

COMMITTEE	AUDIT COMMITTEE
DATE	5 MAY 2016
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 31 MARCH 2016
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE RECOMMENDATIONS THAT HAVE ALREADY BEEN PRESENTED TO SERVICES FOR IMPLEMENTATION

1. INTRODUCTION

- 1.1 The following report summarises the work of the Internal Audit Section for the period from 1 February 2016 to 31 March 2016.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following work was completed in the period to 31 March 2016:

Description	Number
Reports on Audits from the Operational Plan	26
Follow-up Audits	3
Responsive Audits	2

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

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 31 March 2016, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Safeguarding Arrangements – Staff Awareness of the Policy	Corporate		B	Appendix 1
Officers Gifts and Hospitality – High Risk Services	Corporate		B	Appendix 2
Proactive Prevention of Fraud and Corruption – the Use of Photocopiers in School	Corporate		D/B	Appendix 3
Contracting Terms – Safeguarding Arrangements	Corporate		B	Appendix 4
Information Governance – Data Protection Act	Corporate		B	Appendix 5
Education Improvement Grant – Schools	Education	Resources	B	Appendix 6
Secondary Schools Catering – Ysgol Arduwy	Education	Catering	C	Appendix 7
Secondary Schools Catering – Ysgol y Gader	Education	Catering	C	Appendix 8
Secondary Schools Catering – Ysgol y Moelwyn	Education	Catering	B	Appendix 9
Workforce Modelling – Ysgol Llangybi	Education	Schools	B	Appendix 10
Workforce Modelling – Ysgol Llanbedr	Education	Schools	B	Appendix 11
Member Training and Development	Corporate Support	Democracy	B	Appendix 12
Schools – Health and Safety of Educational Visits	Corporate Support	Health and Safety	B	Appendix 13
Debtors System – Review of Key Controls	Finance	Financial	B	Appendix 14

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Payments System – Review of Key Controls	Finance	Financial	B	Appendix 15
Bank Reconciliation – Review of Key Controls	Finance	Accountancy	A	Appendix 16
Payroll System – Review of Key Controls	Finance	Pensions and Payroll	B	Appendix 17
Pension Fund – Review of Key Controls	Finance	Pensions and Payroll	B	Appendix 18
Benefits – Review of Key Controls	Finance	Revenue	A	Appendix 19
Council Tax System – Review of Key Controls	Finance	Revenue	A	Appendix 20
Business Rates – Review of Key Controls	Finance	Revenue	A	Appendix 21
Cyber Security	Finance	Information Technology	B	Appendix 22
IT Backup and Recovery Processes and Procedures	Finance	Information Technology	B	Appendix 23
Care Worker Training Programmes	Adults, Health and Wellbeing	Across the Department	B	Appendix 24
Inspections	Highways and Municipal	Highways Works	B	Appendix 25
Parking Income	Regulatory	Transportation and Street Care	B	Appendix 26

2.2.2 The opinion categories within the reports affirm the following:

Opinion “A” Assurance of financial propriety can be expressed as the controls in place can be relied upon and have been adhered to.

Opinion “B” Controls are in place, and partial assurance of financial propriety can be expressed as there are aspects where some procedures can be strengthened.

Opinion “C” Assurance of financial propriety cannot be expressed as the controls in place cannot be relied upon, but losses/fraud due to these weaknesses were not discovered.

Opinion “CH” Assurance of financial propriety cannot be expressed as acceptable internal controls are not in place; losses/fraud resulting from these weaknesses were discovered.

2.3 Follow-Up Audits

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

TITLE	DEPARTMENT	SERVICE	FOLLOW-UP OPINION
Health and Safety – Lone Working	Corporate	-	Acceptable
Development of Gwynedd Museum and Gallery	Economy and Community	Record Offices, Museums and the Arts	Excellent
Community Care Workers – Travelling Costs	Adults, Health and Wellbeing	Community Care	Excellent

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

Excellent - all recommendations implemented as expected.

Acceptable - most recommendations, including the majority of “essential” recommendations, implemented as expected.

Unsatisfactory - several recommendations not implemented.

Unacceptable - most recommendations (including essential recommendations) not implemented, and no evidence of efforts to improve internal controls.

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

Completion Target: Quarter Ending 30 June 2016

Charges on Properties of Home Residents
 Removing Leavers from IT Systems
 Public Transport
 First Aid Payments

Completion Target: Quarter Ending 30 September 2016

Canolfan Hamdden Plas Ffrancon
 Cefn Rodyn

Completion Target: Quarter Ending 31 December 2016

Secondary School Catering - Ysgol Ardudwy
 Secondary School Catering - Ysgol y Gader

2.4 Responsive Audits

- 2.4.1 **Imprest Accounts – Housing Support** – A responsive audit was carried out on the imprest account of two of the support houses following failure to submit claims for imprest reimbursement in a timely manner, which contravenes the Council's Financial Procedure Rules. During the audit it was found that the last claims for reimbursement were submitted in December 2014 and that the claims to December 2015 had been prepared but not authorised or submitted for payment. This resulted in the balance of the imprest accounts becoming significantly overdrawn. No losses/fraud were found as a result of the control weakness.
- 2.4.2 **Incident at Storiel** – It was reported to Internal Audit in March that monies had gone “missing” from Storiel (Gwynedd Museum and Gallery). A visit was made to Storiel to review their arrangements for the administration and safeguarding of income. It was found that the arrangements for banking the income were not robust and monies were not kept in a safe at all times. Also, the keypad was kept on “latch” rather than locked which results in anyone gaining access to the office. Internal Audit has already re-visited Storiel to assist the officer to establish proper arrangements for the receipt, security and banking of income.

3. WORK IN PROGRESS

- 3.1 The following work was in progress as at 1 April 2016.
- Workforce Modelling – Ysgol Llanllechid – it was agreed to delay the audit on the Head's request as the school would be the subject of an Estyn inspection in March.

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 February 2016 to 31 March 2016, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

SAFEGUARDING ARRANGEMENTS - STAFF AND MEMBER AWARENESS OF THE POLICY
Corporate

Background

One of Gwynedd Council's main priorities is to ensure that there are robust arrangements and procedures in place to safeguard children and adults. Safeguarding children and adults is the responsibility of everyone who represents or works on behalf of the Council, therefore it is expected for every Councillor, every member of staff, every volunteer and every contracted service provider to act appropriately if there is any doubt or if a concern is expressed that abuse is taking place. The "Safeguarding Children and Vulnerable Adults Policy and Guidelines" and their appendices are a clear statement of the commitment to ensure that appropriate support and advice is in place to achieve that responsibility.

Purpose and Scope of the Audit

The purpose of the audit was to undertake a review of the awareness of the Council's employees and Members regarding the Safeguarding Children and Vulnerable Adults Policy and Guidelines, by designing and distributing questionnaires to Council employees and Members, as well as holding discussions with field workers.

Main Findings

The main findings of the audit are the fact that there is high awareness of the Policy amongst Council employees and Members. It was encouraging to receive a strong response to the questionnaire and this, along with the nature of the responses, reflected the Council's commitment towards safeguarding children and vulnerable adults. However, it was also found that there is room to strengthen further awareness, in particular ensure that the Departmental Designated Managers are clear to all.

Audit Opinion

- (B) The Audit Opinion is that partial assurance can be expressed of propriety in awareness of the Safeguarding Children and Vulnerable Adults Policy and Guidelines as controls are in place, but there are aspects where arrangements can be tightened. The main recommendation of the report is as follows:**
- **Continue to raise awareness of the safeguarding arrangements, particularly amongst field workers.**

OFFICERS' GIFTS AND HOSPITALITY

Corporate

Background

An 'Officers' Gifts and Hospitality' audit was carried out in August 2014 in order to ensure that officers complied with the Council's Gifts and Hospitality Policy by registering every offer, whether accepted or refused (other than where a specific exception is noted in the policy) and that appropriate internal arrangements exist in terms of maintaining and updating the register. The content of this audit report was discussed at the Controls Improvement Working Group held on 14 November 2014 and *"it was noted that home care could (be) a field of risk, which may require attention in the future"*.

Purpose and Scope of the Audit

The purpose of the audit was to ensure that officers from a high risk service complied with the Council's Gifts and Hospitality Policy by registering every offer, whether accepted or refused (other than where a specific exception is noted in the policy) and that appropriate internal arrangements exist in terms of maintaining and updating the register. The audit included holding discussions with a sample of Community Care workers, in order to discover whether they were aware of the policy and principle of Gifts and Hospitality.

Main Findings

There is a historic arrangement within the services of the former Provider and Leisure Department for workers to sign that they have read and accepted the Gifts and Hospitality Policy. The Council's office workers are able to do this electronically via the Policy Centre (though according to the statistics, only 10 have done so). As the Community Carers intend to adopt PDAs (Personal Digital Assistants) in the near future, it would be beneficial if they had access to the relevant policies through this device e.g. via the Policy Centre or Council e-mail.

Other than the possibility of showing favouritism to the clients who offer gifts to the Carers, there is no substantial risk of a gift resulting in influencing the Carers' decisions. However, despite the innocence of gifts of gratitude, accusations of misconduct are very possible given how vulnerable the clients can be and the impression that receiving a gift from them, particularly money, could give a family or the public.

When holding discussions with the Carers, it was found that they were unanimously aware of the principle and implications attached to accepting a gift from a client. There was an understanding that accepting a gift, particularly a financial gift from a vulnerable individual, could lead to the potential of appearing inappropriate. Of the Carers questioned, around half of them expressed that they had never been offered a gift from a client. The rest expressed that they had been offered a gift, e.g. chocolate or a small sum of money, usually at Christmas time. The policy notes:

"Small (often seasonal) gifts, such as diaries, calendars or pens are offered by companies usually. These can be accepted without asking for permission from a senior officer or registering them. The exact value of such a gift need not be discovered but if it appears to be worth more than £10 it should be refused."

When questioning whether a gift of chocolate would have been accepted, we received mixed responses. Some were of the opinion that they must refuse in every case and others, given the low value of the gift, decided to accept it, in case refusing would cause bad feeling. In every case, it was expressed that they informed their Supervisor. In terms of offering a financial gift, every Carer expressed that they had refused, unless the gift had come from the client's family, namely individuals who are not 'vulnerable'.

The arrangements of the residential homes were discussed at the Controls Improvement Working Group in addition, and it was noted that the homes keep their own gifts register. When visiting a sample of homes (as part of timely audits), it was seen that many of the registers were empty. It is not possible to confirm whether the homes follow the right procedure as there is a possibility that no gifts had been offered. However, the homes' historic registers showed (as part of the Council's Gifts and Hospitality records) that there is a tendency for workers at homes to accept gifts, which suggests that the recording arrangements are not as robust as they had been in the past.

Audit Opinion

- (B) The Audit opinion is that partial assurance can be given of the propriety of the Gifts and Hospitality recording arrangements as controls are in place, but there are aspects where some arrangements can be tightened. The main recommendation of the report is as follows:**
- **Consideration should be given to circulating policies electronically to the Carers via the PDAs.**
 - **It should be ensured that Residential Homes' Gifts and Hospitality registers are presented to the Monitoring Officer.**

**PROACTIVE PREVENTION OF FRAUD AND CORRUPTION
USE OF PHOTOCOPIERS IN SCHOOLS
Corporate**

Background

Following the introduction of new multi-purpose printers in the Council's main offices, it was decided to hold reviews to check and compare printing expenditure levels within Gwynedd Schools.

Purpose of the Audit

The purpose of the audit was to check and compare printing expenditure levels within Gwynedd Schools during the 2014-15 School year.

Scope of the Audit

The audit encompassed checking the ledger for Gwynedd Schools' expenditure on printing within the School, such as payments for leasing printers, printers' maintenance payments, materials such as ink and paper and meter readings etc.

Main Findings

The ledger was checked for all Gwynedd Schools' expenditure on printing expenditure codes between September 2014 and August 2015 and subsequently the expenditure of every individual school was calculated per pupil (based on the Schools' annual census in September 2014). It was seen that there was a wide range of costs per head amongst the Schools. As the fixed costs of printers can be high (costs such as leasing, maintenance etc.), naturally, Schools with a high number of pupils will benefit from economies of scale compared with smaller schools. Every school is required to fund the fixed costs; therefore, the cost per head will be lower for schools with more pupils. It was seen that the leasing costs accounted for the largest proportion of the schools' printing costs, but as it is not possible to differentiate between fixed costs and variable costs without trawling through the hundreds of invoices processed, analysing the daily use made of the printers is not an easy task.

Generally, it was seen that the schools acknowledge the need to review their photocopying arrangements in order to reduce future costs, and that some of the schools had been aware of their high costs prior to this audit and had carried out proactive investigations to discover the reasons for this. However, it appears that the main problem was the fact that the Schools had committed to long-term contracts with the leasing companies, without fully appreciating the costs and terms attached to them, either by extending a contract or by transferring from one company to another. Examples were received of Schools paying bills which overlapped other bills, as well as for equipment which had been returned. In every case, the schools expressed that they had had difficulties claiming the money back from the companies.

The schools have their own photocopying arrangements and contracts, and as the budget and responsibility had been devolved to the Schools, consideration cannot be given to centralising the procedure by appointing one provider across the Council and using procurement experts to manage the contract.

However, it would be beneficial to raise the Heads' and Governing Bodies' awareness of the steps which should be taken, and elements to consider, before committing to a long-term and costly contract such as a photocopying lease. It was discovered that such an exercise had been carried out some time ago where an information leaflet was provided to the Heads, and officers from the Education Department agreed that it was now timely to redistribute them, in addition to holding discussions at the Area Business Meetings regarding this matter. This exercise will be relevant to all schools, not only the ones highlighted as the most costly, because it is possible that new Heads or new members of Governing Bodies have been appointed since signing the last lease, as well as the fact that miscoding invoices could result in failure to highlight the school as a costly one, whether in this report or in budgetary reports. The main recommendations of the audit are as follows:

- **To raise the Schools' awareness of the elements to consider before committing to a photocopying lease contract by providing an information leaflet and holding a specific session at the Area Business Meetings.**
- **The school should be encouraged to contact the specific Officers within the Council should they have concerns about their contracts or providers.**
- **It would be good practice to encourage the schools to check their invoices thoroughly, including dates, costs and the equipment paid for, as well as monitoring their photocopying costs continually in order to identify any problems.**
- **As a result of the substantial fixed costs such as lease payments, schools should consider whether it would be beneficial to reduce the number of photocopiers at the school, if they have more than one.**

CONTRACTING TERMS - SAFEGUARDING ARRANGEMENTS

Corporate

Background

The Procurement Handbook was updated in May 2015 in relation to the arrangements for safeguarding children, young people and vulnerable adults. Contracts are split into two categories, namely contracts for Regulated Activities and contracts not related to Regulated Activities. The term 'Regulated Activity' in relation to children is an activity which is held regularly, and is a *"term defined by law, used to describe an activity that involves working with children, be that in a paid or unpaid capacity."* (1.6 Disclosure of Offences and Checking Criminal Records Policy).

Purpose of the Audit

To ensure that robust contractual arrangements are in place where Gwynedd Council commissions or regulates work with vulnerable children / young people from other agencies / bodies.

Scope of the Audit

Audits were undertaken of a sample of services where Gwynedd Council commissions or regulates work with vulnerable children / young people and adults from other agencies / bodies, to verify that their arrangements and guidelines for conducting DBS checks are robust and operational.

Main Findings

The Procurement Handbook was updated in May 2015 in relation to the arrangements for safeguarding children, young people and vulnerable adults, and subsequently the majority of Senior Managers and Managers questioned noted that they were aware of the update, but that not all had found it necessary to use it. However, only 29% of Senior Managers/Managers responded to the enquiry, and therefore it was not possible to form a full picture of officers' awareness.

Similarly, relevant staff were asked about what types of contracts would it be expected for DBS checks to be undertaken on staff. Once again the responses were varied, but overall there was awareness of the requirement, and from where further information was available.

The Procurement Handbook emphasises clearly the implications of not complying with the need to undertake DBS checks. It was seen that relevant clauses had been included in the contracts within the sample selected in relation to recruitment arrangements, but there were no arrangements for the receipt of evidence in all cases. It was found that monitoring work was undertaken for the sample, but that these arrangements varied, e.g. the adults service has extensive arrangements for the monitoring of home care and nursing care homes which are implemented annually, and half-yearly monitoring reports are received for third party contracts.

The transport service awards contracts based on the information submitted by providers. These elements are monitored in addition to the DBS checks. There is a specific system in place to record DBS applications and checks which are jointly signed by Council officers.

The sample of contracts were verified for the condition that the providers informed the Council promptly about any changes, and it was found that the clauses had been included. One of the contracts in the sample did not include this type of clause, but it was found that there were arrangements in progress to ensure that a relevant clause would be included.

For the sample of contracts which were verified, the Council does not regularly receive a list of providers' staff. The Procurement Handbook notes that with any contract involving regulated activity, the Contract Manager must be steadfast that he or she has information about any changes in personnel that deliver the contract.

Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed of the propriety in the Contracting Terms - Safeguarding Arrangements as there are controls in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:

- **It should be ensured that all relevant council officers are aware of the guidelines that have been provided in relation to which contracts should include the requirement to request DBS checks on providers' staff.**
- **A relevant clause should be included in the contracts where required, to explain the implications of non-compliance with the need to undertake DBS checks.**
- **Consideration should be given to establishing a corporate procedure to standardise the arrangements across the Council for monitoring contracts with providers. This includes the arrangements for recruitment, DBS checks and evidence of attending safeguarding training.**
- **Consideration should be given to requesting a list of workers who undertake relevant work on a regular basis, in order to ensure that the records are correct.**

INFORMATION GOVERNANCE - DATA PROTECTION ACT

Corporate

Background

The Council makes extensive use of personal information in all its fields of work. As part of the Data Protection Act 1998, the Council is largely duty-bound to:

- Keep personal information secure
- Ensure that the information is used appropriately
- Ensure that individuals are aware of what organisations do with their personal information
- Ensure that the individual has consented, unless there are exceptional circumstances
- Ensure accuracy
- Enforce a set of principles for such information processes.

The Act places a responsibility upon the individual and the Authority. It is possible for an individual member of staff to be prosecuted for failing to conform with the Act. As part of their employment with Gwynedd Council, all staff members are expected to be familiar with their Data Protection responsibilities and to deal with personal information in a manner which complies with the Act.

Purpose and Scope of the Audit

The audit checked the Council's compliance with the data protection requirements by visiting a sample of offices across the Council, checking their arrangements for the governance of information on paper and electronically, as well as access to files, rooms etc.

Main Findings

The audit is of the opinion that the Council has taken appropriate measures to raise officers' awareness of the need to safeguard information. It was found that policies have been established and that internal 'Information Management' training is available for all Council officers, including modules on the Policy Centre and e-learning site. However, in checking the Policy Centre's statistics, it was found that the number of staff that had read and accepted the relevant Policies was very low. It was also seen that posters had been displayed around the main offices to remind officers about their duties in relation to data protection.

However, although these arrangements appear to be appropriate, their true effectiveness depends upon how successful the Information Unit's messages are in reaching officers, becoming embedded within their mindset, and subsequently their operation on a daily basis. In order to check officers' compliance with the act's requirements, a number of offices where sensitive information is kept were visited during the evening. A number of examples of good practice were found, where appropriate steps had been taken to safeguard information. Unfortunately, some aspect could not be proven, such as the governance of data protection during verbal discussions, and the protection and use made of mobile devices owned by the Council (such as iPads), but it was found that the IT Unit had adopted appropriate arrangements to mitigate the risks.

When visiting the offices, a number of examples were found where officers kept items on their desks overnight. These included laptops (one was found with the password written on it), mobile phones, identity cards and documents (including social service users' details).

Weaknesses in the arrangements for the disposal of confidential waste have already been identified. Confidential waste should be kept in specific red sacks, locked in the offices until they are disposed of by an external company.

Over the summer months 2015, the number of printers in the Council offices was reduced, and the remaining printers were replaced with new ones. However, initially, there were a number of incidents where documents were printed in a different office (including the Internal Audit office) from the officers who owned the documents. It appears that some officers from other offices had unknowingly sent documents to the wrong printers, without showing their identity cards. But as no further cases have been identified for some time, it is accepted that action has been taken on the issue. In addition, when checking a sample of printers in the Headquarters for unclaimed printed documents, none were found.

In relation to electronic information, it was found that the Council has taken appropriate steps to raise officers' awareness of the need to safeguard information. In addition, it is mandatory for the Council to receive an annual *IT Health Check* by an independent company, in order for it to continue to be part of the public sector network. The purpose of this health check is to find weaknesses which would enable the Council's systems to be hacked and information stolen. It was found that the Council had passed this health check.

Audit Opinion

(B) The Audit Opinion is that partial assurance can be given of the propriety of the Council's information governance arrangements as there are controls in place to raise staff awareness, but this has not prevented some incidents from arising, where the security of information has been placed at risk. Some aspects require further attention in the future to ensure that messages from the Information Unit reach the workers and are acted upon, including holding discussions with staff and visits to organisations outside the main Council offices to check their understanding. Aspects relating to the awareness of office staff of the act's requirements will be incorporated as part of the 2016/17 audit plan. It is not practical to propose recommendations on all the weaknesses identified as they derive from a flawed approach. However, the main recommendations of the report are as follows:

- **Continue to raise officers' awareness of the need to safeguard information.**
- **More workers should be encouraged to read the relevant Policies in the Policy Centre.**
- **Consider introducing a security system on Plas Llanwnda's front door to ensure that only authorised officers can gain entry.**

EDUCATION IMPROVEMENT GRANT FOR SCHOOLS

Education

Background

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

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

The grant's fundamental principle is that the vast majority should be used for frontline provision, with the grant's terms and conditions for 2015/16 noting that it was expected that a minimum of the total gross funding of 80% should be delegated directly to schools.

Purpose of the Audit

To ensure that there are appropriate internal controls for the administration of the Education Improvement Grant 2015/16, in order to mitigate risks in accordance with the grant's terms and conditions.

Scope of the Audit

To select a sample of payments in the form of invoices, journals and salaries prepared by Gwynedd Council and GwE in relation to the grant, and ensure that they are reasonable and are in accordance with the grant's objectives. Confirm that the appropriate percentage of the gross funding was directly delegated to schools, and that the schools include an analysis of their total EIG allocation in the schools' development plans. That the appropriate sum of the grant is retained for administrative purposes, and that there are appropriate arrangements for claiming the grant funding from the Welsh Government.

Main Findings

It appears that good arrangements exist for the administration of the EIG. It was found that an appropriate percentage of the gross funding is delegated directly to schools, that an appropriate percentage of the grant is retained for administrative purposes, and that there are appropriate arrangements for claiming the grant funding in accordance with the grant terms and conditions.

Samples of payments in relation to the grant, made by Gwynedd Council's Education Department and GwE were examined, and some cases were found where the pink slips (TR252b) were not always used for the payment of invoices. It is normally expected that the Council retains invoices and any documents relating to Welsh Government Grants until the Welsh Government advises that they can

be destroyed, and therefore it is advisable to attach a pink coding slip to each invoice which relates to the EIG, in case the invoices are destroyed prior to the receipt of confirmation from the Welsh Government that they can be destroyed.

The schools' development plans should include an analysis of the total EIG allocation. A sample of Gwynedd's secondary and primary schools development plans were examined to see whether an analysis in the form of expenditure plans for the EIG had been included. From the sample examined, it was found that some schools had firm arrangements to include a detailed analysis of their EIG expenditure plans in their development plans. However, it was seen that not all the schools audited had noted an analysis of their total EIG allocation in their development plans, although it was confirmed that these schools had submitted an expenditure plan for the EIG to GwE in the form of a specific template.

GwE had provided schools with a specific template, listing the range of the EIG's objectives, in order to enable schools to provide an analysis of their total EIG allocation, although there had been some difficulty with some Gwynedd schools not returning the completed forms. As a result, GwE had to send a reminder letter, informing schools that unless the templates were submitted to the 'Her' Advisors by 20/02/16, that they would have to provide a full analysis, tracking the current expenditure for all aspects of the grant. If they were unable to demonstrate the expenditure for any element, then the funding would be withdrawn from the schools. It is understood that not all the templates were returned by 20/02/16, but following intervention from Gwynedd Council Finance Officers and GwE officers, all Gwynedd's schools had now submitted their EIG expenditure plans.

It was evident that GwE provided good leadership to Gwynedd's schools in relation to the EIG.

Indemnity agreements exist for the 6 North Wales Authorities, and have been signed by appropriate Senior Officers in each of the Authorities.

Audit Opinion

(B) The Audit opinion is that partial assurance of financial propriety can be expressed in the administration of the Education Improvement Grant as there are controls in place, but there are aspects where some arrangements can be tightened. The recommendations of the report are as follows:

- **It should be ensured that invoiced expenditure incurred as part of the grant is appropriately monitored by using the pink coding slips (TR252b), in order to ensure that evidence of the expenditure is retained for the appropriate period.**
- **It should be ensured that each school provides an analysis of its total EIG in the school's Development Plan.**

SECONDARY SCHOOLS CATERING - YSGOL ARDUDWY Education

Background

Ysgol Ardudwy is a county secondary school that provides education for 11-16 year old pupils. The school is located in the town of Harlech, with 279 pupils on the school roll in September 2015. The school's Governing Body has been responsible for the management of the catering service since April 2000.

Purpose of the Audit

The purpose of the audit was to ensure that value for money, quality standards and sufficient accountability are achieved within secondary schools in relation to their catering service.

Scope of the Audit

Visiting the secondary schools that are not part of the Education Department's standard catering contract, in order to verify the schools' arrangements in relation to compliance with the statutory requirements, the Council's Financial Procedures, health and safety regulations and relevant policies. To receive assurance that arrangements have been established to safeguard kitchen staff and customers, and that budgets are managed properly.

Main Findings

It was seen that good practices have been established as part of the management of the catering service. Amongst these practices is the existence of the standard menu, together with the 'Blas am Oes' nutrition assessment that was undertaken as part of the process of creating that menu. It was also seen that a bespoke handbook has been created for kitchen staff, which includes guidelines for undertaking the various tasks which are part of their duties, and it seems that relevant staff members have good awareness of the Government's nutrition standards, budgetary control principles and value for money.

One of the risks identified is the possibility that it may not be possible for the school to trace the exact food served if the need arose. This is a result of the fact that no log is kept of the food served daily. The forms where the temperature of high risk cooked foods is recorded are considered to be some sort of record of what is served, however, keeping a full record would protect the school should a case of food poisoning arise. It would also provide evidence that the school adheres to the menu that may further protect the school in such cases. It was also seen that no recipes were available to correspond with the foods prepared and served. As a result, the risk is that the school will not be able to trace ingredients and safeguard pupils from allergies and food intolerances.

It was seen that purposeful labels are available in the kitchen to label foods, but it was disclosed on the day of the audit that they had not been used on that day. The risk associated with this is that there is no control over how long various foods are kept, especially foods kept in the fridge, and that could lead to cases of food poisoning.

In terms of food and drink suppliers, it was seen that the school had selected them in line with the Council's contracts list, apart from one drinking water supplier and two local food suppliers. If the school decides to use a supplier not on the Council's contracts list, assurance should be received from the supplier of the ability to trace the food source in order to ensure that the food is safe and hygienic as well as to ensure value for money.

One concern that was highlighted during the audit was that it was only possible to find an employment contract for one member of kitchen staff. Since the school chose not to commit to the Education Department's catering contract, it was the responsibility of that Department to produce and amend any employment contracts. This is a matter that has been discussed with members of the relevant service and requires urgent attention. However, confirmation was provided that DBS checks had been undertaken for staff.

Audit Opinion

(C) The Audit Opinion is that assurance of propriety cannot be expressed in the arrangements for School Catering at Ysgol Ardudwy as the controls in place cannot be relied upon, but no losses / fraud were discovered deriving from the management weaknesses. The main recommendations of the report are as follows:

- **Consideration should be given to keeping a record of all the foods served daily, together with a record of their temperature after they are cooked.**
- **Consideration should be given to producing a recipe book for the meals noted on the menu.**
- **Consideration should be given to providing kitchen staff with formal guidance on matters involving food allergies based on the Government's regulations.**
- **Consideration should be given to keeping a more formal record to monitor kitchen stock, where practical, in order to be able to identify any cases of stock loss.**
- **Consideration should be given to allocating the cleaning tasks noted in the catering service handbook to specific members of staff.**
- **It should be ensured that prepared foods which are stored (e.g. in the fridge) are properly labelled at all times.**
- **The Education Department should draft contracts for each member of the catering service staff following their appointment, as well as ensuring that contracts have been created for the current staff.**
- **The risk assessments should be reviewed annually in order to ensure that they remain suitable, and that the content remains up-to-date.**
- **Consideration should be given to storing cleaning products in a storeroom separate from the kitchen.**

SECONDARY SCHOOLS CATERING - YSGOL Y GADER
Education

Background

Ysgol y Gader is a county secondary school that provides education for 11-16 year old pupils. The school is located in Dolgellau, with 346 pupils on the school roll in September 2015. The school's Governing Body has been responsible for the management of the catering service since April 2012, when a Catering Manager was appointed to lead the work of managing the service.

Purpose of the Audit

The purpose of the audit was to ensure that value for money, quality standards and sufficient accountability are achieved within secondary schools in relation to their catering service.

Scope of the Audit

Visiting the secondary schools that are not part of the Education Department's standard catering contract, in order to verify the schools' arrangements in relation to compliance with the statutory requirements, the Council's Financial Procedures, health and safety regulations and relevant policies. To receive assurance that arrangements have been established to safeguard kitchen staff and customers and that budgets are properly managed.

Main Findings

It was seen that good practices are undertaken as part of the management of the catering service, however, it was felt that the arrangements could be tightened in some areas; in order to strengthen the controls that already exist, and to establish additional ones to provide assurance that the school and the pupils are safeguarded and to ensure the service's effectiveness.

One of the main risks identified during the audit was the possibility that it may not be possible to trace the exact food served should the need arise. This is a result of the fact that no log is kept of the food served daily, and the meals noted in the menu were not served on the day of the audit. The menus are not complete either as desserts have not been included. The forms where the temperature of high risk cooked foods is recorded are considered to be some sort of record of what is served, however, keeping a full record would protect the school should a case of food poisoning arise. It would also provide evidence that the school adheres to the menu which may further protect the school in such cases. From the sample of forms audited where the temperature is recorded, it was seen that they did not correspond with the meals noted on the menu. An error had also been made when recording the temperatures, where the dates had not been recorded accurately for 1 week within the sample. Consequently, this caused difficulties when trying to trace what was served on different days. Errors were also seen when recording the temperatures of the refrigerators, where the temperatures appeared a great deal colder than expected, which could give the impression that the refrigerator is defective.

Confirmation was received that the menu had been verified relatively recently regarding nutritional value. Nevertheless, the foods noted on the check were not seen to correspond to what was noted on the menus received during the audit.

The majority of the food and drinks suppliers used by the school are not in accordance with the Council's contracts list. If the school decides to use a supplier not on the Council's contracts list, assurance should be received from the supplier of the ability to trace the food source in order to ensure that the food is safe and hygienic as well as to ensure value for money.

Another concern that was highlighted during the audit was that it was not possible to find the employment contracts for kitchen staff. Since the school chose not to commit to the Education Department's catering contract, it was the responsibility of that Department to produce and amend any employment contracts. This is a matter that has been discussed with members of the relevant service and requires urgent attention.

A copy of the catering service's health and safety policy was received. This policy is dated March 2010, and therefore it is felt that this should now be reviewed.

Audit Opinion

(C) The Audit Opinion is that assurance of propriety cannot be expressed in the arrangements for School Catering at Ysgol y Gader as the controls in place cannot be relied upon, but no losses / fraud were discovered deriving from the management weaknesses. The main recommendations of the report are as follows:

- It should be ensured that only meals from the menu are served, apart from exceptions such as themed days. It would be good practice to draft a menu with meals chosen in accordance with the contents of the nutritional checks and the pupils' allergy needs.
- Consideration should be given to keeping a record of all the foods served daily, together with a full record of their temperature when they are cooked.
- It would be good practice to investigate cases when the temperature of the refrigerator or freezer are significantly different to what is expected, keeping a record of the findings and the action taken as a result.
- It should be ensured that the menu / recipe book includes all the required details e.g. for how long the meals should be cooked.
- A record of the details of any training provided to staff should be kept, be that internal or external training.
- Consideration should be given to establishing specific criteria to evaluate the food and drink suppliers when determining which ones to use.
- It would be good practice to establish a formal arrangement to include the Catering Manager in the process of monitoring the budget and in any other relevant budgetary issues.
- Consideration should be given to recording the date of receipt, for example with a received stamp on every invoice received in order to ensure the accuracy of the Council's performance management records.
- Consideration should be given to keeping a formal record to monitor kitchen stock, where practical, in order to be able to identify any cases of stock loss.
- The Education Department should draft contracts for each member of staff in the catering service following their appointment, as well as to ensure that ones have been created for current staff.
- The Health and Safety Policy of the school's catering policy should be reviewed to confirm that its contents are current.
- It should be ensured that the COSHH leaflets for the substances used in the kitchen are current.
- In accordance with Welsh Government's requirements, the school's Governing Body should include information in their annual report on the action taken to encourage school pupils to eat and drink healthily.

SECONDARY SCHOOLS CATERING - YSGOL Y MOELWYN Education

Background

Ysgol y Moelwyn is a county secondary school that provides education for 11-16 year old pupils. The school is located in Blaenau Ffestiniog, with 310 pupils on the school roll in September 2015. The school's Governing Body has been responsible for the management of the catering service since April 2010, and the school is the first in the county to use a cashless payment system in the cafeteria. That system has been in operation since November 2014.

Audit Purpose

The purpose of the audit is to ensure that value for money, quality standards and sufficient accountability are achieved within secondary schools in relation to their catering service.

Scope of the Audit

Visiting the secondary schools that are not part of the Education Department's standard catering contract, in order to verify the schools' arrangements and compliance with the statutory requirements, the Council's Financial Procedures, health and safety regulations and relevant policies. To receive assurance that the arrangements have been established to safeguard kitchen staff and customers and that budgets are managed properly.

Main Findings

It was seen that there was robust control over the catering service in general, with input and support being offered by different school representatives - including the Management Team, the Governors, school staff including kitchen staff and pupils.

Standard menus have been created, with recipes to correspond with the foods being prepared and served, and it was seen that relevant members of staff had good awareness of the statutory guidelines and expected standards in terms of nutrition. It appeared from the evidence received that a considerable amount of work had been undertaken as the school worked towards achieving the nutrition standards. A robust procedure has been established in order to provide meals for one of the school's pupils who has a specific allergy and a bespoke menu has been created for him. A lot of information on allergies and food intolerances is available in the kitchen for staff to refer to, however kitchen staff have not received any formal training or guidance in this area.

Although the school uses the fruit and vegetable supplier noted in the Council's contracts list, school staff informed us that that supplier does not fully meet the school's needs, as they only deliver goods to schools in the Blaenau Ffestiniog area on Wednesdays. This means that Saturdays and Sundays fall into the middle of the week, and the fruit and vegetables do not last until the end of the week (namely Monday and Tuesday in this case). The school also stated that it has a company in mind that could better meet their needs. If the school decides to use a supplier not on the Council's contracts list, assurance should be received from the supplier of the ability to trace the food source in order to ensure that the food is safe and hygienic as well as to ensure value for money.

One concern that was highlighted during the audit was that it was not possible to find the employment contracts for kitchen staff. Since the school chose not to commit to the Education Department's catering contract, it was the responsibility of that department to produce and amend any employment contracts. This is a matter that has been discussed with members of the relevant service and requires urgent attention.

We discovered that internal training is being provided in the school in order to give new staff guidance on how to safely use kitchen equipment. However, no evidence of what is provided is available as the details have not been recorded. In order to protect the school and its staff, it is felt that it would be good practice to keep a record of training details, and ensure that staff sign to confirm that they have received and understood the training.

It was seen that risk assessments had been created for the kitchen as well as information that these were up-to-date. It would be good practice to note the date of the training and any instruction on assessments.

It is felt that the school is very proactive in encouraging pupils to live healthily and to have school meals. Among the school's successes, it has received a Stage 6 Healthy School status as part of the Gwynedd Healthy Schools Scheme, which is a Healthy Schools Plans National Quality Award - Welsh Network.

Audit Opinion

- (B) The Audit Opinion is that partial assurance of propriety can be expressed in the arrangements of School Catering - Ysgol y Moelwyn as controls are in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:**
- **Consideration should be given to providing kitchen staff with formal guidance on matters involving food allergies based on the Government's regulations.**
 - **Consideration should be given to recording the date of receipt, for example with a received stamp on every invoice received in order to ensure the accuracy of the Council's performance management records.**
 - **The Education Department should draft contracts for each member of staff in the catering service following their appointment, as well as to ensure that contracts have been created for the current staff.**
 - **A record of the details of any internal training provided for staff relating to providing guidance on kitchen equipment should be kept**
 - **It should be ensured that the risk assessments are dated and signed the next time they are reviewed.**

WORKFORCE MODELLING- YSGOL LLANGYBI

Education

Background

The school Governing Body is responsible for managing and running the school and delegated powers are given to the Headteacher to run the school on a day to day basis. The rights of the Headteacher in terms of financial decisions are specified by the Governing Body and should be recorded within the school's policy. The Headteacher is responsible for reporting to the Governing Body on a regular basis on the school's financial situation and on any issue that affects that situation. The Governing Body is responsible for determining procedures to administrate personnel activities, including appointments, terminations and promotions.

Audit Purpose

To ensure that appropriate arrangements exist for modelling the workforce in primary schools in Gwynedd, in order to alleviate risks in accordance with relevant policies and procedures.

Scope of the Audit

A sample of primary schools of various sizes and from various areas in Gwynedd were selected and visited to be inspected for audit purposes.

Main Findings

It appears that the workforce modelling arrangements are satisfactory at Ysgol Llangybi with teachers receiving appropriate PPA time, the Headteacher's time is allocated appropriately for management and leadership time, teacher's salaries are reviewed annually and that effective budgetary control exists.

Copies of job descriptions for school employees were received, however no dated or signed copies were available at the school on the day of the audit. This means that it was not possible to confirm the date that the job descriptions were last reviewed nor was it possible to confirm whether the employee had accepted them as there was no signature on them.

It was seen that the Learning Support Assistants' job descriptions did not include details of their working hours/the number of working days and it was understood that there had been a change to the conditions of their employment since September 2015 as their hours had been reduced.

The teacher's job description contained details such as work duties and specific responsibilities as expected; however, when the job descriptions were compared with the generic copy of a job description for a teacher which is held by the Education Department, it was seen that there was room to add more relevant clauses to the teacher's job description. The same could be said when the current job description of the Headteacher and the Deputy Headteacher were compared with generic job descriptions held by the Education Department for Headteachers and Deputy Headteachers. It would be good practice to compare the current job descriptions of the Headteacher and teachers at the school with the generic job descriptions, in order to see whether it would be beneficial to add some new clauses to the current Headteacher, Deputy Headteacher and teacher job

descriptions.

According to the primary schools funding formula for 2015/16 it was seen that Ysgol Llangybi would be eligible for a budget of £4,396 for Ancillary Staff: Clerical. £534 of the budget is used to employ a Clerk of the Governors, but the remainder of the budget is transferred to other budgetary headings to be used to assist with the appointment of teaching staff and classroom assistants. The Headteacher expressed that she undertakes most of the clerical work herself.

A Deputy Headteacher is employed at Ysgol Llangybi and this procedure has existed for some time now and derives from when the numbers of pupils at the school was over 75. If a Deputy is in post and the numbers of pupils declines to under 75, the post and the employment remain while the Deputy is in post and the school is eligible for the additional budget.

During the audit it came to the attention of the auditor that the Headteacher does not share budget monitoring reports with the Governing Body, but rather reports on the school's financial situation to the body verbally.

Audit Opinion

(B) The Audit Opinion is that partial assurance of financial propriety in the workforce modelling arrangements at Ysgol Llangybi can be stated as controls are in place, but there are aspects where some arrangements can be tightened. The recommendations of the report are as follows:

- **It should be ensured that employees' job descriptions are kept on file at the school and that they are appropriately signed and dated, and they should be reviewed occasionally.**
- **It should be ensured that Learning Support Assistants' job descriptions include details of their working hours/the number of days they work.**
- **Consideration should be given to sharing the budget monitoring reports with the Governing Body, so that Governors receive more detail on the school's budgetary matters.**

WORKFORCE MODELLING - YSGOL LLANBEDR

Education

Background

The school Governing Body is responsible for managing and running the school and delegated powers are given to the Headteacher to run the school on a day to day basis. The rights of the Headteacher in terms of financial decisions are specified by the Governing Body and should be recorded within the school's policy. The Headteacher is responsible for reporting to the Governing Body on a regular basis on the school's financial situation and on any issue that affects that situation. The Governing Body is responsible for determining procedures to administrate personnel activities, including appointments, terminations and promotions.

Purpose of the Audit

To ensure that appropriate arrangements exist for modelling the workforce in primary schools in Gwynedd, in order to alleviate risks in accordance with relevant policies and procedures.

Scope of the Audit

A sample of primary schools of various sizes and from various areas in Gwynedd were selected and visited to be inspected for audit purposes.

Main Findings

It appears that, in general, there are good arrangements for workforce modelling at Ysgol Llanbedr with up-to-date job descriptions existing for staff, salary review forms being completed annually, teachers receiving appropriate PPA time and good budgetary control.

The teachers' job descriptions contained details such as general duties, teaching duties and other duties such as for which subjects they were co-ordinators. However, when the job descriptions were compared with the Education Department's generic copy of a teacher's job description, it was seen that there was room to add more relevant clauses to the teachers' job descriptions. The same could be said when the current Headteacher's job description was compared with the Education Department's generic Headteacher job description. It would be good practice to compare the Headteacher's up-to-date job descriptions and the teachers' job descriptions with the generic job descriptions, in order to identify whether it would be beneficial to add some new clauses to the current Headteacher and teacher job descriptions.

According to the primary schools funding formula for 2015/16 it was seen that Ysgol Llanbedr would be eligible for a budget of £3,566 for Ancillary Staff: Clerical. £625 of the budget is used to employ a Clerk of the Governors, but the remainder of the budget is transferred to other budgetary headings to be used to assist with the employment of teaching staff and classroom assistants. The assistants are responsible for undertaking the photocopying work for the teachers.

Up to 18/1/2016, the Headteacher only received ½ a day of PPA time and to Manage and Lead the school. This means that the Headteacher has occasionally been undertaking the management and leading task in her own time, which is not a good way of managing a balance between life and work. The main reason for this was that the Headteacher felt that leaving classrooms 3, 4, 5 and 6 with one teacher was unfair on the children as there was 27 of them and a third of them had needs. It has been given to understand that the school had to follow the redundancy process in 2014/15 due to an excess because of a lack of staffing budget. Since September 2015, an arrangement is occasionally implemented where years 3, 4, 5 and 6 are taught together. The Headteacher employs a supply teacher on Monday mornings since 18/01/2016 to release her to undertake management and leading work.

On the day of the audit, the auditor was informed that there was a written record of the Governing Body and the Headteacher's duties and rights regarding financial decisions, including the fact that appropriate thresholds existed but needed updating, and that the Headteacher and the Governing Body intended to do this in the near future.

Audit Opinion

- (B) The Audit Opinion is that partial assurance of financial propriety in the workforce modelling arrangements at Ysgol Llanbedr can be stated as controls are in place, but there are aspects where some arrangements can be tightened. The recommendations of the report are as follows:**
- **It would be good practice for the Headteacher to receive a copy of a generic job description for the Headteacher and a teacher from the Education Department, in order to compare them with the current job descriptions of the Headteacher and teachers at the school, to identify additional clauses for which consideration should be given to adding them to the current job descriptions.**
 - **It should be ensured that a written record of the duties and rights of the Governing Body and the Headteacher regarding financial decisions, including appropriate thresholds, is updated and adopted by the Governing Body as soon as possible.**

MEMBER TRAINING AND DEVELOPMENT

Corporate Support

Background

Section 7 of the Local Government (Wales) Measure 2011 stipulates that the local authority is required to ensure that reasonable training and development opportunities are provided to its members. As well as this, the Authority must provide members with the opportunity to receive an annual review of their training and development needs.

The Councillor Guidance on Continuing Professional Development was published in May 2015, which outlines the skills and information essential for local authority councillors in Wales, according to general opinion. The framework was formed as part of a continuing professional development programme in Wales for councillors and it corresponds to The Wales Charter for Member Support and Development.

Purpose of the Audit

The purpose of the audit was to ensure that the Democratic Service and the Learning and Development Service had established an appropriate procedure for the Council members' training and development needs.

Scope of the Audit

The member development and training procedure was audited to ensure that it implements a service of an appropriate standard, that it responds to members' needs and is in line with the requirements of the Local Government (Wales) Measure 2011.

Main Findings

It was seen that good internal controls exist in the Member Training and Development arrangements. The Council was awarded the Charter in 2009, and in 2012/13 it was developed in its new form and built on the requirements of the Local Government (Wales) Measure 2011. It was reported to the Democratic Services Committee in March 2015 that Gwynedd Council would not be able to be awarded the Charter qualification as nobody would be available to present it due to a reduction in the Welsh Local Government Association (WLGA) grant. However, the situation has now changed and the Head of Democratic Services is eager to continue to seek to achieve the Charter. It was explained that arrangements were underway to do this.

Member role descriptions based on WLGA documents were adopted at the Full Council in 2011. It was explained that they need to be updated to correspond with developments including Ffordd Gwynedd.

In accordance with the Local Government (Wales) Measure 2011, each Council must offer Members a process to assess their development needs. Members were offered personal development interviews in 2014, some interest was expressed and 26 Members were interviewed. It is intended to hold the next cycle of interviews during 2016 but the demand is low at present. An effort has been made to encourage Members to undertake interviews and it is intended to submit a report to the

Democratic Services Committee to explain the process to Members and to raise awareness of the arrangements.

Members are asked to complete a feedback form at the end of each training session. The percentage of feedback received was verified for a sample of five training sessions and it was seen that they varied, feedback was received from 15% of the Members who attended one training.

It was seen that 14 Members had not attended training during 2014/15. It is not possible to force Members to attend training, however, it is noted in 'Members' role and responsibilities' that they should 'Commit to self-development and training' in order to maintain standards.

In addition, it was seen that the Pension Fund Annual Report 2014-15 did not include information regarding the training that Members of the Pensions Committee have attended. Rather, it was noted that the Committee had formally adopted the skills and information policy statement.

Audit Opinion

(B) The Audit opinion is that partial assurance of the propriety of the Member Training and Development managerial arrangements can be stated as controls are in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:

- **Ensure that Member role descriptions are updated as required.**
- **Members should be encouraged to complete feedback forms following training.**
- **It should be ensured that the Governance Compliance Statement within the Gwynedd Pension Fund Annual Report includes information on the training that specific Members have received.**

SCHOOLS - HEALTH AND SAFETY OF EDUCATIONAL VISITS

Corporate Support

Background

Monitoring arrangements for Educational Visits is based within the Health and Safety Unit, Corporate Support Department. It was seen that Gwynedd schools have a rich tradition, which is appreciated, of providing exciting educational visits that young people enjoy. Gwynedd pupils benefit greatly from taking part in educational visits. Many visits are conducted across the County and throughout the year including usual visits, unusual visits/overnight (without being adventurous), visits (including overnight and the Duke of Edinburgh Award) where there are adventure activities in challenging environments and overseas visits.

Purpose of the Audit

The purpose of this audit was to ensure that appropriate health and safety arrangements are followed when organising and planning educational visits in order that suitable action is taken to alleviate the identified risks.

Scope of the Audit

Checking sample records from primary and secondary schools to ensure that they have conformed to the health and safety requirements when arranging educational visits. Checking that procedures are followed and ensure that full details are recorded on the specific Evolve system and that they receive strong approval by an authorised officer.

Main Findings

It was seen that there were very strong examples of good practice and robust controls in place with the health and safety of educational visits, in order to alleviate a range of risks identified in this area. However, it was seen that some of the areas audited required further attention.

When checking the Evolve system it was noted that many schools had not uploaded a copy of their school's 'Educational Visits' policy onto the system (60 out of 109), this increases the risk of the staff's lack of awareness of health and safety requirements when undertaking educational visits.

A sample of 9 educational visits were checked for overnight or unusual visits. In 5 cases it was seen that the coordinator was the Head and therefore they needed to be authorised as a coordinator as well as the school's Head Teacher. It was seen that one visit had not received approval from the Local Authority in accordance with policy. A plan had been inserted on the Evolve system, however, it had not been approved appropriately by the Educational Visits Coordinator (Head). The Head explained that the trip had been approved verbally with the staff. However, the policy had not been followed, as residential visits have to be approved by the Local Authority.

A sample of educational visits were audited where adventure activities or in challenging environments had taken place. Also, overseas trips that were not to a developed country including a long trip or another adventure had been included in the sample.

It was seen that the 'Educational Visits' policy noted that the Head's approval was required on the Evolve system at least 28 days prior to the start of the visit and this had not occurred with some of the visit plans.

There was clear guidance in the 'Educational Visits' policy regarding the period that documents/forms should be retained pertaining to educational visits. During the audit it became obvious that some Educational Visits Coordinators were not aware of the need to retain documents for a specific period. Permission forms were kept locked in the administrative offices of the schools and were destroyed once they had been on a visit or within a month following the trip (which was in compliance with national guidance but not the 'Educational Visits' policy). However, Educational Visits Coordinators / Heads need to be reminded of the periods to retain information as noted in the policy as many were not aware of the requirements. In addition, it is necessary to update section 9 'Keeping Records' in the 'Educational Visits Policy' by September 2016.

Audit Opinion

- (B) The Audit Opinion is that partial assurance can be expressed in the propriety of the health and safety arrangements for educational visits as controls are in place, but there are aspects where some arrangements could be tightened. The recommendations of the report are as follows:**
- **The Educational Visits Coordinators / Heads should be reminded that they need to upload a current copy of the 'Educational Visits' policy on the Evolve system.**
 - **It should be ensured that Heads approve the educational visits on the Evolve system and these are then forwarded to the Local Authority if relevant.**
 - **It should be ensured that Heads approve the educational visits on the Evolve system at least 28 days prior to the unusual / overnight visit and at least 56 days prior to an overseas visit in accordance with the 'Educational Visits' policy.**
 - **It should be ensured that educational visits documents/forms are retained for a specific period in accordance with the 'Educational Visits' policy. Section 9 of the 'Educational Visits Policy' namely 'Keeping Records' should be updated for 2016-17.**

DEBTORS' SYSTEM – REVIEW OF KEY CONTROLS**Finance**Purpose of the Audit

The Auditor General for Wales' Code of Audit Practice, April 2010, states that the Authority's external auditors (Wales Audit Office), in conducting their audit of the Council's accounts and Pension Fund, will rely wherever possible on the work of Internal Audit (and others). As a result, the Joint Protocol between the External Audit service and the Internal Audit service, approved by the Audit Committee on 17 November 2011, states:

“As part of its key role in reporting upon the adequacy of internal control, and providing a basis for the authority's Annual Governance Statement, which is required to be published with the Council's annual statement of accounts, it is expected that Internal Audit will test key controls of the Council's major financial systems on an annual basis.”

The debtors' system is considered to be a “major financial system” according to the Wales Audit Office's definition, and therefore a review of the key controls of this system was conducted.

The purpose of the audit was to ensure that the duty of raising invoices on customers has been allocated to authorised officers with the information shown in the ledger in full as well as the income that the Council receives and a reconciliation completed. In addition, ensure that appropriate arrangements are in place to recover and write-off debts with information provided for managers.

Scope of the Audit

Checking which officers have the duty of raising and distributing invoices to customers and selecting a sample of the invoices and checking that the information appears in the financial ledger correctly. Checking that any income that the Council receives is posted in the ledger and that it is reconciled regularly. Checking if recovery arrangements have been documented and that recovery monitoring is undertaken and also checking whether the debt write-off arrangements comply with the Financial Procedure Rules. Check that income monitoring against the budgets is being undertaken.

Main Findings

It was seen that appropriate processes, procedures and separation of duties are in place for debt collection. In general, the process of creating a debt is implemented by the relevant services with the recovery being implemented and coordinated by the Income Unit.

A sample of debts that had been written-off during 2015/16 was reviewed and it was seen that the appropriate steps had been taken.

The processes in place were checked to ensure that the invoices were posted correctly into the ledger by comparing details and it was seen that they all reconciled.

The Income Manager told us the following: The staff who have the right to raise invoices within the Income Service, and who use this, are the Income Manager, the Debtors' Officer and the Recovery Assistant (SI). The report on the rights received by the Financial System's Technician in the Finance Service confirms this, but specifies that they have to right to raise and authorise invoices to the value of up to £1,000,000. He stated that other Recovery Assistants (GR and EWJ) and the other Debtors' Officer (RCR) might also have the right to raise an invoice, but they do not use this often, if at all. The report on the rights states that they also have the right to raise and authorise these invoices for up to £1,000,000. He said that the Senior Recovery Officer and the Income Officer open the post daily and they do not raise invoices - although the rights report states that one has the right to raise an invoice (but not to authorise) and the other has the right to authorise invoices for up to £1,000,000 and they transfer any cheques to the Cashier (with a right to read only / enquirer for Cedar according to the report on rights). It is the Cashier who receives any cash.

The Financial System's Technician stated that he contacted the different departments for information annually (around September) to ensure that the information is current.

Audit Opinion

- (B) The Audit Opinion is that partial assurance can be expressed of financial propriety in the Debtors System – Review of the Key Controls as there are controls in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:**
- **The rights of officers within the Cedar system should be reviewed to ensure that they are current.**

PAYMENTS SYSTEM – A REVIEW OF THE KEY CONTROLS

Finance

Purpose of the Audit

The Auditor General for Wales' Code of Audit Practice, April 2010, states that the Authority's external auditors (Wales Audit Office), in conducting their audit of the Council's accounts and Pension Fund, will rely wherever possible on the work of Internal Audit (and others). As a result, the Joint Protocol between the External Audit service and the Internal Audit service, approved by the Audit Committee on 17 November 2011, states:

“As part of its key role in reporting upon the adequacy of internal control, and providing a basis for the authority's Annual Governance Statement, which is required to be published with the Council's annual statement of accounts, it is expected that Internal Audit will test key controls of the Council's major financial systems on an annual basis.”

The payments system is considered to be a “major financial system” according to the Wales Audit Office's definition, and therefore a review of the key controls of this system was conducted. The purpose of the audit was to ensure that appropriate controls are in place for processing, implementing and reconciling payments.

Scope of the Audit

The audit encompassed reviewing a sample of payments made to Council creditors during 2015/16 together with controls over the standing data of creditors.

Main Findings

It was found that appropriate controls were in place for processing and implementing payments. It was found that processes, together with the use of computer systems, were in place to ensure that invoices were processed appropriately and that the correct payments were made. In addition, it was found that a facility which highlights and identifies duplication in the details of invoices to be reviewed was used.

It was seen that anti-fraud measures had been incorporated in the payments processes, thus ensuring that roles were defined, rights established based on this and forcing a separation of duties between the person authorising the invoices, inputting data, supervising the input, authorising payments and reconciling balances. It was found that purposeful forms were available to undertake appropriate checks when establishing information about new creditors and that appropriate checks on applications to change the standing data of creditors were undertaken prior to taking any action to ensure that they were appropriate. It was seen that new arrangements had been established in 2015/16 to check changes in creditors' standing data with the officers formulating a report from the Business Object system to check which changes had taken place the previous day. In addition, it was found that more use was made of the Fiscal system with a report was produced for checking by the relevant Payments Officers on a daily basis.

It was found when undertaking audits throughout 2015-16 that no order existed to correspond to the invoice or the order was prepared following receipt of the invoice; in addition a number of instances of miscoding expenditure were seen. This is the responsibility of the services/units and **not** the responsibility of the Payments Unit. However, there is a need to reinforce the requirement to submit an order (if this is appropriate) as this is the basis for the agreement and the conditions with the suppliers, and also ensure the accuracy of the expenditure code as miscoding can distort financial or statistical reports.

When reviewing the lists of officers with the right to sign, authorise and certify various documents it was seen that there were examples where an officer was designated with the right to certify invoices together with the preparation and authorisation of batch header form TR257 - it is essential that a separation of duties exists within this arrangement.

Audit Opinion

- (B) The Audit Opinion is that partial assurance can be expressed of financial propriety in the Payments System – Review of the Key Controls as there are controls in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:**
- **The lists of officers with the right to sign, authorise and certify documents should be reviewed to ensure that the officers with the right to certify invoices do not have the right to prepare TR257 batch header forms as well, to ensure that there is a separation of duties in the process.**

BANK RECONCILIATION - REVIEW OF THE KEY CONTROLS

Finance

Purpose of the Audit

The Auditor General for Wales' Code of Audit Practice, April 2010, states that the Authority's external auditors (Wales Audit Office), in conducting their audit of the Council's accounts and Pension Fund, will rely wherever possible on the work of Internal Audit (and others). As a result, the Joint Protocol between the External Audit service and the Internal Audit service, approved by the Audit Committee on 17 November 2011, states:

“As part of its key role in reporting upon the adequacy of internal control, and providing a basis for the authority's Annual Governance Statement, which is required to be published with the Council's annual statement of accounts, it is expected that Internal Audit will test key controls of the Council's major financial systems on an annual basis.”

The bank reconciliation process is considered to be a “major financial system” according to the Wales Audit Office's definition, and therefore a review of the key controls of this system was conducted.

The purpose of the audit was to ensure that procedures are in place and documented for undertaking effective, timely, complete and accurate bank reconciliations and to ensure that sufficient monitoring arrangements exist.

Scope of the Audit

Reviewing the procedures established for undertaking bank reconciliation and ensure that guidelines are available to officers. To select a sample of bank reconciliations in 2015/16 and to ensure that they correspond with the procedures. Ensure that bank reconciliations are reviewed and signed regularly.

Main Findings

Generally, it was found that robust internal controls exist in the process of reconciliation and a second officer had checked the reconciliations in the sample selected. However, it was seen that the spreadsheets used within the income reconciliation process were unclear to the reader and it is felt that the inclusion of a brief explanation of the figures may be of assistance to a new user if the need arises; for example during the absence of current officers.

Audit Opinion

- (A) The Audit Opinion is that assurance of financial propriety can be expressed in the arrangements for Bank Reconciliation - Review of Key Controls as it is possible to depend on the internal controls which are in place, which have been followed. The main recommendations of the report are as follows:**
- **It should be ensured that the work papers (spreadsheets) used within the income reconciliation process include details such as notes or headings for the columns in order that they are more self-explanatory to the reader.**

PAYROLL ADMINISTRATIVE ARRANGEMENTS - REVIEW OF THE KEY CONTROLS**Finance**Purpose of the Audit

The Auditor General for Wales' Code of Audit Practice, April 2010, states that the Authority's external auditors (Wales Audit Office), in conducting their audit of the Council's accounts and Pension Fund, will rely wherever possible on the work of Internal Audit (and others). As a result, the Joint Protocol between the External Audit service and the Internal Audit service, approved by the Audit Committee on 17 November 2011, states:

“As part of its key role in reporting upon the adequacy of internal control, and providing a basis for the authority's Annual Governance Statement, which is required to be published with the Council's annual statement of accounts, it is expected that Internal Audit will test key controls of the Council's major financial systems on an annual basis.”

The payroll system is considered to be a “major financial system” according to the Wales Audit Office's definition, and therefore a review of the key controls of this system was conducted.

Scope of the Audit

This review focused on the controls for undertaking the payroll system for the 2015/16 year.

Main Findings

It was found that strong internal controls existed within the Payroll Unit's administrative arrangements. However, there was a weakness in the checking of 'Payroll Checking Document'. Two instances were highlighted where there was no signature on the 'Payrun Reports checked by' section and there was no signature on the 'Journal checked by' on one occasion. In addition, when checking the 'Payroll Staff Duties - Checklist' one occasion was highlighted where there was no signature in the 'Checked by Supervisor' section. A signature in these sections indicates that the relevant checks have been completed before releasing the payrolls for payment. The 'Payroll Manual' document which shows the steps to take in different circumstances within the payroll system, had not been updated for many years. However, where there are changes to either statutory elements, to the system, or to the unit's / Council's processes the officers receive a Payroll Notice. Also, the Unit's 'Contingency Plans for Emergency Payment of Salaries' is not up to date. The Payroll Manager is aware of this.

Audit Opinion

- (B) The Audit Opinion is that partial assurance can be expressed of financial propriety in the Payroll System's Administrative Arrangements – Review of the Key Controls as there are controls in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:**
- **It should be ensured that the “Payroll Checking Document” and the "Payroll Staff Duties - Checklist" are signed and dated to show that the appropriate checks have been completed.**
 - **The Payroll Unit's business continuity plan should be updated.**

GWYNEDD PENSION FUND – A REVIEW OF KEY CONTROLS**Finance**Purpose of the Audit

The Auditor General for Wales' Code of Audit Practice, April 2010, states that the Authority's external auditors (Wales Audit Office), in conducting their audit of the Council's accounts and Pension Fund, will rely wherever possible on the work of Internal Audit (and others). As a result, the Joint Protocol between the External Audit service and the Internal Audit service, approved by the Audit Committee on 17 November 2011, states:

“As part of its key role in reporting upon the adequacy of internal control, and providing a basis for the authority's Annual Governance Statement, which is required to be published with the Council's annual statement of accounts, it is expected that Internal Audit will test key controls of the Council's major financial systems on an annual basis.”

Although the administration of Gwynedd's Pension Fund relies heavily upon the Council's major financial systems, the Fund's administrative systems are themselves considered to be a “major financial system” according to the Wales Audit Office's definition, and therefore a review of the key controls of this system was conducted.

Scope of the Audit

The procedures in place for the administration of the Pension Fund for 2014-15 were reviewed. A sample of payments were selected to ensure that they had been released appropriately and in addition it was ensured that they had been appropriately reviewed and signed. There was no intention to audit the investment element.

Main Findings

It was found that strong internal controls existed within the Pension Fund's administrative arrangements. However, the Gwynedd Pension Fund Annual Report 2014-15 was checked to ensure compliance with the Local Government Pension Scheme Regulations 2013 (Section 57) and it was found that the communication statement with members and employers had not been included.

A weakness was highlighted when checking the TR27b slips. The 'code', 'prices' and 'unique' boxes were not completed on the TR27b forms in each case. The purpose of these checks is to ensure that the relevant checks have been undertaken:

- 'Code' - to confirm that the expenditure code was correct
- 'Prices' - to confirm that prices are correct.
- 'Unique' - ensure that the payment has not been processed previously and to avoid duplication of payment.

The pensions service continues to have difficulty receiving information from other employers. The service relies upon the Employer to inform it of any changes to data such as working hours, status etc. but this does not happen. It is hoped that the code of practice document produced by the Pensions Regulator will be of assistance to support applications for information from the Employers.

The i-Connect system is something that they are continuing to develop. By now Conwy Council and Ysgol Eirias have agreed to be part of the arrangement. Through this system any information inputted into the employers systems is forwarded electronically and is encrypted to the Pensions service systems. This means, therefore, that there is no need for the employers to undertake additional work of forwarding the information. They continue to ensure that their information is complete prior to determining to proceed with this.

Audit Opinion

(B) The Audit Opinion is that partial assurance can be expressed of financial propriety in the Gwynedd Pensions Fund – Review of the Key Controls as there are controls in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:

- **It should be ensured that the latest version of the communication statement with members and employers is included in the next Annual Report of the Gwynedd Pension Fund (2015-16).**
- **It should be ensured that the check boxes on the TR27b forms are completed appropriately i.e. the need to sign the "Code", "Prices" and "Unique" boxes to show that appropriate checks have been undertaken.**

BENEFITS SYSTEM - REVIEW OF THE KEY CONTROLS**Finance**Audit Purpose

The Auditor General for Wales' Code of Audit Practice, April 2010, states that the Authority's external auditors (Wales Audit Office), in conducting their audit of the Council's accounts and Pension Fund, will rely wherever possible on the work of Internal Audit (and others). As a result, the Joint Protocol between the External Audit service and the Internal Audit service, approved by the Audit Committee on 17 November 2011, states:

“As part of its key role in reporting upon the adequacy of internal control, and providing a basis for the authority's Annual Governance Statement, which is required to be published with the Council's annual statement of accounts, it is expected that Internal Audit will test key controls of the Council's major financial systems on an annual basis.”

The Benefits System is considered to be a “major financial system” according to the Wales Audit Office's definition, and therefore a review of the key controls of this system was conducted.

Scope of the Audit

For the 2015-16 financial year, a sample of benefits applications were audited to ensure that appropriate assessments were undertaken. It was checked that reconciliations were conducted and that the benefits payments were calculated and paid accurately and promptly. The service's performance status was assessed on acting upon benefit requests and notifications, and checks were made to ensure that the benefits system was effectively managed and that all data was appropriately protected.

Main Findings

It was found that strong internal controls existed within the Benefit System's administrative arrangements. Officers receive training as needed and are informed of any changes to legislation, as well as any changes or developments to the system. A random sample of new applications was selected, checking that the risk score had been recorded and that they had been accurately calculated and paid promptly. In addition, a sample of extended payments and requests for back-payments were checked, and it was found that they were in accordance with current regulations. Once again this year it was seen that Unit's performance is good in comparison with the performance of Wales and Britain, in relation to the average time taken to process a new benefit application and the average time taken to process a notification of a change in circumstances.

Audit Opinion

- (A) The Audit Opinion is that assurance of financial propriety can be expressed in the Benefits System - Review of the Key Controls, as it is possible to depend on the internal controls that are in place and that these have been followed.**

COUNCIL TAX – A REVIEW OF KEY CONTROLS

Finance

Audit Purpose

The Auditor General for Wales' Code of Audit Practice, April 2010, states that the Authority's external auditors (Wales Audit Office), in conducting their audit of the Council's accounts and Pension Fund, will rely wherever possible on the work of Internal Audit (and others). As a result, the Joint Protocol between the External Audit service and the Internal Audit service, approved by the Audit Committee on 17 November 2011, states:

“As part of their key role in reporting upon the adequacy of internal control, and providing a basis for the authority's Annual Governance Statement, which is required to be published with the Council's annual statement of accounts, it is expected that Internal Audit will test key controls of the Council's major financial systems on an annual basis,”

The Council Tax system is considered to be a “major financial system” according to the Wales Audit Office's definition, and therefore a review of the key controls of this system was conducted.

The purpose of the audit was to ensure that the totals on the Council Tax bills were correctly set, and in accordance with the sums approved by the full Council and other authorities. The Audit also ensured that the totals of properties in Gwynedd were accurately recorded on the system and were in accordance with the report of the Valuation Office, as well as to confirm that the financial account had been updated appropriately and that appropriate arrangements are in place to recover Council Tax debts. This audit also ensured that there are arrangements in place for monitoring and managing the Unit's performance.

Scope of the Audit

The Audit encompassed reviewing and testing that appropriate guidance, records and procedures are in place for managing, collecting and distributing the Council Tax for 2015-16.

Main Findings

It was seen that appropriate procedures and processes were in place for all the key controls reviewed for the Council Tax system. It was found that appropriate reconciliation was being undertaken to ensure the accuracy of the bills that are produced, in terms of number and value and that the parameters of the system correspond to the value of the taxes approved by the Full Council.

Audit Opinion

- (A) The Audit Opinion is that assurance of financial propriety can be expressed in the key controls of the Council Tax System for 2015-15 as it is possible to depend on the internal controls in place and they have been followed.**

BUSINESS RATES – A REVIEW OF KEY CONTROLS**Finance****Audit Purpose**

The Auditor General for Wales' Code of Audit Practice, April 2010, states that the Authority's external auditors (Wales Audit Office), in conducting their audit of the Council's accounts and Pension Fund, will rely wherever possible on the work of Internal Audit (and others). As a result, the Joint Protocol between the External Audit service and the Internal Audit service, approved by the Audit Committee on 17 November 2011, states:

“As part of their key role in reporting upon the adequacy of internal control, and providing a basis for the authority's Annual Governance Statement, which is required to be published with the Council's annual statement of accounts, it is expected that Internal Audit will test key controls of the Council's major financial systems on an annual basis,”

The Business Rates system is considered to be a “major financial system” according to the Wales Audit Office's definition, and therefore a review of the key controls of this system was conducted.

The purpose of the audit was to ensure that Business Rate bills were accurately processed, and in accordance with the rateable values set by the Valuation Office and that there are appropriate processes for collecting, recording and monitoring the payments.

Scope of the Audit

The Audit encompassed reviewing and testing that appropriate guidance, records and procedures are in place for managing, collecting and distributing the Business Rates for 2015-16.

Main Findings

It was seen that appropriate procedures and processes were in place for all the key controls reviewed for the Business Rates system.

Audit Opinion

- (A) The Audit Opinion is that assurance of financial propriety can be expressed in the key controls of the Business Rates System for 2015-15 as it is possible to depend on the internal controls in place and they have been followed.**

CYBER SECURITY

Finance

Purpose of the Audit

The purpose of this report is to evaluate and assess the level of cyber security in place at Gwynedd Council. The audit was carried out by Steve Rimell of Rimell Associates Ltd during the period 7-11 March 2016, and consisted of interviews with selected IT staff, and examination of security documentation and vulnerability test reports.

Scope of the Audit

Cyber security is defined by Merriam Webster's dictionary as "*measures taken to protect a computer or computer system (as on the Internet) against unauthorised access or attack*". Gwynedd Council has a basic requirement to keep its IT systems secure against the above risks, but also has a requirement to demonstrate its eligibility for membership of the Public Secure Network (PSN), the government's high-performance network which helps public sector organisations work together, reduce duplication and share resources.

In November 2015, the IT service commissioned Sec-1, a well-known and reputable security testing company, to perform a controlled series of vulnerability tests against the network. This audit report evaluates the results of those tests, and gives an opinion on their effectiveness and of the remediation plan devised by the Senior Manager – IT and Business Transformation for dealing with their findings. It also considers other issues that were outside Sec-1's terms of reference, but still within the scope of the term 'cyber security'.

Main Findings

The tests carried out by Sec-1 were effective and performed with an appropriate level of skill and experience. Following the tests and the proposed remediation measures, the Council's network has been certified as being sufficiently secure to continue its membership of the PSN. The standard and volume of the testing carried out was comprehensive, and was mostly conducted by the use of automated software scanning designed to identify network security weaknesses as quickly and effectively as possible. A number of issues were identified, mostly in the internal network protected by the Council's firewalls and perimeter security devices, but 5 high-risk security issues were detected in the external testing, i.e. testing carried out from the Internet as would be conducted by an intruder seeking to gain access. On detailed examination of the external security risks, three were associated with systems operated by Cynnal, and 2 with a test system for vehicle fleet tracking that was still under development and contained no live data.

The IT service has produced a remediation plan covering all of the issues identified in the Sec- 1 reports; all of these are expected to be addressed by the end of April 2016.

Audit Opinion

- (B) The Audit Opinion is that partial assurance can be expressed in the cyber security at Gwynedd Council as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:
- Regular and more frequent in-house security vulnerability tests should be performed by IT in addition to the annual tests required for PSN certification. Cynnal systems should also be included in these tests, despite their semi-autonomous status. It is understood that IT has already begun a project to acquire the necessary software tools.
 - Systems exposed to the Internet should not be left with any default administrative credentials, even if they are still under development and contain no business data.
 - As advised by Sec-1, NetBIOS over TCP/IP should be disabled throughout the network. Before doing so, NTLM auditing should be activated for a trial period on key servers and domain controllers to identify the systems that are transmitting NTLM hashes and to ensure that they have an alternative means of authentication before NetBIOS is shut down.
 - Additional security testing should be carried out to gain a more accurate view of the risk of data loss.

IT BACKUP AND RECOVERY PROCESSES AND PROCEDURES

Finance

Purpose of the Audit

The purpose of this report is to evaluate the processes and procedures in place to control the backup and recovery of IT systems. The audit was carried out by Steve Rimell of Rimell Associates Ltd during the period 1-5 February 2016, and consisted of interviews with selected IT staff, observation of procedures and the development of audit software scripts to extract information from key IT backup systems.

Scope of the Audit

The audit covered only the arrangements for backup and restore of data stored on Gwynedd Council IT systems. School IT systems and other organisations that may have access to the Council's network were not within the scope of this review. The audit did not include a detailed consideration of business continuity and disaster recovery procedures, except to the extent that they are impacted by data backup procedures.

Main Findings

The backup and recovery software systems used by IT have been automated as far as possible and are working effectively. All backups are now made using networked disk storage - this has removed the need for magnetic tape backup, which has in turn led to faster and more reliable backups. Mission-critical business systems have been placed under the control of VMware's Site Recovery Manager (SRM), allowing them to be restored to normal operation as quickly as possible in the event of the loss of the main data centre at Pencadlys. Applications that were previously dependent on systems that could not be handled by SRM have been replaced or converted, and a secondary backup data centre in the Penrallt site provides an additional data storage facility, reducing still further the risk of data loss.

Some issues have been identified with procedures for identifying completely and accurately all systems that require backup, and the IT Business Continuity Plan does not reflect the recently changed structure of the IT service or the new backup software from Commvault currently being deployed.

A full formal test of Site Recovery Manager's ability to failover to the alternate data centre has not yet been carried out in the current financial year, although a successful failover has occurred due to essential electrical work which required power to be disconnected at Pencadlys.

The system for backing up and retrieving high-level administrative passwords could possibly be improved by the introduction of a password vault system.

Audit Opinion

(B) The Audit Opinion is that partial assurance can be expressed in the backup and recovery procedures as controls are in place, but there are aspects where some procedures can be strengthened. The main recommendations of the report are as follows:

- The IT Business Continuity plan should be updated to reflect the new structure of the IT service, the deployment of the recently acquired IntelliSnap backup software, and the relative system priorities to be used by SRM when recovering systems in the event of disaster recovery procedures being invoked.
- The newly established Cloud Team should complete their ongoing project to establish a procedure to allow other teams in the service to notify them when a new system is brought on line, to allow its inclusion in the appropriate automated backup schedule.
- IT should consider the deployment of a password vault to store the large number of system passwords required by the IT support staff as this would provide a higher level of security for the passwords, plus an audit trail of their use.
- The full annual failover test should be carried out as soon as possible, fully documented, and preferably with simulation of the absence of a key member of the team, to test the ability of IT to survive an incident when the normal system managers may not be present.

CARE WORKERS TRAINING PROGRAMMES

Adults, Health and Well-being

Background

Care workers' training is partly funded by the Government grant (The Social Care Workforce Development Programme - SCDWP) and partly by Local Government. It was explained that the application for a grant from the government for 2015-16 had been submitted regionally by 6 local authorities (namely Gwynedd, Anglesey, Conwy, Denbighshire, Flintshire and Wrexham Councils) with every authority submitting individual plans to meet the local needs.

Purpose of the Audit

The purpose of the audit was to ensure that suitable arrangements had been established to meet the training needs of the Council's care workers and that the workers attended any mandated training along with checking the availability of relevant courses.

Scope of the Audit

During the audit, the training arrangements that are in place were reviewed, ensuring that statutory training was carried out to ensure that the Council meets its legislative duties along with mandated training that is required by the Council to mitigate risks and ensure safe work practices. In addition, a sample of care workers was selected and it was ensured that they had attended training sessions and that the training they have received was appropriate.

Main Findings

It was seen that there were good internal controls within the arrangements of the Care Workers Training Programmes.

The training records of a sample of workers were verified and it was ensured that they had received a full induction within the first 12 weeks of joining the Council. The induction is required and contributes towards workers' development portfolio which is part of the national framework, namely the 'Social Care Induction Framework Wales'.

The Qualifications Framework for the social care sector in Wales places qualifications in three categories, briefly: qualifications required to register; those needed to satisfy Required National Standards; and qualifications recommended for other jobs. The qualifications that are required for a service to satisfy required national standards are used by the Care and Social Services Inspectorate (CSSIW) to regulate services. In order to meet these requirements, 50% of all care workers are expected to have the appropriate qualifications and this was tested in the investigation.

Following the Health and Social Services Minister's introduction of the 'Regulation and Inspection of Social Care (Wales) Act', by 2020 it is required for every care worker to be registered before they can work in social care. A three-year development programme for domiciliary care workers will start in April 2016 with the register opening in April 2018. In addition, by 2022, every residential care worker will need to be registered.

A list of training courses for care workers is available on the Council's public website as well as a tailored application form. During the 'Home Care - Communicating with Community Carers' audit, investigation talks were held with carers regarding communication arrangements including the training received. It became obvious that some of the carers were not aware that the training list was available on the Council's website and that they only came to know about courses through their supervisors.

In addition, they were not aware that corporate courses were available to them, such as language courses. However, it was seen that the 'Developing Welsh Language Skills' leaflet was included in the workers' induction packs which offers support to learn Welsh and improve skills.

Some courses are prepared via the e-Learning system but the system does not feed the information into the Learning and Development Database and therefore the unit is not aware of who has done what without accessing two separate systems. The unit has been in touch with the Information Technology service.

Audit Opinion

(B) The audit opinion is that partial assurance of the propriety of the regulatory arrangement of the Care Workers Training Programmes can be stated, as controls are in place, but there are aspects where some arrangements could be tightened. The main recommendations of the report are as follows:

- **Care workers should be informed that they can check the training list that is available to them on the Council's website as well as informing them of corporate courses e.g. literacy skills, numeracy, Welsh language, etc.**
- **Move forward on finding a solution for feeding information from the E-learning system to the Learning and Development database for consistency.**

ROAD INSPECTIONS

Highways and Municipal

Background

Gwynedd highways are inspected regularly to ensure that they are in a safe condition. The procedure of inspecting the highways is also a way of identifying faults before they worsen and lead to additional repair costs. The Council would have to pay compensation if an inspection revealed that the Council had not completed appropriate road inspection work or hadn't responded to faults in compliance with what is noted in the Highways Asset Maintenance Plan.

Purpose and Scope of the Audit

The purpose of the audit was to ensure that the relevant checks were carried out on Gwynedd's highways so that any faults could be identified and reported as required to ensure the safety of users. The audit encompassed verifying the Department's highways inspection arrangements, including ensuring that the roads are checked regularly and that action is taken if faults are exposed by the inspectors or members of the public, and that appropriate documentation was kept as evidence. The Department is not responsible for conducting inspections of bike paths off the public highways network, because this is the Regulatory Department's responsibility, but at present the Department has been commissioned by the North and Mid Wales Trunk Road Agency to maintain sections of the trunk roads.

Main Findings

The inspection indicated that the Highways and Municipal Department has a suitable, proactive arrangement to maintain highway checks as well as a procedure for responding to complaints. However, no response was received to a number of requests for documents. The Department is facing big changes as a result of the financial cuts within the Council, as well as the response to the changes taking place in the North and Mid Wales Trunk Road Agency. This will force the Department to undertake inspection work, maintenance and inspect complaints with fewer resources. The risk is, if a reduction in resources should lead to a reduction in proactive work, then this could lead to an increase in insurance claims. However, the Highways Strategic Review Report 2016 recommends conducting a review of the service as part of the "Empowering Units to implement Ffordd Gwynedd" project, with the hope of taking advantage of any opportunity for efficiency by improving administrative processes.

In relation to the financial challenge facing the Department, it would be beneficial to revisit the 'Road Inspections' area in the future, especially after the Service has completed a review as part of the "Ffordd Gwynedd" project.

The Highways Asset Maintenance Plan was verified and it was approved by the Environment Scrutiny Committee on 24 June 2010. The Highways Asset Maintenance Plan outlines how the Council repairs and maintains the highways network in order to transport people and goods safely and conveniently. The robust procedure of conducting timely safety inspections supports defence under Section 58 of the Highways Act 1990, should there be an incident or accident on the network. A sample of roads from different categories in three areas was selected to verify the frequency of the inspections.

Reports were received for Arfon's roads that showed that they were inspected as expected, but no response was received from the Dwyfor and Meirionnydd areas to conduct audit tests. However, the Insurance Unit confirmed that they received the inspection reports in a timely manner from the Areas, as a defence for when a complainant makes a claim against the Council for losses deriving from a defect on the network.

When a road is adopted by the Council, the Highways and Municipal Department will receive a memorandum and a plan of the road's location from the Regulatory Department. A list of roads that have been adopted since April 2014 was received, and it was verified to see if they had been added to the network. In the sample chosen, it was seen that 'Turning Area, Eifion Terrace, Talysarn' and 'Gwel y Môr (Marine Parade), Tywyn', had not been included. The Technical Assistant stated that he used to receive a monthly list of roads that had been adopted by the Regulatory Department, but that this had not happened for some time. However, after asking the Assistant Engineer, a copy of a memorandum was received, which was sent for the attention of the relevant Area Engineer notifying them of the fact that the roads had been adopted. It was therefore a communication weakness within the Highways and Municipal Department that led to these roads not appearing on the network.

It is possible for members of the public along with external organisations to contact the Council via Galw Gwynedd to notify them of any faults on the roads. Once the call comes in, it is recorded on the Siebel system that will then automatically produce an e-mail to the Area's inbox and send it to the relevant Inspector who will then visit the site. One weakness identified in the procedure was that old calls were re-opened if the same person got in touch again. When calls are re-opened, the previous action is not shown on the sheet. Including this would assist the officer that is dealing with the matter and reduce the time spent dealing with the request.

A Siebel report was received which records every pothole complaint received per area between 01/04/2014 and 31/03/2015. It was seen that 67 complaints in Meirionnydd were 'open' and only 31 were 'closed', unlike the other Areas where only a very small percentage remained 'open'. The Highways and Municipal Department's responsibility is to close the enquiry when the work is done. A sample of three complaints in each area was selected to ensure that they had been sent on to the appropriate officer and that the complaint had been acted upon as expected, but no response was received from the Arfon area.

Audit Opinion

(B) The Audit Opinion is that partial assurance of the propriety of 'Road Inspections' can be stated, as some controls are in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:

- **After adopting a road, it is recommended for the Regulatory Department to include the Technical Assistant in the distribution list of the adoption notification memorandum.**
- **If calls are re-opened, the previous action should be included on the sheet.**
- **An enquiry should be closed once the work has been done.**

PARKING INCOME

Regulatory

Background

The external security company empties the parking machines, prints out reports and counts and pays the money into the Council's bank account in accordance with the contract set during 2015/16. Traffic enforcement officers are required to visit car parks regularly to ensure that the payment collection machines work and that they are emptied.

Purpose of the Audit

The purpose of the audit was to ensure that internal controls are in place for collecting, banking, reconciling and processing the income collection from machines in the car parks and verifying that appropriate arrangements are in place for any fines that are issued.

Scope of the Audit

During the audit, the current arrangements for collecting, banking and reconciling income from Gwynedd Council car parks were reviewed; that any contract with a third party clearly notes the terms and conditions including expected quality and factors such as the frequency of collections etc. In addition, reconciling the income of parking fines processed by Denbighshire County Council which leads on the Parking Enforcement partnership including reviewing and comparing the profile of the income received.

Main Findings

Since August 2015, the company G4S Cash Solutions (UK) Limited has been responsible for collecting and processing the money from Gwynedd Council car park machines.

The company collects the money and takes audit readings of the machines in accordance with the timetable included in the contract. The company's banking arrangements are also outlined in the contract.

Civil Enforcement Officers visit the machines and verify their use i.e. how much money has been taken. If their use is significantly lower, then it is possible to reduce the number of collections. As well as reducing the number of collections it is possible to close some of the payment collection machines down because some of the car parks are not used during the winter seasons. A sample income of car parks from three areas in Gwynedd was compared and it was seen that the income reduced significantly in some of the car parks, especially in quarter 4.

Arrangements are in place to receive, verify and process the income that has been processed by G4S. Relevant officers receive an e-mail with a report 'Daily Cash Processing Report for ...' which notes the money that has been credited to the Council, from which machine and on which date. The reports received from G4S for a period of 10 days were verified and it was ensured that the alleged amount credited was actually credited to the Council's account. No inconsistencies were discovered.

The G4S reports also include a record of any inconsistencies between the reports from the machines and the money collected. It was explained that inconsistencies occur due to a variety of reasons e.g. money getting stuck in the machine. Recently, there was one serious occasion where there was a substantial difference between the sum collected and the total noted by the machine. The Parking Unit's officers followed the appropriate guidelines for beginning the process of conducting an internal investigation by G4S and as a result the mistake was corrected by the company. However, it does not appear that the Unit has its own arrangements for verifying reports from machines against the money received in the bank account or the ledger to ensure that all of the money is banked.

Audit Opinion

- (B) The Audit Opinion is that partial assurance of the propriety of the Car Parks Income regulatory arrangements can be stated, as regulations are in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:**
- **Consideration should be given to creating 'trend analysis' reports on a quarterly basis so that it is possible to run the service more cost-effectively i.e. reducing money collections in quiet periods.**
 - **It should be ensured that arrangements are in place to ensure that the money received in the bank account or the ledger corresponds to the reports of the machines to ensure that all of the money is banked.**