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| COMMITTEE | AUDIT AND GOVERNANCE COMMITTEE |
| DATE | 13 FEBRUARY 2020 |
| TITLE | OUTPUT OF THE INTERNAL AUDIT SECTION |
| PURPOSE OF REPORT | TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 31 JANUARY 2020 |
| AUTHOR | LUNED FÔN JONES – AUDIT MANAGER |
| ACTION | TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES |

1. INTRODUCTION

- 1.1 The following report summarises the work of Internal Audit for the period from 18 November 2019 to 31 January 2020.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following work was completed in the period to 31 January 2020:

| Description | Number |
|---|---------------|
| Reports on Audits from the Operational Plan | 12 |
| Grant Audits | 1 |

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 January 2020, indicating the relevant assurance level and a reference to the relevant appendix.

| TITLE | DEPARTMENT | SERVICE | ASSURANCE LEVEL | APPENDIX |
|---|------------------------------|------------------------------------|-----------------|-------------|
| Arrangements for | Corporate | - | Limited | Appendix 1 |
| Appointment and Cost of Supply Teachers - Secondary | Education | Schools | Satisfactory | Appendix 2 |
| Trust Funds | Education | Schools | Satisfactory | Appendix 3 |
| Ysgol Pendalar | Education | Schools | Satisfactory | Appendix 4 |
| Ysgol Hafod Lon | Adults, Health and Wellbeing | Homelessness and Supported Housing | High | Appendix 5 |
| Welsh Church Fund | Economy and Community | Community Regeneration | High | Appendix 6 |
| Harbours – Health and Safety | Economy and Community | Maritime and Country Parks | Satisfactory | Appendix 7 |
| Parc Padarn – Safety Measures | Economy and Community | Maritime and Country Parks | Satisfactory | Appendix 8 |
| Absence Management | Adults, Health and Wellbeing | Across the Department | N/A | Appendix 9 |
| Youth Club Accounts | Children and Family Support | Children and Families | Satisfactory | Appendix 10 |
| Payments to Foster Carers | Children and Family Support | Children and Families | Satisfactory | Appendix 11 |
| Repair and Maintenance of Playing Areas | Highways and Municipal | Municipal Works | Satisfactory | Appendix 12 |

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. |

2.3 Post-16 Grant

2.3.1 There is a requirement for local authorities to provide 'evidence of appropriate expenditure' of the allocations in respect of sixth forms and adult continuing education. The 'Local Authority Audit Guidance for Welsh Government Funding' states that on an annual basis, the Local Authority will provide to the Welsh Government the following information:

- a) a list of all internal audit reports completed in that year that involve any school or community learning where all or part of the costs are covered by Welsh Government grants;
- b) for those reports, the main audit opinion is to be given together with any significant weaknesses identified plus the action plan / management comments to address those weaknesses;
- c) a copy of the Head of Internal Audit's (or equivalent) annual report; and
- d) a copy of the external audit management letter relating to the particular financial year after it has been presented to the Council

2.3.2 The above information and the related checklists were sent to the Welsh Government on within the deadline for submission which was 31 January 2020.

3. FOLLOW-UP WORK

3.1 New arrangements have been established for follow-up audits. In 2017/18, a total of 88 actions were agreed to be undertaken before 31 March 2020. Following a request made to the Units/Services for information and evidence on progress against agreed actions, as at 31 January 2020, there was acceptable implementation on **64%** of the agreed actions to mitigate high/very high risks, i.e. 7 out of 11, and **70%** of the agreed actions to mitigate medium risks, i.e. 54 out of 77.

4. WORK IN PROGRESS

4.1 The following work was in progress as at 31 January 2020:

- Supporting Ffordd Gwynedd Reviews (*Corporate*)
- Women in Leadership (*Corporate*)
- Overtime (*Corporate*)
- The 5 Ways of Working (*Corporate*)
- Safeguarding Arrangements – Establishments (*Corporate*)
- Culture and Ethics (*Corporate*)
- Proactive Prevention of Fraud and Corruption and the National Fraud Initiative (*Corporate*)
- Information Management – Establishments (*Corporate*)
- GwE – Travelling Costs (*Education*)
- Schools –General (*Education*)
- Road Safety Unit (*Environment*)
- Bank Reconciliation (*Finance*)
- Benefits – Review of Key Controls (*Finance*)
- Welsh Church Fund (*Economy and Community*)
- ARFOR (*Economy and Community*)
- Use of P6 Forms (*Adults, Health and Wellbeing*)
- Absence Management (*Social Services*)
- Plas Gwilym (*Adults, Health and Wellbeing*)
- Hafan y Sêr (*Children and Supporting Families*)
- Municipal Vehicles (*Highways and Municipal*)
- Bridges – Work Programme (*Highways and Municipal*)

5. RECOMMENDATION

5.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 18 November 2019 to 31 January 2020, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

ARRANGEMENTS FOR RETURNING EQUIPMENT

1. Background

1.1 Numerous devices and equipment are distributed to Council staff, including laptops, mobile phones, building keys, ID cards, parking passes, and more. It is essential that this equipment is returned to the Council when a member of staff terminates their employment in order to mitigate the security risks and the associated risks of financial losses.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to ensure that Council property is returned when a member of staff terminates their employment. In order to achieve this, the audit encompassed selecting a sample of staff who have terminated their employment and checking the arrangements in place to ensure that Council property, e.g. mobile phone, laptop, ID cards, parking pass etc. are returned.

3. Audit Level of Assurance

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

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

4. Current Score Risk

4.1 The audit's risks are as follows:

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

5. Main Findings

5.1 Council staff receive ID cards to be able to access Council buildings and rooms. The CardExchange system manages the production of staff ID cards and is used in conjunction with the SALTO electronic lock system to control staff access to various buildings and rooms. A sample of 14 members of staff who left between 01/06/2019 and 01/09/2019 was checked. Sufficient evidence was received from the SALTO system that these individuals' ID cards were no longer active. Appropriate controls are in place to ensure that staff ID cards do not operate on Council electronic locks for longer than is needed.

- 5.2 Although there is a register of active ID cards on CardExchange, there is no record of ID cards of staff that have left and whether they have been returned and destroyed or not. There is therefore no effective control in place to ensure that staff that leave return or destroy their ID cards. The ID cards of staff who have terminated their employment would not work on the Council's electronic locks but still pose physical security risks. An individual who is not a member of staff but has an official ID card could impersonate a member of staff to gain access to Council buildings, receive staff benefits, or gain access to residents' homes.
- 5.3 Parking passes are issued to eligible Council staff, with the relevant terms and conditions attached. Each pass issued to staff has a unique code and it is possible to identify the pass holder and whether or not they still work for the Council by cross-referencing this code with a dedicated spreadsheet used by the Housing and Property department. It is not practical for a parking officer to verify all passes' validity when visiting a car park using the aforementioned method. Although there is control here, no assurance can be given that parking tickets are not being misused by former staff.
- 5.4 The TOPdesk system is used to record IT assets. A report, dated 16/09/2019 of a sample of staff who had left between 01/06/2019 and 01/09/2019 was sourced. It showed that only 33% of IT Equipment was 'returned'. The IT Support Service Manager stated that there was a lack of communication, regarding IT assets, from managers when staff left. It is possible to change the member of staff responsible for different assets within the TOPdesk system. Managers could change this if they were given the appropriate rights and instructions.
- 5.5 A policy containing instructions for managers and other employees regarding employment termination arrangements would benefit the Council to achieve stronger controls. Relevant officers and the policy centre was checked for appropriate instructions or a policy regarding employment termination arrangements. The Recruitment and Appointment policy covers relevant issues when a member of staff commences their employment but did not have information about employment termination arrangements.

5. **Actions**

The Assistant Head – Revenue & Risk and the IT Support Service Manager have committed to implementing the following steps to mitigate the risks highlighted.

- **Amend clause 16.15.14 of the Council's Financial regulations to specify the equipment that should be returned when staff terminate their employment, and inform business unit managers of the requirements.**
- **Enable managers to update and change the status and ownership of IT assets on TOPdesk when a Recruitment, appointment and termination system is added to staff self-service.**

APPOINTMENT AND COST OF SUPPLY TEACHERS - SECONDARY

1. Background

- 1.1 The Contracts and Payroll Unit within the Education Department is responsible for administering the Authority's approved list of supply teachers. The Unit accepts applications from individuals to be on the list and completes the relevant checks to ensure that they are competent and suitable to work with children and young people.
- 1.2 At the time of the audit, up to 1 September 2019 there were 13 Secondary Schools in Gwynedd. There are now 12 Secondary Schools in Gwynedd, Y Berwyn High School has closed and Ysgol Godre'r Berwyn has been established for 3-19 year olds on the site.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that appropriate arrangements were in place for appointing secondary school supply teachers to the Council's approved list, as well as ensuring that only teachers from the approved list are appointed for secondary school supply work.
- 2.2 In order to achieve this, the audit encompassed ensuring that the appropriate documentation for the supply teachers on the approved list had been obtained, as well as checking the administrative arrangements involved in the process. As well as checking the payments made to supply teachers ensuring their accuracy and validity.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 It was seen that appropriate arrangements are in place for appointing supply teachers to the Council's approved list, as well as ensuring that only teachers from the approved list are appointed for supply cover in secondary schools. The findings are expanded upon below.

- 5.1.1 It is essential that teachers are registered with the Education Workforce Council for Wales before being included on the Authority's official list. A sample of supply teachers who have received a salary in 2019 were selected and it was confirmed that all are registered.
- 5.1.2 A sample of supply teachers was selected and checked for current disclosures from the Disclosure and Barring Service (DBS). Two teachers in the sample did not have current disclosures although they continue to work as supply teachers. The process of obtaining a current disclosure for both has now begun.
- 5.1.3 A sample of supply teacher personnel files were checked. It was verified that completed application forms and references had been received. Application forms were seen in all cases but only 2 had references. There is no procedure for receiving references in the cases where a teacher retires and completes an application in order to be added to the supply list and when teachers on part-time contracts undertake supply work and complete a timesheet. Another example is when schools employ individuals after completing the Postgraduate Certificate of Education course (PGCE) and that before the end of the summer term. Should these individuals receive further work from September onwards the Schools Payroll and Contracts Team would send for their references.
- 5.1.4 Secondary Schools were asked about their arrangements for appointing supply teachers, 11 responded. It was noted that they appointed supply teachers from the Council's official list. However, the Administration Officer at one of the schools commented that using the list can be very frustrating at times as it is out of date. Many schools also use teachers who already have part-time contracts at the school. Occasionally, if no one is available they would contact an agency for a supply teacher. The Schools Payroll and Contracts Unit provides an up-to-date list of supply teachers on request from the School only.
- 5.1.5 On checking a list of salaried supply teachers against the Authority's official supply list, it was found that only 22 out of 32 were on the list. There are cases where an individual is not on the official list and they are receiving supply work e.g. when the school appoints a supply teacher directly. On these occasions, the timesheets received are not processed until individuals complete a new supply teacher pack which includes an application form, DBS disclosure forms, and is registered with the Education Workforce Council. There is also the possibility of unqualified teachers being appointed by the Schools, the relevant checks are completed before the timesheet is processed but they are not added to the official list. Teachers on a part-time contract who complete supply work are not added to the supply list unless they complete an application.

5.1.6 The breakdown of supply teachers by school and pay scale for the period May to July 2019 is shown below.

5.1.7

| | Supply Teachers Total Days | Salary Pay Scales | | |
|-------------------------|----------------------------|---------------------|--------------------|--------------------------|
| | | Unqualified (61-63) | Main Scale (21-26) | Post - threshold (71-73) |
| ARDUDWY | 5.65 | - | - | 100% |
| BOTWNNOG | 50.60 | - | 53% | 47% |
| BRYNREFAIL | 66.67 | 4% | 78% | 18% |
| DYFFFRYN NANTLLE | 134.98 | - | 59% | 41% |
| DYFFFRYN OGWEN | 174.84 | 11% | 47% | 43% |
| EIFIONYDD | 26.20 | - | 31% | 69% |
| FRIARS | 166.98 | 14% | 15% | 71% |
| GLAN Y MÔR | 54.27 | 2.2% | 63.5% | 34.4% |
| SYR HUGH OWEN | 50.78 | - | 19.7% | 80.3% |
| TRYFAN | 52.80 | - | 35.8% | 64.2% |
| TYWYN | 77.86 | 1.9% | - | 98.1% |
| Y BERWYN | 68.31 | - | 69.6% | 30.4% |
| Y MOELWYN | 15.63 | - | - | 100.0% |

945.57

It is seen that supply teachers on the post-threshold scale (point 71-73) have received more working days than teachers on the main pay scale (points 21-26) and unqualified teachers (point 61-63). However, it is assumed that appointing supply teacher is dependent on experience in the subject / field and their availability on the day / period in question.

6. Actions

The relevant officers have committed to implementing the following steps to mitigate the risks highlighted.

- Ensure that all supply teachers own a current Disclosure and Barring Service (DBS) certificate.
- Establish a system of sending the current supply teacher lists to the relevant Secondary Schools periodically e.g. yearly.

TRUST FUNDS

1. Background

1.1 The Council administers over 150 education trust funds. The funds originated from historical financial donations from individuals, for purposes such as supporting children from a particular school or area to pursue a university course in a particular field. The Council invests the original donation and encourages schools to spend the interest received annually, in line with the purpose of the fund. Not all funds relate to schools, such as funds that provide grants to pregnant girls and the seriously ill.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements are in place for the administration of the Education Department's trust funds. In order to achieve this, the audit encompassed reviewing the annual income received by schools, arrangements in relation to the funds' investments and to ensure that proper and correct use is made of the funds in accordance with any terms.

3. Audit Level of Assurance

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

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

4. Current Score Risk

4.1 The audit's risks are as follows:

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

5. Main Findings

5.1 The Finance Department has a spreadsheet listing the purpose of the funds and the schools to which they apply, in addition to their financial performance for the year. However, in the absence of a number of the original documents setting out the purpose of the funds, it was not possible to confirm that the funds were being used for their original purposes. It was found that the purpose of the fund is not known in all cases, with some funds accruing interest without any expenditure as it is not known which school the fund relates to. It is for the school to decide how to spend their funds' income, but any expenditure that is deemed for the benefit of the school or its pupils is generally considered acceptable.

- 5.2 During the audit it was found that some funds had high cash balances. These balances are derived from accumulated interest earned but not spent by the School. Although this cash attracts interest through the Council's account, it could attract higher interest if invested with the capital element of the funds.
- 5.3 At present, all trust funds are separate investments. Due to the administration involved with the funds under the current system, plans are in place to merge all the investments, streamlining the administration and hopefully increasing interest. Under this arrangement, interest is apportioned pro rata to schools based on the value of the original trust funds. In addition, interest from funds where the relevant school is not known will be used to share with all schools in the county.

6. Actions

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

- **Investing the funds' cash balances to attract better interest to the schools.**
- **Continue to explore the possibility of merging the funds into one investment.**

YSGOL PENDALAR

1. Background

- 1.1 Ysgol Pendalar special school is located in the town of Caernarfon. Nearly all pupils have a statement of special educational needs or individual education plans. The school caters for a wide range of additional learning needs, including severe learning difficulties, profound and multiple learning difficulties and autistic spectrum disorders.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the management and maintenance arrangements at Ysgol Pendalar were appropriate and in accordance with relevant regulations and standards. In order to achieve this the audit covered checking that the school's arrangements are adequate in terms of administration and staffing, procurement of goods and receipt of income, health and safety and performance monitoring.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 It was seen that strong internal controls exist at Ysgol Pendalar, but that some aspects need to be tightened. The areas requiring attention are detailed below:

- 5.1.1 The school does not follow the official procedure when supply teachers are required. The Education Department maintains an official list of supply teachers and, at the request of the schools, contacts teachers from the list. The Deputy Head Teacher of Ysgol Pendalar confirmed that the school contacts teachers who have previously worked at the school, who are familiar with pupils and staff. During the audit, supply teachers timesheets for the months of June and July 2019 were checked. It was seen that one supply teacher was not on the Education Department's official list.

The Salaries and School Contracts Team confirmed that schools do not always use supply teachers off the list. However, when this happens, they are not paid until DBS checks have been carried out and confirmation received that they are registered with the Education Workforce Council.

- 5.1.2 It was seen that the school has been overspending against the budget for the last few years. The Senior Development Accountant confirmed that this was due to the restructuring and change of contracts within the school. She added that she was closely monitoring the salaries and the deficiency is expected to normalise in the coming years.
- 5.1.3 Fire tests, fire alarms, escape routes and fire extinguishers are not carried out as often as they should. The Deputy Head Teacher confirmed that he and the Caretaker are responsible for carrying out the tests and confirmation was received that he would arrange for these to be carried out on time from now on.
- 5.1.4 No current record is kept of staff training. It was observed that a variety of training is conducted within the school, such as fire training, paediatric manual handling, and child protection, as well as specialist training e.g. ELKLAN training. However, there is no record of when the training comes to an end and renewal is required. The Deputy Head Teacher confirmed that work had already started on the preparation of a spreadsheet, but that it would be some months before it would be completed considering the time required to gather all the information.
- 5.1.5 The school nurse is employed by the NHS, and therefore beyond the scope of this audit. The Deputy Head Teacher confirmed that the nurse is responsible for administering medication or treatment to pupils with complex needs, but some medication is administered by school staff. It was seen that a detailed record is kept of this, confirming the pupil's name, teacher's / assistant's name, name of medication, quantities etc.
- 5.1.6 The school's Financial Responsibilities and Delegation Policy does not specify any financial thresholds. The policy was accepted by the Chair of Governors on 11/05/2016, despite this it does not confirm the maximum amount the Head Teacher may spend / transfer without the consent of the Chair. The Deputy Head Teacher confirmed that any expenditure over £1,000 is discussed with the governors on each occasion. He added that the body's next meeting is in December 2019 and the policy would be updated at that time.

6. Actions

The Deputy Head Teacher has committed to implementing the following steps to mitigate the risks highlighted.

- **Ensure all fire tests are carried out on time.**
- **Continue the process of recording and monitoring staff training.**
- **Ensure that the Financial Responsibilities and Delegation Policy is updated.**

YSGOL HAFOD LON

1. Background

- 1.1 Ysgol Hafod Lon special school is located on the outskirts of the village of Penrhyndeudraeth. Nearly all pupils have a statement of special educational needs or individual education plans. The school caters for a wide range of additional learning needs, including severe learning difficulties, profound and multiple learning difficulties and autistic spectrum disorders.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the management and maintenance arrangements at Ysgol Hafod Lon were appropriate and in accordance with relevant regulations and standards. In order to achieve this the audit covered checking that the school's arrangements are adequate in terms of administration and staffing, procurement of goods and receipt of income, health and safety and performance monitoring.

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 strong internal controls exist at Ysgol Hafod Lon, but that some aspects need to be tightened. The areas requiring attention are detailed below:
- 4.1.1 The school does not follow the official procedure when supply teachers are required. The Education Department maintains an official list of supply teachers and, at the request of the schools, contacts teachers from the list. The Head Teacher of Ysgol Hafod Lon confirmed that the school contacts teachers who have previously worked at the school, who are familiar with pupils and staff. During the audit, supply teachers timesheets for the months of June and July 2019 were checked. It was seen that three supply teachers were not on the Education Department's official list. The Salaries and School Contracts Team confirmed that schools do not always use supply teachers off the list. However, when this happens, they are not paid until DBS checks have been carried out and confirmation received that they are registered with the Education Workforce Council.
- 4.1.2 Invoices are not checked as expected when being prepared for payment. A sample of 10 invoices were checked, with the TR252 sheet for each confirming that only the expenditure code had been checked. No checks were made on the arithmetic or price. The Clerical Assistant confirmed that he had not been instructed to do this, but would do so from now on.

- 4.1.3 A batch of duplicate invoices were received from the Payments Unit prior to visiting the school. It was seen that a large number of invoices for the school had been sent to be paid for the second time, some for thousands of pounds. The Clerical Assistant confirmed that she kept a copy of all invoices paid in a folder, checking them before paying any new invoices to avoid duplication. Similarly, he confirmed that the FMS system, the system for recording invoices, did not allow double entry of an invoice number, recognizing that it was a duplication. The Head Teacher suggested that there was an error on the system and that he would contact Cynnal to find out why this had happened.
- 4.1.4 The school nurse is employed by the NHS and therefore her work has not been audited. The Head Teacher confirmed that the nurse is only part time and therefore school staff are also responsible for administering medication to the pupils. It was seen that a detailed record is kept of this, confirming the pupil's name, teacher's / assistant's name, name of medication, quantities etc.

5. Actions

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

- **Inquire why the FMS system allows for the second entry of invoices, leading to duplication.**

WELSH CHURCH FUND

1. Background

- 1.1 The purpose of the Welsh Church Fund is to promote and support activities by registered charities. Organisations such as local Eisteddfodau, activities within the arts, education, leisure and sports, conservation and charities that support sick or disabled people can apply for a grant from the fund. Until recently, the fund encompassed Gwynedd, Conwy and Anglesey, with Gwynedd being the host Authority. The fund has now been split between the authorities.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to conduct an independent examination of the Welsh Church Fund statement of accounts in accordance with the requirements of the Charity Commission and the notes to the statement, as well as to conduct a follow-up audit of the weaknesses highlighted during the 2018/19 internal audit.

3. Audit Level of Assurance

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

| Assurance Level | Description |
|-----------------|--|
| HIGH | Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives. |

4. Main Findings

- 4.1 It was found that the Welsh Church Fund statement of accounts for the financial year 2018/19 were appropriate. Based on the tests carried out, it was found that an appropriate audit trail supports the figures in the statement.
- 4.2 An internal audit of the Welsh Church Fund was undertaken in February 2019, where a limited level of assurance was given, that is, the need to introduce new controls to reduce the risks to which the service is exposed. This was due to the fact that the fund's money had been kept in an account earning very low interest and although there was a commitment and effort to reinvest the money, this had not happened due to the delays involved in splitting the fund between the three authorities. As the grants allocated from the fund were based on the annual interest income, the funds available to allocate had reduced, and after using its historical underspend, it was decided in April 2018 not to accept new applications due to a lack of money.
- 4.3 It was now seen that the accounts has been split between the authorities and that the fund once again welcomes applications for financial assistance. Payments to date in 2019-20 are approximately £3.5k with the majority made of payments to local Eisteddfodau. The February 2019 audit was of the opinion that the grant allocation and progress monitoring arrangements were reasonable with regards to the risks involved and therefore these were not verified during this audit.

4.4 The investment of the fund's money to attract higher interest began in October 2019, with the remainder to be invested before the end of the financial year. The investments were split to reduce risk, on the advice of Arlingclose Limited. It is expected that this increased interest from the investments will allow more grants to be made available to charities.

HARBOURS HEALTH AND SAFETY

1. Background

1.1 Gwynedd Council is the Statutory Harbour Authority for the Ports of Pwllheli, Porthmadog, Barmouth and Aberdyfi. As a Statutory Harbour Authority, Gwynedd Council is committed to providing and operating its ports as safe and reliable ports for all users and staff.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate health and safety arrangements were in place in Gwynedd Council's harbours. The audit covered visiting the harbours and checking that health and safety arrangements were in place and being implemented.

3. Audit Level of Assurance

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

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

4. Current Score Risk

4.1 The audit's risks are as follows:

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

5. Main Findings

5.1 The harbour's fire logbooks were checked. It was found that the fire tests were not being carried out to the expected timescale in all cases. The fire alarm system testing, fire extinguisher checks and escape route inspections appeared to be carried out on a monthly rather than weekly basis at one establishment. Fire alarm system testing was not carried out at all any other establishment.

5.2 The harbour's risk assessments were checked. It was seen that appropriate arrangements were in place for drawing them up and that they were reviewed annually or sooner. One Harbourmaster stated that many of the harbour risk assessments had been saved to his computer desktop and that he intended to upload them to iGwynedd so that they could be made available to other members of staff including the Harbour Assistant.

- 5.3 Risk assessments for hand-arm vibration control (HAV) were specifically checked. Although widely understood, risk assessments covering this risk were not seen at all sites. Guidance / information packs had been distributed by the Health, Safety and Well-being Unit and some officers had undertaken further research themselves for the specific tools they use. Personal logbooks are used for recording the use of hand-arm vibration machines and records were found to vary with some logbooks not being used, however it was noted that they understood the need to do so. Other examples were seen where the logbook was being used but not entirely accurate in terms of the time spent using the machines.
- 5.4 COSHH files are kept in all Harbours but one Harbourmaster noted that many of the sheets were old and no longer relevant.
- 5.5 Arrangements for ensuring that the equipment used was safe to use varied. Not all had arrangements for servicing the machines but it was noted that they would not use them if they thought they were dangerous. One Harbourmaster explained that he was piloting a new system of using powered tools with rechargeable batteries.
- 5.6 Robust arrangements were seen for conducting periodic inspections of the Harbours, such as slipways, ladders etc.
- 5.7 Not all Harbours kept an inventory, which can lead to a failure to identify the Council's property.

6. Actions

The appropriate officers are committed to implementing the following steps to mitigate the risks highlighted.

- **Ensure that all fire logbook tests are carried out to the expected timescale.**
- **That Harbours identify where there is a risk of hand-arm vibration (HAV) and ensure that risk assessments incorporate this risk.**
- **Ensure that current risk assessments are readily available to all staff on iGwynedd or in a paper file.**
- **Officers use the dedicated logbook to record any work done using hand-arm vibration machines.**
- **Ensure that all staff are aware of who to contact if they need further guidance on and how to use the logbook.**
- **Ensure that only relevant and current COSHH sheets are stored in the hazardous substances file.**
- **That the Harbours produce a fit for purpose inventory (equipment and furniture list) and that there are arrangements for updating it as necessary and checking it annually.**

PADARN PARK SAFETY MEASURES

1. Background

1.1 Padarn Country Park is located in 800 acres within the Peris Valley on the edge of Snowdonia National Park.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable security measures have been established and are executed in order to ensure the safety of the Padarn Park site including Vivian Quarry. In order to achieve this, the audit covered checking what assessments have been carried out for the site with particular regard to the structures / buildings surrounding the Vivian quarry, the levels and slate banks of the Vivian Quarry as well as the trees on the site.

3. Audit Level of Assurance

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

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

4. Current Score Risk

4.1 The audit's risks are as follows:

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

5. Main Findings

5.1 There are 4 full time employees and one seasonal employee working over 7 days a week at Padarn Country Park. Their daily functions include litter checks, vandalism etc. and maintenance. The day-to-day work depends on the circumstances i.e. the number of employees working that day.

5.2 The YGC Department (Gwynedd Consultancy) is conducting a review of the buildings / structures around the Park at the request of the Maritime and Country Parks Manager. The trigger for the application was concerns with the historic buildings which are deteriorating day by day. The review is expected to be completed by the end of December 2019.

5.3 A specialist company is employed to carry out a tree survey at Padarn Country Park. Audits have already been carried out on the three most popular sites in the Park and reports have been provided identifying deficiencies and the urgency needed to act on them. It was seen that all the work that needed to be implemented immediately had been completed.

Most of the work that needed to be completed within 3 months has also been completed and work has started on what remains of the defects, the aim is to complete the work as soon as possible and by the end of December 2019 at the latest. Inspections will be carried out on trees at 2 other sites within the Park in the coming months, with work aiming to be completed before the end of February 2020.

- 5.4 Zurich Risk Engineering (ZRE) were commissioned to undertake a review of the public liability risks and management controls for the Country Parks (the review includes Padarn and Glynllifon Country Parks). The report, 'Risk Engineering - Risk Assessment and Risk Improvement, Helping you to understand and mitigate your risks' was published in April 2019. The main findings of the review were:

“Overall the Country Parks demonstrated a proportionate and sensible approach to the management and Maintenance of the Parks, unfortunately this management system is not documented. Documentation of a management system including inspection and maintenance allows for a defence should a claim arise.”

- 5.5 The ZRE report recognises that Padarn Country Park receives a high number of visitors especially during peak seasons and weekends and elaborates that the level of management intervention is commensurate with this. The ZRE report identifies areas for improvement but there are no significant concerns. The areas for improvement have been identified as five advisory risk improvement actions, no actions have taken place yet.
- 5.6 No risk assessments were seen for the buildings / structures or for Vivian Quarry. The Chief Warden of Padarn Park stated that if work was to be carried out in these areas a risk assessment would be completed before commencing the work. Risk assessments were in place for tree pruning / tree clearance at specific sites around the Park but there was no overall risk assessment for trees.
- 5.7 The Park has an Emergency Plan, it was published in March 2005 and partially updated in January 2019. The Maritime and Country Parks Service does not consider this Emergency Plan to be viable anymore considering the size of the site and the fact that is open to the public 24 hours a day.

6. Actions

The relevant officers have committed to implementing the following steps to mitigate the risks highlighted.

- **Implement the risk improvement actions identified in the Zurich Risk Engineering report.**

MANAGING ABSENCES

1. Background

- 1.1 Following the departmental re-structuring of the Social Services department, administration of absences has remained under the control of the Workforce Support Manager. This arrangement has been in place for a number of years and the controls implemented to ensure accuracy and consistency across all services within the historical regions of Arfon, Meirionnydd and Dwyfor. Following a recent restructure and the resources available for administration, changes to the current arrangements are unavoidable.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that appropriate administrative arrangements are in place within the departments to manage staff absences in terms of annual leave, sickness and any other absences. To achieve this, the audit included a review of the current procedures and checking a sample of absences reported in different services to verify their appropriateness.

3. Main Findings

- 3.1 Stringent controls are in place to ensure accuracy and conformity with the departments' procedures and terms for managing absences. These arrangements are stricter than the Council's other departments, but were introduced to avoid errors and misuse of the system as had occurred in the past.
 - 3.1.1 These controls emanated from a lack of accountability among some of the managers that were not sufficiently fulfilling their duties when administering and recording absences. As a result, there were a number of instances where workers had taken more annual leave days than they were entitled to. Many of these examples were as a result of genuine mistakes but there were also instances where staff members had misreported on purpose in order to claim additional holiday/leave days.
 - 3.1.2 For the members of staff who conform to the rules, these controls result in some duplication. However it also ensures a record of all absences are kept centrally to ensure there are no errors or instances where absences are purposefully misreported. This is not an example of trusting in staff or their ability to manage effectively but these controls exist because of misuse and non-conformity with the Council's rules in the past.
 - 3.1.3 Every Manager/Team Leader receives a weekly e-mail from the Department's Workforce Support service asking for details of any absences from their teams' members during the previous week. This includes annual leave, sickness, leave as a result of 'flexible hours', medical appointments or any other absences or special leave. The procedure prior to the recent re-structure was that a manager or a team clerk would collect the details from their staff and send via e-mail to the area administrators. The administrators would keep a record of any absences by any members of staff and would input the details into Cyborg (Payroll System).

These administrators would also prepare annual leave cards for all members of staff with details of any terms and entitlements that they receive from Human Resources. Individual staff would receive a copy of the annual leave card in order for them to keep a record for themselves. The information that was collected weekly by the administrators was used to verify the absences and update the annual leave card. Any discrepancies or inconsistencies were shared with the staff members' manager.

- 3.1.4 Following the restructure, the historical areas of Arfon, Meirionnydd and Dwyfor as well as the administrative procedures have been changed. The Adult and Children Finance Team have been established in Caernarfon who are responsible for administration but their priority is any work in dealing with purchasing and financial transactions and it is likely that there will not be staff resources available to continue with the same procedures in terms of preparing and verifying annual leave cards centrally. The procedure to input absence details into Cyborg ended during the summer but the managers/team leaders continue to report weekly to the Adult and Children Finance team on absences/sickness. The Adult and Children Finance team collate this information on an Excel worksheet and send it to the Payroll service.

4. Conclusion

- 4.1 The current controls are robust and ensure accuracy when administering absences. However, tasks are being duplicated and the Departments must consider the level of risk and the resources that are utilised in order to control the risk. As is the case with every process, the relevant officers should continually review the procedures to ensure they are in line with Ffordd Gwynedd principles and any inefficient stages are recognised.

5. Actions

The departments have committed to implementing the following steps to mitigate the risks highlighted.

- **Consider if the risk level deriving from recording leave is appropriate with the available resources.**

YOUTH CLUB ACCOUNTS CHILDREN AND SUPPORTING FAMILIES

1. Background

1.1 The provision of Youth Support Services is a statutory requirement under the Skills and Learning Act 2000. A Review of the Youth Service was undertaken during 2015-2017 and it was found that the Service faces many challenges. 4 options were drawn up for Cabinet to consider for the future, with the Service favouring 'Option 3' namely,

“Provide in a different way, by a Programme of Activities and Projects that goes from location to location throughout the county. Commission additional activities from external partners.”

A public consultation and Equality Impact Assessment was undertaken based on this option. The County Youth Club model, 'Option 3', was approved at the Cabinet meeting on 13th March 2018.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place for closing the accounts of Gwynedd's youth clubs. The audit covered examining the arrangements for returning debit cards and closing the club bank accounts, imprest money (if applicable), paying in any income and paying any outstanding invoices.

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 | Controls were in place to achieve the one-off objective of closing Youth Club accounts. Although financial losses appear to have been discovered, the service is now provided in a different way, so it is not appropriate to tighten the historical arrangements. |

4. Current Score Risk

4.1 The audit's risks are as follows:

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

5. Main Findings

5.1 It was seen that there were sound arrangements in place for closing the accounts of Gwynedd youth clubs, and now all of the accounts proposed for closure have been closed and the remaining balances transferred to an appropriate account.

- 5.1.1 All bank accounts for Gwynedd youth clubs needed to be closed, with the account balances being transferred to the 'Gwynedd Activities Association' account. This money has been earmarked for Gwynedd youth activities and projects, some activities have already taken place. It was noted that Maesgeirchen youth club is not currently being closed as many activities and projects continue to be run there.
- 5.1.2 The communities / Community Councils have the right to apply for the money associated with the area to set up and run a new youth club. In these cases they must state what they intend to use the money for and it must be for the young people of the area. There is no set time to apply for this money, that is, there is no expiration date.
- 5.1.3 A sample of accounts were checked to ensure that income including imprest money had been paid into the account before it was closed. We found that one club's imprest money had not been paid back into the account and there were no records of what the money had been spent on.
- 5.1.4 It was ensured that the balances had been correctly transferred to the 'Gwynedd Activities Association' account and that the individual accounts had been closed. Final statements were seen for 7 of the accounts in a sample of 13. The correct amounts had been transferred for the whole sample.

PAYMENTS TO FOSTER CARERS

1. Background

- 1.1 Each foster carer receives a weekly fostering allowance which is designed to cover the cost of caring for a child being fostered. This includes food, clothing, toiletries, travel and all other expenses incurred. The Welsh government publishes minimum National subsistence allowances for foster carers, with the expectation that all fostering Services will meet these amounts.

2. Purpose and Scope of Audit

- 2.1 The aim of the audit was to ensure that suitable arrangements were in place for the implementation of payments to foster carers who are directly employed by the Authority, and that they were in line with the relevant guidance/regulations. In order to achieve this, the audit covered checking that responsible officers were acting on foster carer applications, that allowances and fees were formally issues to the public, that payments had been paid correctly and in a timely manner, in line with the payment scales, approved by appropriate officers and that there was evidence to support them.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 From 1st April 2017, the Welsh Government requirement for all fostering Services in Wales to publicise their allowance rates and ensure that rates are recorded or accessed on the Children's Commissioning Support Resource (CCSR). The fostering team manager noted that information was recorded on the Children's Commissioning Support resource (CCSR) website. No information about the detail of scales and charges/allowances were seen published on the council's website.

- 5.2 It was discovered that all foster carers receive a package for allowances and fostering fees which sets out exactly the various guidelines relating to the payments. In addition, the foster carers receive claim forms and a payment schedule. It was observed that the allowances and fees were reviewed annually and fees charged by Gwynedd Council were found to be appropriate in comparison to the National minimum allowance as set by the Welsh Government. The Fostering Team Manager confirmed that the carers are informed when there are any changes to the allowances/fees.
- 5.3 A sample of 16 children who have been admitted to the fostering system in the year 2018/19 were checked and all applications were seen to have been made by social workers and the setting had been approved by a responsible officer, that the information had been correctly recorded on the system for each child in the sample and that all the children in the sample had been placed with approved foster carers on the list of placements.
- 5.4 A sample of 11 fostering payments, 10 other allowances such as 'Stay on scheme' and special allowances, and 10 'Pay for skills scheme' payments were checked. It was observed that there was supportive and relevant documentation for all payments, that every payment had been made to an approved foster carer off the system and the list of carers, that all payments had been made in respect of a child on the system and the children could be identified from the papers with the system, the period held is correct and the weekly amounts are correct for the whole sample where the payments are in line with the child's age and period of care. In addition, all payments were found to have been authorised by a responsible officer and correctly coded. The payments are calculated by the Finance administrative officers and then authorised by the Fostering Duties Officer.
- 5.5 The fostering payments were checked to ensure that they had been paid in a timely manner. All payments were seen to have been made on time, and the longest it took to pay foster carers from the sample was 3 days.
- 5.6 It was discovered that a payslip was sent out to all foster carers a few days before the payment was made. An example of these was seen and it was found that they do not describe in detail what is involved in the payment and are only paid as a lump sum which can make it difficult for foster carers to cross-reference payments with what is claimed. It was discovered that an analysis of payments was sent out at the end of the year as required but not automatically sent by the payments Unit.
- 5.7 It is set out in the fostering allowances package of all the conditions and arrangements in place for payments to foster carers. These additional payments fall into categories such as Christmas, Birthday presents, extra clothing, travel costs etc. A sample of 10 payments were selected from the ledger under expenditure codes 5902, 5903 and 5921 and all payments in the sample were paid correctly and under the correct conditions and guidelines.

6. Actions

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

- **Take the necessary steps to ensure that current and prospective foster carers are aware of the rates by making the information available on the Council's website and advertising the allowance rates.**

REPAIR AND MAINTENANCE OF PLAYING AREAS

1. Background

- 1.1 The Highways and Municipal department is responsible for approximately 130 public playgrounds throughout the county. The department is responsible for ensuring that the fields and equipment are safe for the users by conducting regular inspections on e.g. play equipment, football and rugby goals, benches and gates etc.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that appropriate repair and maintenance arrangements are in place to ensure the safety of play area users in Gwynedd. In order to achieve this, the audit encompassed reviewing the inspection arrangements of playgrounds under the care of the Highways and Municipal department, ensuring that appropriate procedures are in place for installing equipment, identifying risks and defects, repairs are carried out and complaints are acted on. The audit did not encompass playing fields that are not in the care of the Highways and Municipal department, such as those on school grounds or those run by Town and Community Councils.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

- 5.1 It was seen that appropriate arrangements are in place for inspecting and maintaining playing fields and equipment under the care of the Highways and Municipal department. Despite the ongoing pressures on the service's budget and the need to change their way of working following several recent retirements, regular inspections were made.
- 5.2 Each playground is visited monthly by a single qualified Playing Areas Inspector. This is a change from the historical arrangement of different inspectors in each area, with inconsistencies in the arrangements and inspections. When visiting each play area, a checklist is used to record and score the condition of the equipment and any actions required or completed at the time.

In addition, annual inspections of all the playing fields are conducted by the insurance company Zurich Municipal. The purpose of these inspections is to examine the play equipment against BS EN 1176 "Playground Equipment Standard" accreditation. The inspections include examining the equipment and the general area, and making suggestions (such as placing a sign with information that may include e.g. contact details for the Council, age restrictions, location of nearest toilets etc.). Inspections may also highlight defects that need to be acted upon within a time limit, but from the sample selected, only one case of this had been identified and it had already been highlighted in the Highways and Municipal Department's inspections. Zurich Municipal inspections help to ensure that play equipment meets the expected standard, which is an advantage from a safety point of view, and can also be beneficial if a claim needs to be defended.

- 5.3 A sample of recent inspections were reviewed and revealed that at times it is not clear what the deficiencies seen are or what work had been done. For example, a classification, or 'score' given to the condition of the equipment had improved, although no action had been noted to explain how the condition has improved. In addition, at times the inspections are incomplete and do not provide enough detail for an officer who was not present at the inspection to fully understand the situation. The Service is considering using an electronic tablet for recording future inspections. Not only will this be a more convenient way of recording and storing information, but also has the potential to transform the way the inspections are conducted, in to a more integrated way using specific apps and the ability to take and store photographs to support comments, improve communication etc.
- 5.4 In order to meet the Council's financial savings targets, it is hoped that external organisations, such as Community Councils or others will take ownership of playing fields and equipment. Play equipment is very expensive and funding for new equipment is extremely limited, so external organisations are considered better placed to attract grants, but of course they would also be responsible for the maintenance arrangements.
- 5.5 A number of playing fields and equipment on school grounds also come under the care of the Council, but not the Highways and Municipal department. It was identified that the inspection and maintenance arrangements of the Education department are not as rigorous as those of the Highways and Municipal department, and therefore given the risks identified, a specific audit will be included in the 2020/21 audit plan encompassing school arrangements for acquiring appropriate equipment, and their inspection and maintenance arrangements.

6. Actions

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

- **Investigate the possibility of using electronic devices to facilitate planning, inspecting, and recording visits and actions.**