

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN THE COUNCIL CHAMBER, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON THURSDAY, 8 NOVEMBER 2007 AT 2.15PM

Present:-

Councillor J C Spanswick - Chairperson

<u>Councillors</u>	<u>Councillors</u>	<u>Councillors</u>
D T Anderson P A Evans	R M Granville W May	W H C Teesdale M C Wilkins

Officers:

R-G Jones	-	Executive Director - Environment
R Fletcher	-	Assistant Director - Architectural and Technical
A Phillips	-	Assistant Director - Finance
N Meredith	-	Chief Internal Auditor
G Doak	-	Internal Auditor
K Lucas	-	Computer Auditor
M A Galvin	-	Senior Cabinet and Committee Officer

213 APOLOGIES FOR ABSENCE

Apologies were received from:-

Councillor G Davies	-	Car problems
Councillor D A D Brett	-	Local Health Board Meeting
Councillor M L Simmonds	-	New heating installed
Councillor A E Davies	-	Other Council business
KPMG	-	Other Audit business

214 DECLARATIONS OF INTEREST

None.

215 MINUTES OF PREVIOUS MEETINGS

RESOLVED: That the minutes of the following Audit Committee meetings, be confirmed as a true and accurate record:-

Special Meeting	-	24 September 2007
Ordinary Meeting	-	3 October 2007

In relation to Minute 212 of the meeting on 3 October, it was noted that a Special Meeting of the Committee would be convened on Friday, 16 November 2007 (at 2.00pm to consider Risk Management)

216 BUILDING MAINTENANCE

The Chief Internal Auditor submitted a report which summarised for Members, the findings of the follow-up Audit of Building Maintenance, recently completed by the Audit Division.

The Executive Director - Environment and the Assistant Director - Architectural and Technical were present to respond to any questions in relation to this Audit.

The report informed that the follow-up Audit revealed that management of this area of work, had made major progress, implementing the agreed Action Plan arising from the initial audit.

A copy of the report and the revised Action Plan was attached at appendix 1 to the report.

The Internal Audit division did feel that further work was required on:

- Management checks of projects and small works on an individual basis;
- Documentation in Surveyors files which had previously proven to be difficult to follow. It was suggested that filing systems and signing of documentation required to be 'tightened up';
- The regularisation of Delegated Authority to tiered Officers, due to some works above what they had been given authority to do so, under the Council's Scheme of Delegation of Functions.
- Provision of management information from another Department.

The Assistant Director - Architectural and Technical said that the provisions of the Action Plan proposed were being followed, and that he did not feel that any of the outstanding concerns were significant risks to the Authority, and that they would be strictly adhered to.

He added that management checks in place now were more firm and robust than previous, particularly in relation to bullet point 3 above.

A query was made into Point 1 of 4. of the Action Plan entitled Findings, regarding the appointment of approved contractors for individual trades/specialist work, rather than inviting individual tenders from a wider range of would-be tenderers.

The Assistant Director - Architectural and Technical explained that this was a streamlined approach, whereby there was a preferred approved list of contractors for specific contracts and a further reserve overall list of contractors. He added that if any one contractor refused a number of jobs, they were then questioned as to why they were continuing to refuse work.

An invitee for a single tenderer could also be put in place for more specialist jobs, he added.

Members asked a number of questions, which were responded to by the lead Officers. Members were particularly concerned about ensuring that regular checks were made on tradesmen being qualified and appropriately trained to undertake any work they were required to carry out. The Chief Internal Auditor stated that this was in hand and would be reviewed in future audits of the Human Resources Department.

Management had also asked Internal Audit for advice on progressing the "value for money issues" over the coming months.

This matter, Officers advised, would be pursued and reported back to Committee accordingly.

The Chief Internal Auditor concluded by announcing that he was pleased overall on the progress being made in terms of Building Maintenance, and that this field of work would be revisited in 9 - 12 months time, to see that all the recommendations of the Action Plan had been implemented.

RESOLVED: That the report be noted.

217 PAYMENT CARD INDUSTRY DATA SECURITY STANDARDS

The Computer Auditor presented a report, the purpose of which, was to update Members on progress in relation to the Council's response to the Payment Card Industry Data Security Standards (PCI)/DSS).

The Computer Auditor stated that while this system had been around for some time, from June of this year it was made mandatory that all organisations that process, store or transit credit or debit card details had to conform to this Security Standard requirement.

In order to fully comply to this, organisations needed to perform mandatory quarterly and/or annual scanned security audits and the last quarterly check made within the Authority, had revealed some minor problems.

However, a new scan would be undertaken again at the end of this month, which would in turn, be subject of testing by the suppliers.

Internal Audit were also working with the IT Section, through the IT Security Forum, so as to endeavour to fully deliver compliance of the system. To this end, the Council level of compliance meant a requirement to complete an Annual Self Assessment Questionnaire, and relevant periodic scans as alluded to above.

The minor problems that had been revealed, had been discussed at the IT Security Forum and were in hand, as these could be construed as an ongoing risk to the Authority.

RESOLVED: That the report be noted.

218 COMPLETED AUDITS

The Chief Internal Auditor presented a report which included a summary for Members of the findings of the Internal Audit Division which had recently been completed in relation to:-

- (i) Members' and Officers' Gifts and Hospitality;
- (ii) Social Services Transport Contract

The Chief Internal Auditor stated that Audit (i) had been deemed satisfactory. With regard to the lack of clarity over the responsibilities of the Procurement Unit and the Personal Services Physical Resources Section in respect of Audit (ii), a revisit to this had confirmed that progress had been made in relation to this weakness.

He added that the clarity of Contract Procedure Rules also needed to be looked at, but on a wider basis, rather than relating specifically to this particular Contract.

When asked the Chief Internal Auditor confirmed that Social Services had undertaken a thorough Risk Assessment in relation to the contracting of transport taking children to and home from schools.

He added that though some issues of the procedures found in the original audit had proved to be unsatisfactory, the provisions of the Internal Audit recommended Action Plan were being adhered to and completed.

RESOLVED: That the report on Completed Audits be noted.

219 ANALYSIS OF 12 MONTH EXPENDITURE

The Executive Director - Resources submitted a report, so as to respond to issues by the Council's external auditors, KPMG, at the Audit Committee meeting of 24 September, regarding the amount of expenditure incurred by Directorates in month twelve of the financial year.

The report included three graphs, namely:-

- Graph 1 - KPMG Graph - Special Profile 06/07
- Graph 2 - Period Spend analysis excluding year end transaction
- Graph 3 - Comparison of 'other' spend - Month 11 - Month 12

The Assistant Director - Finance explained that the further expenditure not included within data used by KPMG at the previous meeting, included some known year end adjustments such as capital charges, and also items traditionally posted to ledgers at year end.

He further explained how often two months payments of transactions go through in the last month of the year, rather than monthly transactions being processed from April to February.

Members enquired whether any monies not spent in one financial year for various reasons, could be carried over to the next financial year.

The Assistant Director - Finance responded by stating that regulations provide for Service Directorates to carry any underspend or overspend with them to the next financial year.

Members were mindful that 'peaks and troughs' in expenditure required monitoring by appropriate Officers.

The Assistant Director - Finance stated that some projects, particularly those that come under the Director of Environmental and Planning Services by their very nature, did not always go to time, which often resulted in a sharp hike in expenditure at given times of the year, particularly end of year when Directorates were keen to spend their budget allocation.

RESOLVED: (1) That approval be given for all feeder systems to be uploaded into the financial ledger in the month to which they relate.

- (2) That all internal transactions be processed into the ledger in the month to which they relate.
- (3) That in the first instance, quarter end close down procedures be introduced by finance managers.
- (4) That the costs and benefits of month end close down procedures be assessed once the resource implications of the quarter end closedown process have been identified.
- (5) That a strong message be given to all budget managers that the practice of spending at year end to utilise budget allocations should be discouraged.

The meeting closed at 3:26pm.