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| COMMITTEE | AUDIT AND GOVERNANCE COMMITTEE |
| DATE | 27 MAY 2021 |
| TITLE | OUTPUT OF THE INTERNAL AUDIT SECTION |
| PURPOSE OF REPORT | TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 31 MARCH 2021 |
| AUTHOR | LUNED FÔN JONES – AUDIT MANAGER |
| ACTION | TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE ACTIONS THAT HAVE ALREADY BEEN AGREED WITH THE RELEVANT SERVICES |

1. INTRODUCTION

- 1.1 The following report summarises the work of Internal Audit for the period from 1 February 2021 to 31 March 2021.

2. WORK COMPLETED DURING THE PERIOD

- 2.1 The following work was completed in the period to 31 March 2021:

| Description | Number |
|---|---------------|
| Reports on Audits from the Operational Plan | 4 |
| Grants Audit | 1 |

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

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 31 March 2021, indicating the relevant assurance level and a reference to the relevant appendix.

| TITLE | DEPARTMENT | SERVICE | ASSURANCE LEVEL | APPENDIX |
|---------------------------|-----------------------|--------------------------------------|-----------------|------------|
| Safeguarding Arrangements | Corporate | - | High | Appendix 1 |
| Supply Chain Risks | Corporate | - | Satisfactory | Appendix 2 |
| Home Working Arrangements | Corporate | - | Satisfactory | Appendix 3 |
| Lloyd George Museum | Economy and Community | Record Offices, Museums and the Arts | High | Appendix 4 |

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

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

2.3 Post-16 Grant

2.3.1 There is a requirement for local authorities to provide 'evidence of appropriate expenditure' of the allocations in respect of sixth forms and adult continuing education. The related certificate was sent to the Welsh Government.

3. WORK IN PROGRESS

3.1 The following work was in progress as at 31 March 2021:

- IT Systems (*Finance*)
- STEM Gogledd (*Economy and Community*)
- Private Care Home Fees (*Adults, Health and Wellbeing*)
- Street and Parking Enforcement (*Environment*)

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 2021 to 31 March 2021, comment on the contents in accordance with members' wishes, and support the actions agreed with the relevant service managers.

SAFEGUARDING ARRANGEMENTS

1. Background

- 1.1 Many of the Council's Services are at the forefront of the response to the COVID-19 pandemic providing essential services despite the unprecedented challenges. Despite the challenges, the Council must continue to serve and provide safe and high quality care and support during this time.
- 1.2 Safeguarding children and adults is one of Gwynedd Council's priorities. In order to ensure that the Council fulfils its responsibilities in this area, one of the steps being taken is to ensure that all recruited staff are subject to a Disclosure and Barring Service (DBS) check.

2. Purpose and Scope of Audit

- 2.1 The COVID-19 pandemic has had a significant impact on the ability of care services to meet the needs of vulnerable Gwynedd residents during this difficult time. In the absence of internal staff and external providers, an appeal was made for temporary staff and volunteers to help maintain the Council's care services. Whilst there is a risk that the pressure on care services may be rising again, the purpose of the audit was to ensure that suitable safeguarding arrangements are in place, so that the temporary staff and recruited volunteers have received appropriate DBS checks and relevant training. To achieve this, the audit encompassed checking records, such as DBS and training for a sample of these staff and volunteers.

3. Audit Level of Assurance

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

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

4. Main Findings

- 4.1 We found that good controls and procedures were in place to ensure that the volunteers or workers recruited due to Covid-19 to work with children and vulnerable adults, had an appropriate and current disclosure and barring service check (DBS).
- 4.1.1 The Support Manager explained that the Adults, Health and Well-being, Children and Supporting Families departments collected names in order to establish a database and sent DBS requests to the Support Service to arrange the checks. The Support Service established a system of checking through Powys Council as the electronic process was much quicker than a paper process in an emergency.

- 4.1.2 A sample of 10 employees/volunteers were reviewed and it was found that they received their DBS in a timely manner after submitting their application. In the selected sample, the longest time it took to process the application was 34 days with the remainder of the sample receiving their disclosure within one month of taking up their posts. Officers who had not received their disclosure after taking up their post remained under supervision until the process was complete.
- 4.1.3 The Health and Care Transformation Leader explained that the COVID-19 Jobs Team had had been created to coordinate the collection of information necessary to follow the correct DBS regime.
- 4.1.4 The workers/volunteers and their supervisors were in daily contact to make supervision arrangements, as well as discussing any training needs and organise online courses.
- 4.1.5 It was noted in the October 2020 Cabinet Report that Heads of Departments within the Council reported that a number of lessons had been learned during the February to June 2020 period, and that any lessons learned during the first wave had been incorporated for the second wave or another pandemic.

SUPPLY CHAIN RISKS

1. Background

- 1.1 During the COVID-19 pandemic there have been significant changes to what services are offered in several sectors. This can result in financial problems for suppliers or local governments leading to services being ceased. It should be a priority for the Council to ensure that the necessary services are available to the residents of Gwynedd and that they are provided in a fair manner.

2. Purpose and Scope of Audit

- 2.1 The purpose of the audit was to ensure that suitable arrangements were in place for managing the Council's major supplier contracts during the pandemic. In order to achieve this, the audit encompassed checking a list of the Council's major suppliers and ensuring that risk assessments had been carried out and that the Council had responded to/managed any new risks arising from COVID-19, review a sample of contracts that have terminated or have had terms altered to ensure that appropriate clauses are in place and where applicable that adequate monitoring arrangements are in place, and ensuring that supply changes have been formally declared including safeguards during the pandemic and that these are appropriate and comply with Welsh Government Guidelines.

3. Audit Level of Assurance

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

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

4. Current Score Risk

- 4.1 The audit's risks are as follows:

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

5. Main Findings

5.1 Three versions of a report were received by the Procurement Consultant (Business Support). The first was dated 14/04/2020, the second was 01/06/2020 and the third was 11/11/2020. They note that the purpose of the reports is to outline the impact COVID-19 could have on Gwynedd Council's main categories of expenditure. The reports encompass the risk of:

- Attempts to reduce the spread of COVID-19 eliminating the need for services in the short term and as a result providers will go bust.
- Shortages of staff and PPE hampering the Council's ability to deliver statutory services.
- Increasing costs of some products and services.

These reports are effective in assessing the risks to the supply chain during the COVID-19 pandemic. They report on the level of short-term financial concerns, staff shortages and product shortages for the Council's main suppliers in several areas. In addition, there is information on the value of the Council's expenditure for all of these areas and the steps that can be taken to reduce the relevant risks.

5.2 Fortunately for the Council and its suppliers, no contracts have been terminated as a result of COVID-19. The Procurement Manager and Procurement Consultant noted that some suppliers had been paid a lower percentage of the contract when they were unable to deliver the service during the first lockdowns to ensure the Council's services could continue. Some suppliers have also increased their costs during the pandemic. It was confirmed that sufficient evidence had been received in these cases so that there was no need to go back to tender for the services.

5.3 The Council's contracts are updated when the contract period is over. The Procurement Manager and the Procurement Consultant agreed to add a point to the contracts when they are updated to ensure that suppliers are required to operate within the Welsh Government health and safety guidelines in relation to COVID-19.

6. Actions

The Procurement Manager and the Procurement Consultant have committed to implementing the following steps to mitigate the risks highlighted.

- **Include a clause in contracts, when they are updated, to ensure that the Council's suppliers operate within the Welsh Government's health and safety guidelines in relation to COVID-19.**

ARRANGEMENTS FOR WORKING FROM HOME

1. Background

1.1 In March 2020, in order to reduce the spread of the COVID-19 virus, the Welsh Government introduced a lockdown, asking, where possible, that businesses arrange for their staff to work from home. Since then around 1,300 staff of Gwynedd Council staff work from home.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to ensure that the Council have distributed appropriate instructions and adequate support, and that suitable arrangements are in place so that staff may work from home effectively, keeping the Council operational during the pandemic. In order to achieve this, the audit involved reviewing arrangements for working from home, guidelines/policies, instructions, training, support, management arrangements and any other correspondence the Council has distributed to its staff, in addition to reviewing Health and Safety arrangement with regards to working from home and using electronic equipment.

3. Audit Level of Assurance

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

| Assurance Level | Description |
|-------------------|---|
| ACCEPTABLE | Controls are in place to achieve objectives but aspects of some arrangements need to be tightened to further mitigate the risks. |

4. Current Score Risk

4.1 The audit's risks are as follows:

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

5. Main Findings

5.1 It was observed that arrangements are in place to ensure staff can work from home effectively, however, some aspects need to be tightened to further mitigate the risks.

- 5.2 Many of the Councils staff are still yet to accept core policies, including Data Protection, Violence in the Home and Protecting Children and Adults. From over 7,000 staff members the policies have been accepted by only 1,385, less than 20% of the workforce.
- 5.3 The offices at Cae Penarlag and Ffordd y Cob continue to use keypads on the building doors in order to gain entry, increasing the risk of spreading the virus. The Facilities Manager confirmed that arrangements have already started to ensure staff will be able to access the building using their identification cards in the near future.
- 5.4 The Health and Safety unit continue to receive referrals from staff members who find it difficult to work from home. It was confirmed that the majority of these staff members feel under pressure to constantly be at their computer in order to prove productivity. The Human Resources Advisory Services Manager confirmed that guidelines have been issued to managers on how to manage from afar, encouraging the good practice of ensuring regular contact between staff and managers, not with the intention of monitoring the individuals from a work point of view, but rather to ensure that enough support is available to individuals, with regards to work and also welfare. It was observed that the guidelines emphasise the importance of staff welfare, referring to good practices such as taking regular breaks during the day and not being “stuck” to their computer. The Human Resources Advisory Services Manager was not aware of any cases having been referred to the Human Resources Advisory Service.
- 5.5 In general, a wealth of information has been provided for supporting officers working from home. However, with some staff members continuing to find it difficult to work from home, it would seem that not all managers are leading in accordance with the guidelines provided by Corporate Support. Without official records having been kept of referrals, it cannot be proven that that this matter is an exception and therefore the relevant department(s) should follow up/carry out further investigations in order to solve this matter.

LLOYD GEORGE MUSEUM

1. Background

1.1 The Lloyd George Museum and his childhood home, Highgate, Llanystumdwy, traces the life of the former Prime Minister of the UK. The museum is a registered charity and Gwynedd Council are the trustees. Following the Council's decision to end the funding of the Lloyd George Museum from 1 April 2017, the UK Government Chancellor announced that the annual funding gap of £27,000 would be met by the UK Government for 3 years up to 31 March 2020. At the December 2019 Cabinet meeting, it was decided that a contribution of £27,000 was to be made from the Council's Transformation Fund in 2020/21 to allow Trustees more time to consider the best models for the future. Because the charity has exceeded the income threshold of £25,000, the trustees' accounts and annual report must be submitted to the Charity Commission for 2019/20, including an independent examiner's report on the accounts.

2. Purpose and Scope of Audit

2.1 The purpose of the audit was to complete the independent examiner's report on the Charity's 2019/20 accounts, in order to provide assurance that the accounts submitted to the Charity Commission are accurate. This was done by reviewing a sample of transactions, reconciling the accounts with the financial ledger, and ensuring that all transactions were relevant to the museum. The audit also ensured that the Council fulfilled its duties as trustees.

3. Audit Level of Assurance

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

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

4. Main Findings

4.1 The 2019/20 accounts were found to be appropriate and so the independent examiner's report was completed accordingly.

4.2 Following a period of 'gap' funding from the UK Government between 2017/18 and 2019/20, in order to provide an opportunity to look at the changes that could be made to make the museum viable for the future, no permanent solution had been agreed upon. A successful bid was submitted to the Cabinet on the 17/12/19 for temporary gap funding for 2020/21 while options and a permanent solution were sought.

Of course, COVID-19 had a significant and unforeseen impact on the museum, and on 12/01/21 Gwynedd Council's Cabinet was asked to make a one-off contribution to the museum's annual costs for 2021/22 in order to buy more time.

- 4.3 The report to Gwynedd Council's Cabinet meeting 17/12/19 states that "The Council's role as a trustee means that the Council, operating through the Cabinet has two separate roles to fulfil. As a trustee the Council has responsibilities towards managing a Charity. However, this is separate to the role of the Council as a Local Authority." Bids for gap funding by the charity are made to Gwynedd Council as a Local Authority, and the Cabinet must consider this in its usual role, before holding a further meeting as a trustee to consider any action required in response.
- 4.4 There is a risk that these duties may conflict, e.g. if the Council, as a Local Authority, decided not to allocate more money to the museum, where there could be legal implications for the Council if it acted contrary to its role as a charity trustee.
- 4.5 As Gwynedd Council's Cabinet has been asked to make a one-off contribution to the museum's annual costs for 2021/22, and the Legal Service to review the charity's arrangements to ensure that the trust's affairs are completely clear and separate from the Council's affairs, the audit considers that the Council is taking appropriate steps to ensure that its responsibilities are being fulfilled.