGH	**Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.**

4. Main Findings

4.1 Audit tests were undertaken on the Director of Social Service's Annual Report and it was observed that there were strong internal controls in the preparation of the report and that the procedure followed in preparing it complied with the law.

4.2 The 'Local Authority Social Services Annual Regulations 2017' were published pursuant to the Social Services and Well-being (Wales) Act 2014, which provides guidance on what is expected in the Annual Report. The regulations are based on the premise of preparing an annual report within headings with the most significant part consistent with the national quality for well-being. The correct headings were found to be included in the report and therefore compliant with the legislation.

4.3 Point 88 (page 18) of the Code of Practice Part 8 (Social Services functions) which is part of the Social-Services and Well-being Act (2014) states that "The Director of Social Services should ensure that an annual report is not too long and is written in a clear and concise manner". The format of the report was found to be acceptable as it was in line with the corporate image, including various drawings, colours and graphs to attract the reader's attention. In addition, the spelling throughout the report was found to be accurate and in accordance with the law as it was written in a clear and concise manner.

4.4 The Report was also seen to be published in a timely manner after the financial year and is available on the Local Authority's website that is easily accessible to the public.

4.5 Supporting evidence was seen available to support the report's content and performance measures.

CHILDREN – OUT OF COUNTY PLACEMENTS
CHILDREN AND FAMILY SUPPORT

1. Background

1.1 The decision to place a child in residential care outside of the County is one that is made based on an assessment of the child or young person's complex needs, where their provision could not be locally accommodated for in foster care nor a normal residential unit. Decisions regarding the most suitable placement are made at a multi-agency statutory Panel. The services available to children in Gwynedd Council were inspected by Care Inspectorate Wales in May 2018, which included residential care and out of area placements. During the inspection it was concluded that the arrangements in place were positive.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the governance and administration of out of county residential placements were appropriate. This was done by reviewing the Council's arrangements regarding how they meet the needs of everyone involved in the case as well as contract letting and monitoring arrangements.

3. Audit Level of Assurance

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

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

4. Current Score Risk

4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	1
LOW	1

5. Main Findings

5.1 Services for children within Gwynedd Council were inspected by Care Inspectorate Wales during May 2018 which included residential care and out of area placements. Part 3.12 of their report (dated August 2018) expressed the following:

"The decision to place a child away from their home authority was based on a thorough assessment and analysis of the child's needs. We found that Gwynedd Council's considerations and actions when making an out of area/out of Wales placement met regulatory requirements. Panels were appropriately constituted with decisions being timely, well informed, recorded and endorsed by a nominated officer.

The local authority adhered to the requirements to notify the receiving authority that a child is moving to their area and to assess the adequacy of resources to meet the child's need before the placement is made to ensure that the child's care, health and educational needs will continue to be met as soon as they begin to live outside their home area, and with minimal disruption."

5.2 Based on the findings of this review by Care Inspectorate Wales in relation to the assessment arrangements of children's' needs, the depth of the audit was reduced. However, the arrangements of the statutory Placement Commissioning Panel, which is the panel that discusses and agrees on the arrangements in place for meeting the health and education needs of children, whether that is in the area or out of county, were reviewed. Since the publication of the CIW report, it was found that the Panel did not meet on a monthly basis at all times, or did not have a quorum to make some of the decisions, contrary to the Welsh Government's guidance 'Towards a Stable Life and a Brighter Future' that states that "*The panel should meet at regular intervals, at least monthly, unless there are no cases to be considered"*. It was seen that a Panel meeting was now scheduled for the third Monday of each month.

5.3 The department expressed the fact that although there are care plans in place that identify amongst others the type of care that should be provided, there are no contracts between the Council and the providers in all cases. This is a risk, as contracts set out the provider's responsibilities and the Council's expectations, including noting what is included in the fees and what is extra. An arrangement is now in place where contracts are made when new cases arise.

5.4 The lack of local provision, particularly specialist provision, means that the Council will inevitably have to commission out of county placements if they are to meet the child's needs. The nature of care means that the provision is very costly and the lack of provision reduces the ability to reduce costs. The Children and Supporting Families Performance Report that went to Cabinet on 09/01/2018 expressed the following:
"There is increasing pressures on the department to place children in expensive placements and now, the department is concerned that the financial aim could have been too ambitious… it is likely that the over-spend will increase". A grant of £552k has been received from the Welsh Government this year, and a bid for a contribution has been successful for 2019/20 which helps to alleviate part of the overspend. As a result of this worrying financial situation, it could be argued that it is eligible to be on the department's risk register, and the corporate risk register, but it was seen that it is not included.

5.5 The Council has already identified the situation and is considering alternative arrangements, including regional working. The Children and Supporting Families Performance Report that went to Cabinet on the 29/01/2019 states that, *"The lack of available residential placements and the increased costs associated with them is a matter receiving national and regional attention. The matter was recently the subject of a 'Welsh Government Parliamentary Accounts Committee'. On a regional level, under the leadership of the North Wales Heads of Children's Departments, work is taking place on a regional feasibility assessment to run a residential placement jointly, or to look at options with current providers for children and young people in north Wales. The task group is expected to report back at the beginning of March. However, this will not generate a short term solution to the problem of residential placements and will not obviate the need for specialist residential placements in future."*

6. **Actions**

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

   - **Set contracts between the Council and the providers.**
   - **Consider including financial matters for out of county residential care on the department's risk register.**

STREET ENFORCEMENT
HIGHWAYS AND MUNICIPAL

1. **Background**
1.1 During the 2018/19 financial year, Galw Gwynedd referred 1,428 calls to the street enforcement team on various issues which included waste crime, misuse of bins, small scale tipping, dog control, applications for street bins, dog fouling bins, graffiti and illegal posters. The service has the ability to penalise by granting prepared fines for Environmental offences under a range of different statutory provisions.
1.2 The Local Environmental Audit and Management System (LEAMS) Survey was carried out in Gwynedd June and July 2018 where 98.6% of the streets in Gwynedd were graded as grade B or above. This is higher than the figure of 98.6% for the whole of Wales. An indicator of cleanliness was recorded this year as 73.6, the second highest cleanliness indicator for Gwynedd since the start of the survey.

2. **Purpose and Scope of Audit**
2.1 The aim of the audit was to ensure that internal arrangements were in place to monitor the streets of Gwynedd to ensure that they are clean, green and safe as possible. In order to achieve this, the audit covered looking at any monitoring arrangements for distributing fines, ensuring that the correct fees have been enforced, that there are indications Enforcement around areas and there is specific procedure for responding and acting on complaints/enquiries.

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

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

4. **Current Score Risk**
4.1 The audit's risks are as follows:

Risk Level	Number
VERY HIGH	0
HIGH	0
MEDIUM	2
LOW	0

5. **Main Findings**
5.1 It was observed that adequate controls were in place for the street Enforcement service and that the Council's internal street enforcement team continue to monitor the streets of Gwynedd thoroughly.

5.2 The service was seen to make use of social media to try to raise residents' awareness of the importance of keeping streets clean, and that information was included on the corporate website, where any environmental crime can be reported, requests made and more information obtained about the various orders in place.

5.3 It was discovered that the team has patrol programmes to follow, but because the service does not have the resources to carry out patrols across the county, the team's work is very responsive and tries to target places that are really needed but with so few staff, it is not possible to follow the programmes exactly. The team uses the 'FlyMapper' app on the computer/mobile phones, where the intensity of fly-tipping in Gwynedd is shown, and therefore prioritises problem areas.

5.4 Accountable officers who have received appropriate training operates on fines and it is essential that any new officer attends and completes a Fixed Penalty Enforcement course before being authorised to impose fines. Staff from other departments such as maritime staff were found to have the authority to issue fines for littering and control dog fouling and evidence was received that they've had the appropriate training.

5.5 A sample of 42 fines from the 2018/19 financial year were verified, 39 appears to have received the correct fees, but 3 of the fees were incorrect, having received an amount of £60.00 for control/dog fouling, a 2016/17 fine. It was discovered that maritime staff gave these fines out, and they used an old 'Final Penalty Notices' (FPN) book that explains the wrong amount. The street Services manager explained that since this FPN was reached, the team had ensured that all maritime officers have the latest book.

5.6 The accounts of the service show that the income received from fines over the last four years has been approximately £5,000 per annum, against an income target of proximately £20,000 for the team. The Street Services Manager noted that the team's income target in 2008 was based on an expectation that over 30 Police Community Support Officers (PCSOs) would contribute significantly to the number of fines. Nowadays, the arrangements have changed and PCSOs do not have the time to consider such offences, and it was observed that the PCSOs had not issued any FPNs since 2012. However, the original income target remains and there are plans to increase this target to £30,000 for the financial year 2019/20 and to £40,000 by 2020/21 without a plan to achieve it. There appears to be an overspend of £20,744 against the 2018/19 budget, with the majority of costs absorbed by reductions in other costs such as staff and pensions. The Street Services Manager was concerned that the service will continue to fail to meet the income target with the current capacity resulting in an increase in budget overspends.

5.7 The arrangements were checked to ensure that fines were paid in a timely manner. According to guidance set by the Welsh Government, there is a standard period for the payment of fixed penalties, set by legislation, of 14 days. If the service has not received a payment within 14 days, the appropriate officer sends out a letter in order to remind them and the recipients are then given an additional 14 days. A sample of 10 unpaid fines issued in 2018/19 was selected. From the selected sample, there appears to be no record of letters being sent out for 5 of the sample, letters were sent months after the offence for 4 of the sample and only one letter was sent out on time.

From the verified data it appears that 24 have not been sent in a timely manner since April 2017, therefore it means that the Council is likely to have a low probability of claiming the total accrued debt of approximately £3,100. The Streetscene Manager explained that although the 'MCS Enforcer' system, which is an enforcement administration system, helps to manage the mailing Schedule, this is dependent on an administrative officer to act on them.

5.8   The team lost the position of Administrative assistant in 2018 which was responsible for handling enquiries, recording, processing and reconciling fines, charges, corresponding with debtors and the administration of the systems such as MCS Enforcer and Siebel. Siebel is a system for receiving and responding to public enquiries. It was found that the Services has a temporary regime, where an administrative officer from the Highways service assists with the team's administrative tasks in addition to the Highways duties. However, the service manager noted that this may be an issue for the service during peak times for highways or periods of illness where it has an impact on the support available to the team, and the service may face some periods without an administrative service at all.

5.9   In addition, enquiries were checked and received from the public. It has been reported from the Siebel system that 649 enquiries have been received by the service since April 2018 to date. It was observed that 423 of these had been closed, with 226 calls open. Of the 226 calls open, these were found to date back to April 2018. It was observed that on average the service took 142 days to close fly-tipping applications and 17 days to close requests for fouling/dog Control. The lack of resource, especially the loss of the Administrative Assistant position appears to have had an impact on the service to be able to act on public enquiries, debt notifications and timely administrations of the systems including reconciliation of payments back to the system/records Service.

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

- **To consider modernising the 'MCS Enforcer' system to reduce reliance on administrative input.**
- **Develop an internal FFOS- based system to ensure that enquiries are answered in a timely manner.**
- **Continue to monitor the Street Enforcement service budget or refocus the team and consider setting contractual performance targets based on the number of fines.**