

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM
2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON FRIDAY, 10 MARCH 2006 AT
2.15PM

Present:-

Councillor A E Davies - Chairperson

Councillors

Councillors

D T Anderson

W May

G Davies

M L Simmonds

P A Evans

J C Spanswick

R M Granville

Officers:

Mr L M James - Deputy Chief Executive - Executive Director Resources
Mrs J Razmierski - Head of Exchequer and Resources, Corporate Services
Mr I Pennington - KPMG
Mr N Meredith - Head of Internal Audit
Mr J Davies - Internal Audit
Ms E Pranker - Internal Audit
Mr W Davies - Head of Personnel and Payroll, Education, Leisure and
Community Services
Mr M A Galvin - Senior Cabinet and Committee Officer

79 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the Audit Committee dated 10
February 2006, be approved as a true and accurate record.

80 APOLOGIES FOR ABSENCE

Apologies were received from the following Members:-

Councillor D A D Brett - Family illness
Councillor M Mathias
Councillor W H C Teesdale – Unwell.
Councillor J H Tildesley - Other business

81 DECLARATIONS OF INTEREST

None.

82 REGULATORY PLAN 2004/05

The Deputy Chief Executive and Executive Director - Resources submitted a report which attached at Appendix 'A', a copy of the Welsh Office's Regulatory Plan for the above mentioned period, previously considered by full Council, at its meeting on the 1 March 2006.

Members briefly spoke upon the report. In relation to Page 6 of the Appendix, sub-heading 'Arrangements - Financial Management', Members stressed the importance of identifying and implementing efficiency savings, thus not dipping into contingency funds set aside, should such savings not be found. The Deputy

Chief Executive and Executive Director - Resources confirmed that there would be frequent reports to Cabinet and Council outlining the state of play regarding Efficiency Savings, which would assist in monitoring the situation.

Members felt that it would be useful if an Annual report could be presented to the Committee on this important issue.

It was acknowledged that whilst identifying savings was one thing, implementing them was another.

As the current budget spanned a three year period, Committee felt this increased responsibility upon them from a management perspective. To this end therefore, it was obviously important that they had regular feedback from Officers on the financial status of the Authority, to ascertain how finances overall were progressing.

Following these discussions on both the content of the report and attached Appendix, it was

RESOLVED: That the report be noted.

83 COMPLETED AUDITS

The Deputy Chief Executive and Executive Director - Resources presented a report, which outlined in tabular form, information regarding recently completed Audits of three different service areas, all of which had been assessed following completion of the Audits, as being adequate, with some minor improvements or recommendations required in certain areas.

The report advised that two other Audits had been completed in respect of Supporting People and School Governance, further reports upon which would be considered at the next scheduled meeting of the Audit Committee.

Arising from brief discussions that ensued in relation to this report, it was

RESOLVED: That the report detailing information on completed Audits in relation to Adult Services Homecare, Sub-Contractors Tax and Payroll - Environmental and Planning, be noted.

84 RISK MANAGEMENT

The Deputy Chief Executive and Executive Director - Resources reported upon the above matter.

The report advised that Internal Audit had recently completed a major review of the Council's Risk Management processes. Due to the importance attached to this topic, a copy of the Internal Audit final report was attached in its entirety to the report, at Appendix 'B'.

Tabled at the meeting was a Risk Management Audit report - Action Plan, which detailed the response and progress to date to some of the findings, Recommendations and Management comments outlined in the said Appendix 'B', including the implementation of certain recommendations suggested by Internal Audit.

It was emphasised at the meeting, that matters have progressed of late, as information in the report was based on how things stood as at June 2005.

The Chairperson acknowledged that a number of the concerns identified in the Audit had been addressed. She added that areas where improvements required were not fully undertaken or sustained, then these would be brought to the attention of the Committee by Officers accordingly.

Members felt that the link between the Findings, Recommendations and Management comments contained in Appendix 'B' and the tabled Action Plan could have been identified and married up in a more straightforward and user friendly way, for future reference.

Officers advised that as a result of the Audit, the Risk Management Policy had become improved, in that issues of concern had been looked at in more detail and the role of those Officers involved in this field of work had been revised to identify more their roles and responsibilities.

They added that a common problem on Risk Management seemed to be a lack of interaction and communication between Directorates in some instances.

Members emphasised that Directorates needed to be continually mindful of the insurable Risks the Authority have and of the need of all staff to be aware of these in order that they may be fully addressed.

Following consideration of the report, it was

- RESOLVED:** (1) That the report be noted.
- (2) That a further report be awaited in around six months time, to see how the Risk Management Review is progressing.

85 PAYROLL - EDUCATION, LEISURE AND COMMUNITY SERVICES

The Deputy Chief Executive and Executive Director - Resources, reported upon Audit's undertaking in relation to Education, Leisure and Community Services and Corporate Payrolls, with findings of inadequate internal control for both these key areas of work.

In relation to the Audit of Education, Leisure and Corporate Services Payroll, Mr Bill Davies was present to respond to questions raised by Officers.

A copy of the Internal Audit Final Follow-up Report on Payroll within this Directorate, was attached at Appendix 'C' to the report.

Mr Davies expressed his disappointment that the follow-up Audit to an original Audit undertaken, still exposed weaknesses in areas of the Service. He acknowledged though that his staff were endeavouring to 'firm-up' certain areas concentrating upon closer liaison between staff, increased communication regarding Service Level Agreements and more vigilance in ensuring termination letters (of employees) were retained on files.

He stated that in comparison with the Environmental and Planning Services Directorate Payroll Section, Payroll in Education, Leisure and Community Services had increased pressure in that the ratio of payroll staff to Directorate

employees was 1 staff to 650 employees with the former, compared to 1 staff to 900 employees with the latter. He added that the Section supported both teaching and non-teaching staff and that some employees were paid on the 18th of the month, whilst others were paid at the end of the month, therefore duplicating work.

Members however, expressed some grave concerns over the way the Payroll Section of the Education, Leisure and Community Services Directorate was functioning, particularly given that the latest audit conducted was a Final Follow-up to the original Audit and there were still a number of areas where information was lacking or missing, for example:-

- Evidence regarding lack of CRB checks being undertaken
- Problems with Trent checklists
- No requests for employee references in some cases
- No job acceptance slips in some cases
- Evidence of incorrect reference information
- Lack of medical information regarding employees
- No appointment letters in the majority of files (randomly checked)
- Lack of retained information regarding employees qualifications

Mr Davies explained that some of the problems were due to not enough cohesion between office staff, head teachers and school governors. He considered that an increase in communication between these staff would result in work improvements being achieved.

The report identified that a number of the recommendations that remain outstanding had key risks associated with them and these were identified in bullet point form on page 4 of Appendix 'C' of the report.

It was brought to Members attention that a previous proposal to pay all Council employees on the 18th of the month had been turned down due to contractual issues. This however had again been raised and was currently being reconsidered by the Human Resources Management Board.

Following conclusion of the debate, Members were of the opinion that there was worryingly a significant lack of progress by the Education Payroll Section in implementing a number of recommendations suggested in the Audits undertaken and that some aspects of work not being processed as satisfactorily as they could be, amounted to risks to the Authority.

It was therefore

RESOLVED: That a Special meeting of the Audit Committee be convened and the Executive Director - Learning be invited to the meeting to discuss Payroll in Education, Leisure and Community Services, with a view to discussing improvements deemed required to certain areas of work within this Section.

86 **CORPORATE PAYROLL**

Mrs J Radzimirski, Head of Exchequer and Resources was present at the meeting to respond to the outcomes of an audit undertaken in relation to Corporate Payroll.

She echoed some of the sentiments raised previously by Mr Davies, in that it was disappointing to see the outcomes of the Audit being inadequate. She added that there were some complications to the Trent system, which were different and more complex to the previous stand alone system.

Although this system had been operating now for fifteen months, difficulties had been experienced along the way. She added that some guidance had been gleaned as to the best way forward, following recommendations made as a result of the Audit.

The Chairperson asked whether Mrs Radzimirski was confident that the implementation date of July 2006, for the audit recommendations would be met. She responded by stating that she was reasonably confident this date would be met with this regard. She added that a training process was in place to assist in increasing employers knowledge on payroll, and that guidance notes on the use of the Trent system had been placed on the Internet. She hoped that by knowledge being developed on how to use the system, consistent processes would be put into practice by payroll staff, throughout the Authority.

Mrs Radzimirski then explained briefly to Members how the Trent system worked, what it could achieve as a package and how it could be strengthened as a result of deficiencies found in the Audit of the system.

The Chairperson on behalf of the Committee, felt it would be useful in view of the fact that all the comments made following the Audit had been agreed upon and dates for implementation of the recommendations made, to receive a progress report in May 2006, to see if recommendations to be implemented by April had been achieved and also to see how those earmarked to be implemented by July, were progressing.

She added that this report need not be comprehensive, but more a tick list version indicating that the recommendations made have been implemented.

Members enquired if there was a Corporate Policy in place to examine and monitor problems attached with the Trent system.

Mrs Radzimirski replied that there was a Project Board set up for this purpose (of which she was a Member). There were also meetings held with the package provider Midland Softway where various issues including those that were problematic, were discussed with a view to putting proposals in place to resolve these. There was also a Local Authority User Group in place, which was a body that discussed amongst others, common software problems, including those associated with Trent.

RESOLVED: That the report be noted and a further progress report be awaited, in relation to Corporate Payroll in May 2006.

87 CHAIRMAN'S ANNOUNCEMENT

The Chariman announced that whilst it had previously been agreed to receive full reports on any audits undertaken, where the Audit opinion was deemed inadequate or worse, following further consideration of this issue and discussion with Officers, it was felt that this should be relaxed with more flexibility allowed, in that the Chairperson and Vice-Chairperson would enter into discussions with the

Head of Internal Audit and decide when such full reports to Committee would be required.

88 HEAD OF INTERNAL AUDIT ANNOUNCEMENT

The Head of Internal Audit advised Members, that a member of his staff who Audit Members would be familiar with from previous meetings, namely Mrs Kay Lucas, yesterday had unfortunately been rushed to hospital.

He had since been to visit her and informed Members that she was in good spirits.

It was agreed that a letter be sent from the Committee wishing Mrs Lucas a swift recovery back to complete health.

The meeting closed at 4.00pm.