

COMMITTEE	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
DATE	<b>17 OCTOBER 2021</b>
TITLE	<b>OUTPUT OF THE INTERNAL AUDIT SECTION</b>
PURPOSE OF REPORT	<b>TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 30 SEPTEMBER 2021</b>
AUTHOR	<b>LUNED FÔN JONES – AUDIT MANAGER</b>
ACTION	<b>TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES</b>

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**1. INTRODUCTION**

1.1 The following report summarises the work of Internal Audit for the period from 1 April 2021 to 30 September 2021.

**2. WORK COMPLETED DURING THE PERIOD**

2.1 The following work was completed in the period to 30 September 2021:

<b>Description</b>	<b>Number</b>
Reports on Audits from the Operational Plan (2020/21)	4
Reports on Audits from the Operational Plan (2021/22)	10

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 30 September 2021, indicating the relevant assurance level and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	ASSURANCE LEVEL	APPENDIX
IT Asset Management During an Emergency (2020/21)	Finance	Across the Department	Satisfactory	Appendix 1
STEM Gogledd (2020/21)	Economy and Community	Supporting Business	High	Appendix 2
Private Care Home Fees (2020/21)	Adults, Health and Wellbeing	Residential and Day	High	Appendix 3
Street and Parking Enforcement (2020/21)	Environment	Public Protection	Satisfactory	Appendix 4
IT Systems and Security – Data Adequacy	Finance	Across the Department	High	Appendix 5
Harbours Statement of Accounts 2020-21	Finance	Accountancy	High	Appendix 6
Joint Planning Policy Committee Statement of Accounts 2020-2021	Finance	Accountancy	High	Appendix 7
North Wales Economic Ambition Board Statement of Accounts 2020-2021	Finance	Accountancy	High	Appendix 8
Payments to Care Workers (Part)	Finance	Pensions and Payroll	High	Appendix 9
New Starters	Finance	Pensions and Payroll	High	Appendix 10
Welsh Government Business Support Grants	Finance	Revenue	High	Appendix 11
Welsh Church Fund	Economy and Community	Community Regeneration	High	Appendix 12
Housing Support Grant	Housing and Property	Homelessness and Supported Housing	High	Appendix 13
Cleaning Arrangements	Housing and Property	Council Land and Property	Limited	Appendix 14

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

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

### 3. WORK IN PROGRESS

3.1 The following work was in progress as at 30 September 2021:

- Employment Statements (*Corporate*)
- Business Continuity Plans and Lessons Learned (*Corporate*)
- Financial Management Code (*Corporate*)
- Social Economic Responsibilities 2021 (*Corporate*)
- Complaints Procedure (*Corporate*)
- Language Designations (*Corporate*)
- Use of Purchasing Cards (*Corporate*)
- Health and Safety - Playing Areas (*Education*)
- Bonus Payments to Care Workers (*Finance*)
- Business Support Grants (*Economy and Community*)
- Project Management Arrangements (*YGC*)

### 4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 1 April 2021 to 30 September 2021, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

## IT ASSET MANAGEMENT DURING EMERGENCY

### 1. Background

1.1 Due to the COVID-19 pandemic, a large number of the Council's Office staff have been working from home where possible. This means that the Council's IT service has had to facilitate this by ensuring that the equipment is available, secure and used correctly by staff.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to manage the Council's IT assets during the COVID-19 crisis. To achieve this, the audit encompassed checking relevant policies, checking the training available to Council staff and reconciling the Council's IT asset registers.

### 3. Audit Level of Assurance

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

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

### 4. Current Score Risk

4.1 The audit's risks are as follows:

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

### 5. Main Findings

5.1 Access was given to the Council's draft 'Mobile Working Policy'. The policy notes that its aim is to reduce the risks in relation to the following:

Remote working, working from home, use of own devices, legal proceedings against the council for data loss or abuse and damage to the Council's reputation for data loss or abuse. The contents of the policy is appropriate and achieves its purpose.

- 5.2 A number of additional licenses have been purchased for the Virtual Private Network (VPN) service to enable larger numbers of Council staff to work from their homes. Council equipment will allow staff to use their own equipment such as mice and keyboards as long as data from the equipment cannot be stored and moved (a printer with an SD card reader is an example of this). A procedure is in place so that any member of staff working from home needs to contact an officer from the information protection team to request permission before printing work documents at home. The information security team will decide if the request is appropriate in terms of data and information security.
- 5.3 A copy of the Council's mobile phone register was received. The register appears to have a record of the telephone number, telephone network, IMEI, SIM number and the name of the person responsible for the phone. Pay numbers can be entered on the register but are not in most cases. The Category Office Management Project Officer explained that this was a new practice in the last few months as they had noticed that some staff could not be distinguished from each other. From a sample of 15 staff who terminated their employment with the Council between 01/04/2020 and 26/10/2020 and were likely to be IT users, it was found that up to four mobile phones on the register remained in their names. It is the responsibility of Line Managers to inform the IT Service when staff leave and / or their equipment is no longer in use.
- 5.4 A record of the Council's IT assets used by staff such as laptops and computers is stored in the 'TopDesk' system. Of the same sample noted in point 5.3 above, seven out of fifteen former staff members had computers or laptops with their pay numbers as the 'latest user' on the asset register. The remainder of the sample had no records on the register which implies that they were no longer the owner of an asset or that the asset has been distributed to another member of staff upon their departure. Our inquiry into the devices appearing in the names of a former member of staff identified the status of two being 'Donated', one 'Available' and five 'In-Use'. The 'Donated' category means that an asset has been disposed of but not recycled (donated to Council schools or similar organisations). 'Available' means that the asset is available to a member of staff and 'In-use' means that the asset is in use by an associated member of staff. It is not acceptable for five assets associated with former staff members to be listed as 'In-Use'.

## 6. Actions

**The Assistant Head – Information Technology and Senior Data Protection Statutory Officer have committed to implementing the following steps to mitigate the risks highlighted.**

- **Ensure that the Mobile Working Policy is approved, available to staff and that staff are aware of the policy.**
- **Develop a module within the Staff Self Service to enable Managers to view the IT assets within their service for which they are responsible and update asset statuses on TopDesk.**

## STEM GOGLEDD

### 1. Background

1.1 STEM Gogledd ('Science, Technology, Engineering and Mathematics in Education and Training') is a project partly funded by the European Social Fund through the Welsh Government, offering opportunities for 11-19 year olds across Gwynedd, Anglesey and Conwy to learn more about Science, Technology, Engineering and Mathematics. STEM is supported by Gwynedd Council, Anglesey Council and Conwy Council as well as Magnox and the Nuclear Decommissioning Authority. The project is expected to run until the end of 2022.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements were in place for achieving the objectives of the STEM scheme, by adding value to the curriculum and aiming to inspire and encourage pupils to consider the importance of STEM subjects and their relevance to potential future careers. In order to achieve this, the audit encompassed checking the arrangements in place to achieve the objectives, including ensuring that appropriate agreements were in place, that grant applications were made in a timely and complete manner, and that the performance targets are monitored appropriately.

### 3. Audit Level of Assurance

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

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

### 4. Main Findings

4.1 A copy of the letter of offer/agreement between Gwynedd Council and the Welsh European Funding Office (WEFO) was signed and dated 13 July 2018.

4.2 Gwynedd Council contributes up to £150,000 match funding for the scheme and is responsible for receiving all match funding contributions from the partners. Documents supporting and approving the funding were seen from the 3 counties, Gwynedd Council, Anglesey Council and Conwy Council.

4.3 It was seen that a risk register has been created and is updated on a quarterly basis. There was evidence that the latest version was created on 01/02/2021. It was seen that all risks associated with the STEM programme have been assessed using Gwynedd Council's Risk Assessment system.

- 4.4 Gwynedd Council is responsible for the budget across the region, as well as preparing and submitting the regional quarterly claims to WEFO. A sample of claims was checked and all parts were found to be complete. Documents sent to WEFO for the period November 2020 – January 2021 supporting the claims were received and found to be appropriate, showing a clear trail to the bank.
- 4.5 There was evidence from external consultants that the progress of the STEM scheme against the targets set by WEFO have been good to date, recognising that the activities have been significantly disrupted by the pandemic. The Monitoring and Finance Officer uses excel spreadsheets for regular monitoring of expenditure, income and 'simplified costs' and for monitoring the beneficiaries. Monitoring information is formally reported to WEFO on a quarterly basis as part of the claim and reporting process.

## PRIVATE HOME FEES

### 1. Background

- 1.1 Recently, a significant increase has been noticed in additional fees charged by private care homes. These are in addition to the placement price and are towards services such as cutting hair, travelling to appointments, and newspapers. The main concern is that the residents do not always receive these services, with the homes using this to their advantage as a means of gaining additional income.

### 2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that the review of home fees and additional costs conducted by the Department, and the details presented to the Cabinet on March 9<sup>th</sup>, 2021 were correct and a true representation of the current situation.

### 3. Audit Level of Assurance

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

Assurance Level	Description
<b>HIGH</b>	<b>Assurance of propriety can be expressed as the internal controls in place can be relied upon to achieve objectives.</b>

### 4. Main Findings

- 4.1 Following a meeting with the Senior Business Manager and the Project Team Manager, it was confirmed that a thorough investigation of private home fees had already been made, with a report detailing the options available being presented to the Cabinet. As a result, a decision was made not to re-do this work, but rather check that all information and data collected during the investigation had been interpreted correctly, and that the report presented to the Cabinet was a true representation of the situation
- 4.2 The investigation into private home fees has been ongoing since 2019, with restrictions due the recent pandemic having slowed down proceedings. Since then the department has held meetings with the managers of the homes and sent questionnaires in order to gain a better understanding of their financial situation. They have also reviewed the processes of other councils throughout Wales in order to understand and see the implications of changing processes on the department, the residents and the homes.
- 4.3 The consensus is that the standard fee paid by the Council for residents is insufficient at meeting staff costs, training, etc, with the additional fees charged a means to gain additional income to sustain the business.



- 4.4 The data and information above has been presented to the Cabinet and discussed in their meeting on March 9<sup>th</sup>, 2021, where it was decided to respond to the issues identified by providing additional money to the providers to enable them to pay a true living wage to their staff, and continue with discussions with the Welsh Government with regard to financing the higher costs in this area, in particular staff costs.
- 4.5 It was observed that all information and evidence in the working papers support the report presented to the Cabinet.

## ROAD AND PARKING ENFORCEMENT

### 1. Background

1.1 During a year where many did not travel abroad on holiday, many came to the picturesque areas of Snowdonia. There were instances during the year where a large number of vehicles parked illegally along clearways such as the one between Nant Peris and Penygwryd.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place to respond to parking issues following difficulties with visitors overcrowding in popular tourist spots. To achieve this, the audit encompassed checking plans, their implementation and results to ensure they were appropriate, successfully implemented and addressing all parking problems.

### 3. Audit Level of Assurance

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

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

### 4. Current Score Risk

4.1 The audit's risks are as follows:

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

### 5. Main Findings

5.1 The Council's public website states "The Council manages street parking and Council car parks in Gwynedd. If you do not adhere to the parking rules, you will receive a fine (Penalty Charge Notice) on your vehicle window." The information given highlights the different fines and how to avoid them by parking legally. Adequate information is available to the public about the Council's parking management.

- 5.2 A plan for road signs installed along the road from Nant Peris to Penygwryd was inspected. 'Clearway' signs which mean that a vehicle must not stop at any time at all on the road are placed along it. There were 21 'clearway' signs identified here. Signs showing cars being towed are also placed on the road to further warn drivers.
- 5.3 The staff rota system is thought to be fair and effective as it ensures that many areas are covered regularly. All staff are permanent and there is no increase in staff over the summer. Seasonal posts have been advertised in the past but didn't receive much interest. A financial pot due to COVID means that 3 new jobs have been created in the service, initially on 12 month contracts. It is believed that this will mitigate any risks associated with staffing shortages over the busiest seasons.
- 5.4 WPPP (Wales Penalty Processing Partnership) is responsible for collecting fines charged by Gwynedd Council. At the time of the audit, a report was received from WPPP stating that 1744 out of 1823 fines had been paid and one had appealed since 01/01/2019. The appeal procedure for WPPP is on their website.
- 5.5 At the time of the audit, only Police were allowed to tow illegally parked cars. A towing policy has been drawn up and is in draft stage. Legal representation from the Council is required to check the policy before submitting it to the Cabinet. It is also a concern that the fines (£25 or £35 if paid within 14 days) are insufficient to deter illegal parking. The Council does not have rights to impose higher fines because the figures are set out by national law. A letter was sent to the Welsh Government on 11 November 2020 asking if Gwynedd Council could obtain rights to tow illegally parked vehicles and impose higher penalties. The Council is still awaiting a full response to the inquiry.

## 6. **Actions**

**The Parking Team Leader and Parking and Street Work Manager has committed to implementing the following steps to mitigate the risks highlighted.**

- **Continue to communicate with Welsh Government to obtain more rights for Gwynedd Council to protect the areas' roads.**
- **Present revised towing policy to the Cabinet.**

## DATA ADEQUACY

### Background

- 1.1 Data adequacy is a status granted by the European Commission to countries outside the European Economic Area (EEA). The status is given when the Commission believes that the personal data in the country is protected as well as it would be under European legislation.
- 1.2 Following Brexit, there is a risk that the UK's personal data protection arrangements will not be judged as adequate. This could impair the Council's ability to access personal data which it is responsible for if they pass through or are stored in the EEA. A bridging period that allows data to move freely between the UK and the EEA ended on the 30th June 2021.

### 1. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements are in place to comply with the European Union's data adequacy regulations to avoid problems following Brexit. In order to achieve this, the audit encompassed checking the arrangements for assessing and reporting relevant risks and checking what actions had been taken to mitigate the risks of non-compliance with the relevant requirements.

### 3. Audit Level of Assurance

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

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

### 4. Main Findings

- 4.1 Data adequacy is noted on the Brexit risk register with a risk rating of 4 and the Assistant Head - Information Technology is the responsible officer. The main risk identified is: '*Unable to access data stored in the EU*'. Associated risks along with suitable control measure have been identified. This record shows that the relevant risks have been considered by the Council.
- 4.2 Several e-mails were sent by an IT officer to managers in various departments within the Council enquiring whether they were using systems that stored personal data outside the UK. E-mails had also been sent directly to companies that supply the Council to establish their arrangements in respect of data adequacy.

4.3 It was reported that no new training for staff in relation to the General Data Protection Regulations (GDPR) will be required following any decision. The UJ version of GDPR is based on the European regulation and therefore any GDPR training that has been attended in the past remains relevant.

## HARBOUR'S ACCOUNTS

### 1. Background

1.1 The Harbours Act 1964 requires that Gwynedd, as a harbour authority, prepares an annual statement of accounts relating to Pwllheli, Porthmadog, Abermaw and Aberdyfi harbour activities.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to confirm the accounts on the Harbours' annual statement for the 2020/21 financial year, as well as to confirm that appropriate internal controls were 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
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 Assurance can be given that the Harbours' accounting statement for the 2020/21 financial year was appropriate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that the internal controls could be relied upon to achieve their objectives. Appropriate accounts have been kept and bank reconciliations are made as part of Council wide bank reconciling.

4.2 Based on the tests carried out it was found that a sample of payments were supported with appropriate invoices or receipts, and that VAT had been properly treated. Due to COVID's circumstances, it was not possible to verify forms and receipts of petty cash payments. There was also an appropriate trail for a sample of other transfers made through internal transfers.

4.3 Staff costs are administered through Gwynedd Council's Payroll Unit where PAYE and National Insurance requirements have been appropriately applied. These staffing costs are appropriately recorded in the statement and it was ensured that a sample of these officers had appropriate employment contracts.

4.4 The fixed asset figure on the accounting statements is supported by an asset register.

**JOINT PLANNING POLICY COMMITTEE ACCOUNTS  
(GWYNEDD AND ANGLESEY COUNCILS)**

**1. Background**

1.1 The Joint Policy Committee is a joint committee established in accordance with Section 101 of the Local Government Act 1972 by Gwynedd Council and the Isle of Anglesey County Council. Separate accounts are required for joint committees. As Gwynedd Council is the lead council in respect of the finance and accountancy service for the joint committee, it is Gwynedd Council's responsibility to complete the financial statements.

**2. Purpose and Scope of Audit**

2.1 The purpose of the audit was to confirm the accounts on the Committee's annual statement for the 2020/21 financial year, as well as to confirm that appropriate internal controls were 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
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

**4. Main Findings**

4.1 Assurance can be given that the Joint Planning Policy Committee's accounting statement for the 2020/21 financial year was appropriate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that internal controls could be relied upon to achieve objectives. Appropriate accounts have been kept and bank reconciliations are held as part of activities across the Council.

4.2 Based on the tests carried out it was seen that the sample of payments selected had been supported with invoices relevant to the period in question, and that value added tax had been dealt with appropriately. There was also an appropriate audit trail for a sample of other transactions made through internal transfers.

4.3 Staff costs are administered through Gwynedd Council's Payroll Unit where PAYE and National Insurance requirements have been applied appropriately. These costs are appropriately accounted for in the statement and a sample of these officers' employment contracts were reviewed.

## NORTH WALES ECONOMIC AMBITION BOARD ACCOUNTS

### 1. Background

1.1 The North Wales Economic Ambition Board is a collaborative group of private and public organisations committed to promoting economic growth in Anglesey, Conwy, Denbighshire, Flintshire, Gwynedd and Wrexham. The key objectives include encouraging business investment in North Wales, helping local companies take advantage of supply chain opportunities, and encouraging work-related skills in the region.

### 2. Purpose and Scope of the Audit

2.1 The purpose of the audit was to confirm the accounts on the Board's annual statement for the 2020/21 financial year, as well as to confirm that appropriate internal controls were 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
<b>HIGH</b>	<b>Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.</b>

### 4. Main Findings

4.1 Assurance can be given that the North Wales Economic Ambition Board accounting statement for the 2020/21 financial year was appropriate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that the internal controls could be relied upon to achieve their objectives. Appropriate accounts have been kept and bank reconciliations are made as part of Council wide bank reconciling, and risk registers were presented to the Board.

4.2 Based on the tests carried out it was seen for a sample of payments selected that they were supported with invoices, and that value added tax had been dealt with appropriately. There was also an appropriate trail for a sample of other transactions made through internal transfers.

4.3 Staff costs are administered through Gwynedd Council's Payroll Unit where PAYE and National Insurance requirements have been applied appropriately. These costs are appropriately accounted for in the statement and a sample of these officers' employment contracts were reviewed.



## PAYMENTS TO CARE WORKERS

### 1. Background

- 1.1 The First Minister, Mark Drakeford announced on the 1 May 2021 that payments of £500 will be made to over 64,000 workers within the care and social industry across Wales as recognition for their hard work during the pandemic's challenging times. At the time, the First Minister said that staff that provide care in homes and in care homes often accept a higher risk and that the additional payment is paid as acknowledgement. At the beginning of June, the payment was extended to include kitchen staff, personal assistants in care homes, agency staff and assisted care home workers.
- 1.2 In a statement, the UK Government announced that they have given £2.3bn to Welsh Government towards supporting people, businesses and public services during the pandemic, however, it was reported that the payments are linked to wages and therefore are subject to income tax and National Insurance.

### 2. Purpose and Scope of Audit

- 2.1 Purpose of the audit was to ensure that appropriate arrangements were in place to administer payments made under the special payments scheme of £500 that were paid to care workers, in addition to ensure that payments made were valid, accurate and paid in a timely manner to ensure the funds could be re-claimed from the Welsh Government in full. The audit also reviewed the appeals process and arrangements for dealing with late payments.
- 2.2 To achieve this, the audit encompassed reviewing the arrangements for identifying, communicating and validating payments, in addition to reviewing the appeals process, reporting to the Welsh Government and re-claiming payments. This final report verified that the funds have been claimed and received from the Welsh Government together with closing any issues/enquiries raised during the interim report including the closing date for appeals and recovery of duplicate payments.

### 3. Audit Level of Assurance

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

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

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

- 4.1 Appropriate arrangements were seen to be in place for administrating and processing of payments to care workers applications. The appropriateness of distributing instructions to all staff/managers, external providers and eligible individuals for validating eligibility by the Council was reported in the interim report (issued November 2020).
- 4.2 The application for re-claiming funds presented to the Welsh Government was reviewed before the closing date, March 2021 and it was seen that payments had been received and reconciled correctly and completely (up to 29/03/21).
- 4.3 Duplicate payments have been identified and it was found that Gwynedd Council is responsible for the recovery of five of these payments. It was explained that four of these have been recovered by invoicing and confirmation was received from the Payroll Manager that the other payment had been recovered through the Payroll.
- 4.4 It was seen that the payments had been fully reclaimed up to 31/03/2021 including adjusting the claim to reflect the changes/recovery of the four duplicate payments. However, one of the duplicate payments was invoiced in April after the claim was submitted to the Welsh Government, in addition it was reported that an additional claim had been paid at the end of the period. It was explained that the Welsh Government had approved the claim before implementation. It was found that the report/figures reported to the Welsh Government had been adjusted to reflect these changes, including a further claim for reimbursement having been properly and fully completed.
- 4.5 The claim for reimbursement and the expenditure reported to the Welsh Government was reconciled with the financial ledger and it appears that they reconcile along with the administration charges claimed.

## NEW PENSION STARTERS

### 1. Background

1.1 During the financial year 2020/21 up to December 2020, it was seen that 413 of individuals were established as new payees. The Gwynedd Council Pension Fund administrates pensions for over 50 establishments/employers which includes checking, estimating, processing and authorising new payments. Since the pandemic, the Pension Service's officers have been working from home, with officers visiting the office regularly to scan documents onto the system for implementation. Electronic copies are kept on the operational system Altair, where it is also possible to archive the documents.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that appropriate arrangements were in place to establish new payees. The audit encompassed selecting a sample of new payees by ensuring that the information and relevant evidence had been received for the purpose of accurate processing.

### 3. Audit Level of Assurance

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

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

### 4. Main Findings

4.1 It was seen during the pandemic that the Service could continue to work under the new arrangements without compromising the safety, processing of documents and payments through work flow with an audit trail and it seemed that segregations of duties were implemented appropriately when receiving, estimating, processing and making payments to members.

4.2 A sample was selected at random of new payees from April 2020 to December 2020. From the sample of 20, satisfactory evidence for joining had been received, appropriate checks had been undertaken through requesting for the member's past employment details, estimation of pensions letter were despatched and the application form returned with the decision from the member. TR27 forms were also seen authorising payments and a copy of the letter to the members informing them of the pension payments.

- 4.3 From the sample selected, it was also seen that an audit trail exists showing that checks of details, estimates and payments were made by different officers to ensure segregation of duties.
- 4.4 A sample of 12 payees were checked and it was seen that appropriate evidence was received for estimating the number of years in employment and that they were correctly processed and the amount of payment was in agreement with what was informed to the member.

## WELSH GOVERNMENT BUSINESS GRANTS

### 1. Background

1.1 As part of the Welsh Government financial stimulus package to support Wales' businesses throughout the COVID19 pandemic, two grants were introduced to give financial support to businesses and non-profit establishments. Gwynedd Council, along with other local authorities supported the venture by agreeing to administer the grants.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that suitable arrangements were in place for checking, administering and processing of applications for COVID19 grants related to Non-Domestic Business Rates (NDR) in Wales, announced by the Welsh Government in March 2020 (worth £25,000 and £10,000) in order to offer financial support to Welsh businesses experiencing financial hardship due to the pandemic. In order to achieve this, the audit scope included selecting a sample of successful applicants, verifying their eligibility for entitlement to the grant and that they were processed correctly.

### 3. Audit Level of Assurance

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

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

### 4. Main Findings

4.1 A sample of 100 successful applicants were selected, a mixture of applications for grant 1, worth £25,000 and grant 2, worth £10,000, verifying their entitlement and whether the necessary evidence was obtained to support claims received. In accordance with Welsh Government guidelines, it was verified that the businesses were registered on the business rates list as at March 20th, 2020, with every applicant having received prompt payment into the correct bank accounts.

4.2 With many small businesses exempt from having to pay business rates due to their size, therefore without a tax bill, and with no enforcement on these businesses to report on any change of circumstances, for example, if there is a new ownership/ property is sold, many business rates accounts were seen in the name of an old business that may have left the property for years. It was therefore required to identify the property occupant/s at the time the application was submitted in order to identify whether they qualified for the grant. The intention is to update the system with the additional information received during the grant process, e.g e-mail addresses and phone numbers.

- 4.3 It was seen that not all evidence and correspondence received by applicants is kept in the related accounts on DIP, but remain in e-mail inboxes of those who processed the applications. The Taxation Manager confirmed, due to the vast amount of e-mails received, saving them to DIP would be time intensive. At the beginning of the process, so many applications were received, which needed to be paid as a matter of urgency in order to keep businesses viable. He added that staff do not delete their e-mails, and therefore they are available for viewing if required.
- 4.4 According to the spreadsheet containing payment details, approximately 4,700 claims for grant 2 were successful. Internal Audit suggested 9 cases of claimants having received 3 payments, however, further investigation by the Taxation Manager confirmed that 7 of the cases were valid for payment. Investigations were still ongoing regarding the two remaining cases.
- 4.5 A high number of applications were being received daily at the beginning of the grant processing period, with clear warning given to applicants of the rules and the maximum of two grants. Even though every payment was checked during processing, it is not possible to confirm that invalid claims were all detected, some may have been paid as a result of fraud. An external audit is being carried out on behalf of the Government by Audit Wales to look specifically at any fraudulent applications.
- 4.6 At the time of carrying out the audit, it was not possible to submit further claims, however, many applications remained un-processed due to not having met the requirements regarding rateable value. If the Valuation Office were to change the rateable values or transfer the properties to the non-domestic rates list, backdating them to or prior to March 20th, 2020, these applications could be entitled to a payment.

## 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 disabled people can apply for a grant from the fund. Until 2019/20, 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 accounts for the 2020/21 financial year, in accordance with the requirements of the Charity Commission.

### 3. Audit Level of Assurance

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

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

### 4. Main Findings

4.1 Where a charity's annual income exceeds £25,000, then an independent examination of the accounts must be carried out in accordance with the Charity Commission's requirements. As income from the fund's investments did not exceed this threshold in the 2019/20 financial year, then no internal audit of the accounts was undertaken. However, following the investment of the fund's monies in order to attract higher interest, the income threshold was exceeded in the 2020/21 financial year.

4.2 In accordance with the requirements of the Charity Commission, assurance can be given that the Welsh Church Fund accounts for the 2020/21 financial year are appropriate. Based on the tests carried out, it was found that an appropriate audit trail supports the figures in the statement.

## HOUSING SUPPORT GRANT

### 1. Background

1.1 A grant in excess of £5 million was allocated to Gwynedd Council by the Welsh Government during 2020-21 as part of the Housing Support scheme. The scheme commissions and funds a number of providers to offer support to vulnerable individuals to retain their tenancy and avoid homelessness, with the aim of enabling individuals to live independently through the provision of housing related support services. The service can be provided at the home of the individual or in a hostel, sheltered homes, or any supported housing. The scheme provides support to a wide range of people, such as older people, people with domestic violence problems, people at risk of homelessness, people with mental health problems, substance misuse as well as learning disabilities.

### 2. Purpose and Scope of the Audit

2.1 The purpose of the audit was to certify the Housing Support grant's audit certificate for the 2020-21 financial year, by reviewing the costs claimed, as well as ensuring that the Service had complied with the conditions of the grant offer letter.

### 3. Audit Level of Assurance

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

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

### 4. Main Findings

4.1 Assurance can be given that the Housing Support grant audit certificate for the 2020-21 financial year was appropriate. Based on the tests carried out, it was seen that there was an appropriate audit trail for the figures and that the internal controls could be relied upon to achieve their objectives.



## CLEANING ARRANGEMENTS

### 1. Background

1.1 The cleaning arrangements for Council offices and buildings come under the control of the Housing and Property Department which has responsibility for over 50 locations and up to 100 staff working in part-time roles.

### 2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that office and site cleaning arrangements were appropriate. To achieve this, the audit encompassed reviewing the arrangements and ensuring that the work is programmed effectively with available resources, guidelines have been communicated clearly to staff to ensure consistency and quality, as well as health and safety of employees.

### 3. Audit Level of Assurance

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

Assurance Level	Description
<b>LIMITED</b>	<b>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.</b>

### 4. Current Score Risk

4.1 The audit's risks are as follows:

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

### 5. Main Findings

5.1 The cleaning service's working arrangements have been consistent, with much of the work filed on paper only as well as verbal or telephone communication. Although this is to be expected as the staff are manual workers, it would be beneficial to review some of the arrangements to determine whether it is possible to find different ways of working and take advantage of the technology available.

- 5.2 General guidelines are available for staff on how to conduct cleaning tasks. These are used for main Council offices as well as any other locations. There is no detail as to the content and expected time to complete the work or any specific requirements at some sites. The staff seem to know these details but they are not necessarily documented.
- 5.3 No central record is kept of the details of all cleaning staff. It would be advantageous to keep any details 'live' on a system such as iGwynedd to ensure access to other officers and ensuring continuity of service in a situation when officers are absent.
- 5.4 Any guidelines and service level agreement are based on the cleaning hours and supervision that predated the restructuring and efficiency savings. Some aspects need to be reviewed to check if they need updating in order to reflect the resources currently available.
- 5.5 The service provision includes some cleaning contracts outside the Housing and Property Department such as the Crematorium or Trunk Road Agency. An example of a cleaning specification was seen at the Trunk Road Agency which is more comprehensive than the general cleaning guidelines and identifies all site cleaning needs. Although staff are aware of the requirements a cleaning specification is very useful for staff who are new or not familiar with the site and also useful for monitoring requirements, challenging performance or to refer to in the event of a complaint or disagreement between the cleaning service and the client.
- 5.6 The supplier framework appointed by the Procurement Unit includes Lyreco as the lead supplier for cleaning products. In the wake of the Covid 19 pandemic and especially at the beginning of the first lockdown with cleaning and disinfecting goods necessary, stock shortages led to ordering through any supplier who could fulfil the order quickly. It was essential that the supplier was able to provide a reliable and timely service which resulted in the use of suppliers outside the framework. In addition, some purchases were found to have been made directly by staff during this period with costs incurred being reclaimed through the self-service system. As a result of the pandemic many supplies of extra cleaning and disinfecting products are ordered centrally and provided to departments as required.
- 5.7 There is no set procedure for controlling and checking general stock of cleaning products. The stock is usually ordered at the request of the cleaning staff. Most of the stock is delivered and stored at the main offices which requires the use of staff resources to transport to the other locations. A more efficient arrangement with dedicated stores at all sites where appropriate provides the opportunity to make larger orders, with suppliers delivering directly to the locations reducing the use of staff resources and the need for staff to carry chemicals.

5.8 As a result of the Covid 19 pandemic, cleaning requirements have reduced while offices were vacant in some locations. However, there were additional cleaning needs in public places and disinfecting needs as well as significant increases in locations such as the Crematorium. As a result, the staff hours worked remained mostly consistent. Analysis of the data showed that basic staff hours have decreased slightly during the pandemic but overtime hours have increased. This was not obvious initially because of a mistake with overtime coding in the financial ledger for the year 2020/21 which had been placed against the basic working hours code.

## **6. Actions**

**The Facilities and Cleaning Manager has committed to implementing the following steps to mitigate the risks highlighted.**

- **Keep a central record of staff contact details on a system such as iGwynedd to ensure continuity of service.**
- **Revisit the supplier framework and discuss if there is a need to amend the list of approved suppliers.**
- **Review working guidelines and service level agreement and update if applicable.**
- **Review the arrangements for external cleaning and prepare a specific specification as part of every agreement.**
- **Review stock control and delivery arrangements.**