

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM  
2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON WEDNESDAY, 4 OCTOBER  
2006 AT 2.15PM

Present:-

Councillor W May - Chairperson

Councillors

Councillors

D T Anderson  
A E Davies  
G Davies

P A Evans  
R M Granville  
W H C Teesdale

Officers:

A Phillips - Assistant Director - Finance  
D MacGregor - Assistant Director - Resources Management  
N Meredith - Head of Internal Audit  
J Ferris - Head of Procurement  
J Radzimierski - Head of Exchequer Management  
J Matthews - Principal Systems Integrity and Development Officer  
J Norman - Group Auditor  
C Griffiths - KPMG  
R Harries - Trainee Cabinet and Committee Officer

132 APOLOGIES FOR ABSENCE

Councillor Brett - Family illness  
Councillor Simmonds - Away  
Councillor Spanswick - Away

133 NON-ATTENDANCE DUE TO OTHER COUNCIL BUSINESS

None.

134 DECLARATIONS OF INTEREST

None.

135 MINUTES OF THE MEETING HELD ON 24 AUGUST 2006

RESOLVED: That the minutes of the meeting held on 24 August 2006 be approved as a true and accurate record, subject to the following amendments:-

- (i) That Councillor D T Anderson's apologies be recorded as being given as he was on holiday.
- (ii) That the reason for Councillor P A Evans' apologies be recorded as 'work commitments'.

136 MATTERS ARISING

The Head of Internal Audit noted that he had previously advised the Committee that it might be necessary to arrange a special meeting of the Committee. A special

meeting had now been arranged for the 26 October 2006, but this was in order to discuss a completely separate issue.

It was noted that the Assistant Director - Finance had agreed to notify Members of the exact amounts held in balances by each Directorate (minute number 129). The Assistant Director - Finance gave a verbal update on these figures and agreed to send a written report to Members.

137 SOCIAL SERVICES TRANSPORT CONTRACT

The Head of Internal Audit submitted a report, which summarised the findings of the above audit.

The Head of Internal Audit advised Members that, following the tender process for the above contract, one contractor had made a complaint regarding the process. Whilst no evidence was found to support the original complaint, a number of other issues came to light which resulted in the controls being considered unsatisfactory. A copy of the internal audit report was attached at Appendix 1.

The Head of Internal Audit noted that, as each route was tendered for individually, it appeared as though there were a number of small tenders, rather than one large tender, as was in fact the case. It was the Head of Internal Audit's opinion that this had caused a number of the problems identified in the report.

The Group Auditor, who had conducted the audit, agreed with the Head of Internal Audit and observed that the issues brought to light by the audit could be put to good use, as the contract procedure rules were currently being redrafted.

Members expressed concerns that, had the contractor in question not made a complaint, the problems identified by the audit would have remained unaddressed. The Head of Internal Audit reiterated that there was no substance to the claims made by the contractor and outlined the control mechanisms in place. He noted that, had Internal Audit examined this particular contract previously, the concerns would have been picked up. However, it was not possible to examine each and every contract.

The Head of Procurement advised that there were two basic issues firstly, a lack of ownership of the process, leading to confusion over roles and responsibilities, and secondly, poor planning and tight timescales. He agreed the need for the Procurement Department to take a more proactive role and outlined steps already undertaken, such as the review of contract procedure rules.

The Assistant Director - Resource Management advised that the process had been deliberately undertaken with a view to saving money for the Authority. In this regard it had been successful, saving £100,000 per annum. Whilst he acknowledged the weaknesses in procedures that the audit investigation had uncovered, he advised Members of the complexity and scale of the process and noted that lessons had now been learned.

In response to questions from Members, the Assistant Director - Resource Management confirmed that consideration was being given to extending the number of routes that were serviced in-house. He also confirmed that records were kept of the reasons, should the lowest tender not be accepted.

RESOLVED: That the report be noted.

138 COMPLETED AUDITS

The Head of Internal Audit submitted the above report, which summarised the findings of recently completed audits.

RESOLVED: That the report be noted.

139 PRESENTATION BY THE TRENT PROJECT TEAM

The Principal Systems Integrity and Development Officer made a presentation which offered Members an overview of the TRENT system and its different modules. The following points were covered.

- TRENT is an integrated Human Resources and payroll system, with modules on personal details, payroll, recruitment and absence, but personal data need only be entered once.
- The data can be easily extracted to form reports.
- The software arrived in September 2002; Implementation was phased.
- The previous Human Resources and payroll systems were separate and inconsistent; work on linking them began in June 2004.
- Work on linking training information to personal data began in July 2005.
- In October 2005 the 'Recruitment' module was activated, which provides information on who is applying for advertised posts, as well as who is recruited.
- The 'People' module contains core information about a person; name, address, gender etc.
- If people are employed seasonally (e.g. the summer months only), if they were to return the following year there would be no need to create a new record - the existing record can be reactivated.
- The 'Organisation' module contains information about units, posts and positions; what people do and when they do it.
- The 'Absence' module facilitates the recording of absence and automatically calculates entitlement, such as to sick pay or maternity pay.
- The 'Payroll' function generates the weekly, monthly and Teachers payroll, and automatically calculates the correct pay.
- The 'Learning Events' or training module manages the training events waiting list.
- User training records are automatically updated and in the future, employees will be able to apply for courses on-line.

- The 'Recruitment' module manages all aspects of the recruitment process, from determining the requirements of people to fill a vacancy, to monitoring an application through the recruitment process and managing advertising costs.
- To safeguard personal data, there are system controls which will determine who is able to see what.
- There is a Local Government Group of TRENT users which meets quarterly to discuss the product. BCBC representatives also attend Customer Panels with the Software Supplier.
- In the future, BCBC want to upgrade to Web version R10, which will mean increased 'self service' access for managers and employees, automated targeting of events and Web Recruitment.

In response to questions from Members, the Principal Systems Integrity and Development Officer further outlined the 'self-service' function, which would ensure greater accuracy. She confirmed that individuals could be searched for under a number of different headings, such as date of birth or National Insurance number, thereby significantly reducing the likelihood of duplication of records. She outlined the controls in place to restrict access to confidential personal information.

Certain Members voiced their interest in and enthusiasm for the TRENT project, but expressed concern that Members had received little information on the subject up to now. The Head of Exchequer Management advised that similar presentations had been given to the Equalities Committee on two occasions. Whilst there had been a number of attempts to arrange a presentation to Council and Cabinet, significant difficulties had been encountered regarding availability of a slot in agenda programmes and member attendance. Whilst all involved in the project were keen to provide information to the widest possible audience, the opportunity for this had not yet arisen.

140 PRESENTATION BY CHIEF INTERNAL AUDITOR ON CIPFA INTERNAL AUDIT BENCHMARKING CLUB

The Head of Internal Audit gave a presentation on the above subject, which covered the following points;

- Background - the club is now in its fifth year of operation.
- In the past, there have been problems regarding the definition and interpretation of data, but these have now been largely overcome.
- There are over 150 members, but the main useful comparisons are to be made with 15 other, similar size unitary authorities.
- The data deals mainly with quantitative rather than qualitative matters.
- Cost comparisons are based on 2006/7 Internal Audit budget of £115k. Recharges to other departments are included, but back-funding of pension cost is not.
- In comparison to the other 15 authorities, costs are slightly above average, whilst overheads are below average.

- The number of chargeable days per auditor is below average, which is a cause for concern.
- Sickness levels are above average, but this is due to specific instances of ill health and should not continue next year.
- The other non-chargeable days for general administrative tasks, training etc are above average. Training is not the cause this year, so this represents a problem the audit department is trying to resolve.
- Closer monitoring of time recording has been introduced, as have targets and new sickness procedures. Early results are promising.
- To investigate the quality of services offered, a questionnaire was completed. Some teething problems notwithstanding, BCBC compares fairly well on issues such as Accountability and Marketing and Scope, Status and Independence.
- BCBC is generally above average regarding staff training and development and Specialist Audit Areas.
- Next steps are to
  - Raise the business plan
  - Identify potential partners for more detailed benchmarking exercises
  - Improve certain areas
  - Investigate the possibility of an on-line customer survey
- Internal Audit will be one of the areas looked at by the South East Wales Shared Services Project. The impact of this is unknown.

The meeting closed at 4.40pm.

