

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM
2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON WEDNESDAY, 20 AUGUST 2008
AT 2.00PM

Present:-

Councillor T Hacking - Chairperson

Councillors

D Buttle
C Davies
G Davies

Councillors

E Dodd
M Reeves

Councillors

W H C Teesdale
M C Wilkins

Observer: Councillor L C Morgan - Cabinet Member Wellbeing

Officers:

A Phillips - Head of Property and Finance
I Pennington - KPMG Director
N Meredith - Chief Internal Auditor
G Doak - Group Auditor
M A Galvin - Senior Cabinet and Committee Officer

Invitee: Mr M Payne - Group Manager, Sports and Recreation

13 APOLOGIES FOR ABSENCE

Apologies were received from the following Councillors, for the reasons so stated:-

Councillor P A Evans
Councillor M Gregory - Holiday
Councillor A Jones - Prior commitment

14 DECLARATIONS OF INTEREST

None.

15 MINUTES OF PREVIOUS MEETING

RESOLVED: That the minutes of the meeting of the Audit Committee dated 9 July 2008, be approved as a true and accurate record.

The Chief Internal Auditor advised that in relation to Minute 11 - Completed Audits, concerns had been expressed by Members as to whether street lighting columns situate within the County Borough, were being inspected for electrical and structural safety. He advised that a Contract had been put in place with an external company, which would mean that 1,000 street lighting columns (6% in total) would be inspected this year, at a cost of around £8k. A review was then proposed before deciding any further Inspection Programme for the year 2009/10.

16 SPORTS AND LEISURE CENTRES

The Corporate Director - Resources submitted a report, which summarised for Members, the findings of the audits of sports and leisure centres recently completed by the Internal Audit Division, and to highlight common themes and concerns arising from them.

Mr Mike Payne Group Manager, Sports and Recreation had been summoned before the Committee to respond to questions from the Committee.

The audits completed covered the Authority's eight sports, leisure and swimming centres, and sought assurance that the key risks to the service would be addressed by management.

The areas of risks and controls that were reviewed were outlined in Paragraph 3.2 of the report.

A summary of the final audits undertaken in respect of the sports and leisure centres were detailed in Paragraph 4.1 of the report. The full audit reports in relation to the Bridgend Recreation Centre, Maesteg and Pencoed swimming pools, were shown in Appendices 'A', 'B' and 'C' of the report, respectively.

The Group Internal Auditor gave some background information, which included how audits are conducted in relation to these services, including their frequency. He added that the main areas upon which the Auditors concentrated were Business Planning (undertaken by the Building Manager) financial management, particularly with regard to ensuring that all income is accounted for and banked so as to prevent subsidising training and Health and Safety issues. He added that accountability and probity of staff were also important as was ensuring wherever possible, that the various staff undertake the duties they are employed to do.

The Group Internal Auditor advised that following the Audits, follow-up audits were conducted to ascertain if the recommendations made in the original audit were followed up and implemented by the Sports and Leisure centre Managers. He added that although Internal Audit were fairly happy with controls in place in a number of centres, they had been dissatisfied with some fundamental controls that were lacking in certain Centres. One of these was in relation to Criminal Records Bureau checks (CRB's) of new and existing staff. This matter however, was currently being reviewed across the Authority by Human Resources and would be subject of a future report to the Audit Committee.

Internal Audit had not been satisfied with the records systems in place particularly at the Bridgend Recreation Centre. A number of weaknesses were identified which reflected amongst others shortfalls in the balancing of cash against the sale of bar stock, which had shown a significant deficit. This had resulted in an Internal Audit opinion of Inadequate Assurance.

The Maesteg Pool audit had revealed concerns in relation to business planning and budget monitoring resulting in these being deemed as key risks. The Group Internal Auditor added that there had been a history of poor Internal Audit reports following audits conducted in recent years, particularly for the Bridgend Recreation Centre, Maesteg Swimming Pool and Pencoed Swimming Pool, which were then deemed as risks to the Authority.

The overall picture indicated some common and general concerns with management procedures that were in place, though some of the many concerns had now been acknowledged, particularly in the Bridgend Recreation Centre.

The Group Manager, Sports and Recreation acknowledged the concerns of Internal Audit.

He stated that there had been some 'common' problems at sports and leisure centres for some considerable time.

He added that the service in general, had suffered since 1996, with around a 20% budget cut being imposed upon the service since this period. This had resulted in staffing cuts including management posts, with this in turn, leading to lack of capacity restricting proper management of staff, systems and processes.

To add to this he advised, increased pressures had been put on Centre Managers with the introduction of new legislation, particularly in relation to Human Resources and Health and Safety.

Continued tightening of budgets coupled with staff leaving the Authority and not being replaced had significantly contributed to the audits of the service being seen to be inadequate. There was though he added three new posts shortly to be filled, i.e. in respect of training and quality.

The recent past history of staff shortages had seen Centre Managers often having to do other duties, i.e. lifeguard at pools, resulting in the key areas highlighted in the audit reports sometimes being neglected. Despite this, four of the sports centre buildings had received external accreditation (QUEST) for quality service awards.

He added that the catering and bar facilities at the Bridgend Recreation Centre were going out to tender, which would rectify the present situation regarding losses of income in these areas. Similarly, control of vending machines including dry snacks and hot drinks were proposed to be controlled by way of outside contract. This it was estimated would lead to a 15-20% increase on net profits.

The above courses of action would then provide increased support for marketing, maintenance and training initiatives. The Duty Manager recognised the areas where fundamental controls had not properly been implemented. He added that he was working with the auditors to make improvements to finance regulations (accountability for receipt and banking of cash) training and new shift patterns which would allow more senior and experienced staff to be present at the Centres, during busier periods.

New restructuring proposals were to be introduced at Maesteg Leisure Centre and the new Quality Co-ordinator's role would be to introduce an Action Plan to counteract and find ways of resolving the current deficiencies within the service.

Putting work out externally would also assist generally in creating extra key posts, e.g. Gym Manager at Pyle Swimming Pool. He had also met with the Cabinet Member - Wellbeing to discuss the current and historic problems and plan a way forward.

The Head of Property and Finance advised the Duty Manager that staff such as himself and those within Internal Audit were there to assist in anyway they could to rectify the problems that existed. He was particularly concerned over the lack of controls in place for the receipt and control of cash and the lack of accountability involving certain staff that undertake this duty.

He added that controls required to be introduced to achieve accountability and the safe keeping of cash and stock and for the marrying up of these, should be quite straightforward to achieve.

He further added that these were matters that had continued to be picked up by Internal Audit in audits undertaken last year and were common to a degree in most of the Sports/Leisure Centres. It was imperative that such procedures were put in place and that staff knew these procedures and abided by them.

The Group Manager, Sports and Recreation appreciated these comments but did add that recruitment and retainment of staff and lack of financial resources contributed to these types of problems occurring.

Members then entered the debate. They showed some considerable concerns regarding the outcomes of the audits. In summary their concerns related to:-

- Basic procedures not in place and the lack of a Business Plan;
- Failings in relation to the same areas of concern highlighted previously;
- CRB checks which require urgent rectifying (across the whole of the Authority);
- Increased accountability required by Management;
- Any Action Plan being implemented, adhered to and monitored;
- A need for collaborative 'thinking' and 'working' amongst key Officers to combat problems highlighted in the Audits;
- A lack of resources for Sports and Leisure Centres;
- Further staff Quality and Training development issues require initiating.

The Head of Property and Finance explained the importance of addressing the Management Action points highlighted out of the audit and the need to fully see these through via the Action Plan. He added that steps should be taken to work on these now, in readiness for the recruitment of the two Management posts and the Qualities post, in accordance with the Authority's new Programme Management process.

He emphasised that proactive and reactive work was needed on the Action Plan and that the Sports and Leisure Management needed to work closely with Internal Audit to confirm the Action points that can be achieved initially and those that may take longer to address. The Action Plan when fully introduced needed to be measurable so as to monitor progress.

Members considered that the Action Plan needed to be monitored by the Committee within the immediate and long term future.

The Chief Internal Auditor stated that follow-up audits on Sports and Leisure would be undertaken from January - March next year. The Group Auditor added that the Bridgend Recreation Centre would be re-audited in October this year, to check that basic financial processes have improved from those that existed in the past.

Members following consideration of the report and the contributions of Officers present then

- RESOLVED:
- (1) That the report be noted.
 - (2) That a further progress report on Sports and Leisure Centres outlining progress regarding the Action Plan proposed as a result of the recommendations of Internal Audit be submitted to the Audit Committee at its November meeting.

17 COMPLETED AUDITS

The Corporate Director - Resources submitted a report, which summarised for Committee Members the findings of the audits recently completed by the Internal Audit Division within the tables attached to the report.

The Chief Internal Auditor advised that a number of the audits were follow-ups and that not all the recommendations agreed by management in relation to each of the audits had up to now been implemented.

Members asked a number of questions on the report, which were responded to by Officers.

RESOLVED: That the report on Completed Audits be noted.

18 INTERNAL AUDIT PLAN - JULY 2008 TO JUNE 2009

The Chief Internal Auditor presented a report, on the Council's Internal Audit Plan for the above period, which was appended to the main report.

The report had a direct link to the Audit Strategy approved by Committee on 5 March 2008.

The Audit Strategy included an outline of Internal Audit's approach to the preparation of the Internal Audit Plan which has broadly followed the Audit Strategy, apart from the exceptions outlined in Paragraph 4.1 of the report.

The Chief Internal Auditor expressed his gratitude for those Managers and staff in other Directorates for their support, contributions and co-operation in the compilation of the Plan.

The Chief Internal Auditor supplemented the report with a powerpoint Presentation which covered the following areas:-

- CIPFA Code of Practice
- Some Key steps
 - Identify Risks
 - Consult with Stakeholders
 - Draft Plan
- Examples
 - Customer Care
 - School Modernisation
 - Supporting People
 - Child Protection
- Final Points
 - Represents the work of approximately 11.5 F.T.E auditors
 - Is challenging both in scope and depth
 - Progress will be regularly reported on to the Audit Committee.

Following conclusion of the Presentation, the Chief Internal Auditor responded to questions in relation to MREC, Sickness Absence review, School Re-organisation Building Improvements and Children and Wellbeing.

RESOLVED: That Committee notes the report and accompanying Presentation of the Chief Internal Auditor on the subject of the Internal Audit Plan.

19 ANNOUNCEMENT

The Chief Internal Auditor, with the consent of the Chairperson, shared with Members some recent examination successes involving members of his staff as follows:-

Dave Barraclough - Diploma of Internal Auditing
Melanie Goodman - Diploma of Internal Auditing

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Rhys Aubrey - Computer Auditing qualification

Members congratulated the above employees on their academic achievements.

The meeting closed at 4.10pm.