

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM 2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON WEDNESDAY, 3 JUNE 2009 AT 2.00PM

Present:-

Councillor E Dodd - Chairperson

<u>Councillors</u>	<u>Councillors</u>	<u>Councillors</u>
D Buttle	M Gregory	M Reeves
C Davies	T Hacking	M C Wilkins
G Davies	A Jones	H M Williams

Officers:-

G Moss	- Corporate Director - Resources
S Kingsbury	- Head of Human Resources
A Phillips	- Head of Property and Finance
S Charles	- Health & Safety Manager
G Doak	- Group Auditor (GD)
E Samways	- Group Auditor (ES)
K Lucas	- Computer Auditor
V De Zouche	- KPMG Audit Manager
J Monks	- Cabinet and Committee Officer

55 APOLOGIES FOR ABSENCE

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

Councillor W H C Teesdale	- Other Council Business
Councillor P A Evans	- Business Commitment

56 DECLARATIONS OF INTEREST

None.

57 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the meeting of the Audit Committee held on Wednesday, 22 April 2009, be approved as a true and accurate record subject to the following amendment:-

That the Head of Property and Finance provide Members of the Committee with information on the financial accounts risk.

58 HEALTH AND SAFETY UNIT AUDIT REVIEW

The Health and Safety Manager submitted a report on the progress of the Corporate Health and Safety Unit (CHSU) against recommendations contained in the internal audit report on the Unit which had taken place in August 2008 and was presented to the Committee in November 2008. The Authority's Corporate Improvement Plan had indentified health and safety as a high risk area and therefore a robust health and safety management would be needed to contribute to corporate priorities of reducing sickness absence. The Health and Safety Manager reported to the Committee that CHSU had implemented six of the eight findings that

had shown up in the internal audit. He explained that during the time of the audit, restructure was taking place and the audit report had been helpful in developing work within the Unit. The Corporate Health and Safety Steering Group was the main body for health and safety arrangements representing all of the Directorates throughout the Authority.

The Corporate Director – Resources explained to Members that as part of the wider cultural change programme taking place within the Authority, links with the Directorates had been clearly established with Health and Safety Officers identified to support each Directorate, and managers within the Directorates identified as health and safety champions. Although there were still fairly significant health and safety risks, he was confident that good progress was being made.

The Health and Safety Manager then took Members through the recommendations at Appendix 1 of the report and responded to questions.

Members referred to a sign-up scheme which had been developed in order to keep staff fully informed and enquired if this had received a good response from staff. The Health and Safety Manager informed them that 185 members of staff had signed up as well as some Members and senior managers. The positive response had resulted in a number of questions being raised, and arrangements being put in place for staff to take up the opportunity of a First Aid Course.

The Health and Safety Manager drew Members' attention to the Trent Human Resources and Payroll system, outlined at point 4 of Appendix 1 in the report.

A Health and Safety audit template had been established in line with British Standard for Health and Safety Management. Two departments were already using this system as a means of checking accounts, with a further 12 departments being included over the next year and a total of 24 departments over the next two years would undertake that audit process.

He informed the Committee that issues had arisen regarding verification of qualifications which had now been resolved. Members enquired if the recruitment and interview procedure had been amended for existing staff to include such data. The Health and Safety Manager confirmed that all existing team members had the relevant health and safety qualifications on file, together with relevant memberships to professional bodies.

Concern was raised by the Committee regarding the percentage of stress related absences. The Health and Safety Manager referred to a stress audit which had been undertaken with the assistance of external consultants whereby they sought the views of members of staff as to what would cause them stress in the workplace. The Corporate Director – Resources reassured Members that senior managers were very conscious of this subject and the issue was being dealt with.

Referring to point 8 of the recommendations in the report, Members suggested that although the Trent system would flag up training needs, nevertheless it would be the responsibility of each department to initiate action on manual handling and were concerned that all areas were covered. The Health and Safety Manager ensured Members that managers would receive as much support as they needed in being able to identify who needed training. Also it was important for refresher training to be carried out in time otherwise they would have to take the course again.

The Corporate Director – Resources made reference to the Health and Safety Committee, whose members included the Cabinet Member – Resources and advised that it was their responsibility to make sure all needs were covered.

RESOLVED: That the Committee notes the report.

59. COMPLETED AUDITS

Firewall

The Computer Auditor presented the report and explained the firewall was a system designed to protect the network from viruses and hackers and to block unauthorised access. It controls the flow of network traffic based on a set of rules and other criteria.

Work had been carried out to remove old code which was no longer relevant in order to streamline the process. Quarterly penetration tests were conducted to check security and there was improvement on internal checking, which were main drivers in obtaining PCIDSS and GSI compliance. In future quarterly reviews on all rules would take place with findings being presented to the Security Forum.

The Firewall is over six years old and while there is no immediate risk of impending failure there could be capacity problems in the future. It will be replaced later this year. A backup firewall has been configured to mirror the data so that if the system went down, a copy would retain the information. However, the backup is currently too close to the firewall within the IT Centre and it is planned to address this when the firewall is replaced.

Storage Management

The Computer Auditor referred Members to the storage management overview which had taken place. The Data Centre stores the data used by all of the Authority's IT systems, which comprises a Storage Area Network (SAN), stand alone servers and a dedicated backup site where a copy of the data was mirrored.

Since the last review, a new Data Centre Manager had been appointed and the procedures had improved so that there was no longer reliance on one member of staff. At present there are no performance indicators in place for the Data Centre (although SAN uptime figures are currently incorporated in the System uptime figures) and it has been agreed that more specific measurement for SAN uptime will be introduced. The location of the backup facility is too close to the IT Centre and not ideal from a disaster recovery aspect, but this was being addressed in line with the Corporate Accommodation Strategy.

Family Link Scheme Audit

The Group Auditor (GD) referred the Committee to the Family Link Scheme which is a service provided by the Authority to help fund volunteers in the community to provide respite care for disabled children and their carers or families. The audit had established that Social Workers adequately checked people who volunteered and that children were safeguarded. There were no weaknesses found in the system and therefore no recommendations were made.

Payroll System Audit

The Group Auditor (GD) then referred Members to the review of the payroll system which was undertaken as part of the 2008/09 internal audit plan. The function administers the processing of salaries and wages for over 7000 employees of the Authority. He informed the Committee that an internal audit was carried out annually to make sure it was adequately run and there were no serious concerns.

The key findings of the audit mirrored the concerns raised by the external auditors KPMG along with areas already under review by the Exchequer Manager. Two issues were raised as a result of the audit which would need improvement. The first was payroll overpayments which were not helped by the fact that the Council pays staff in the middle of the month. He explained that if someone left the employ of the Authority, there was a two week window between calculating the pay and getting it to their bank account. An agreement would then be set in place and an invoice issued to recoup the overpayment over a period of months, which resulted in extra cost to the Authority when trying to recover the money. This was particularly relevant to schools as the Authority was reliant on them to send the information through promptly. One solution was to place the money against their budget centre until the situation was resolved. He commented that with the large number of Council employees the number of overpayments was comparatively low.

The Head of Property and Finance added that overpayments were an inherent problem because pay date fell in the middle of the month which did not allow for unforeseen circumstances such as an employee leaving a week before the pay date. He explained that the only way to solve this would be to change the pay date to the end of the month and this had been discussed with the Trade Unions previously. The bulk of the overpayments were due to notification to payroll not being received from Directorates. Some cases however, were unavoidable if for example an employee left shortly before their salary went into their account.

The Group Auditor (GD) informed Members that the situation had improved in that there were only 60 overpayments in the year 2008/09 compared to 174 overpayments during 2007/08. He did not have information on the amounts involved, but undertook to report back to the next Audit Committee meeting.

The second issue internal audit had found was a number of personnel files which could not be traced at the time of the audit. The Head of Property and Finance explained that Human Resources (HR) had been centralised as part of the restructure and as a result a catch-up exercise had been undertaken by HR in which their first priority was to ensure current information was kept up to date. He had been concerned that there was a backlog of information relating to payroll, but this had now been resolved with staff being earmarked to undertake the work of scanning everything on receipt so that the information could be held electronically.

The Head of Human Resources advised that good progress was being made regarding the update of personnel files. As significant progress had been made, they would soon be able to move into document image processing (DIP). She added that employees' files were now up to date and current employees were in the system. All future employees' files would automatically be put onto the electronic Trent system.

She further responded to a question from Members regarding the schedule date to ensure all reporting lines for salary payments were accurate, particularly with regard to schools. She advised that periodically schools were sent lists of their employees to confirm their accuracy, as they were reliant on the schools to provide the correct information. She would report back to the next meeting on the frequency that this information was requested from schools. The Group Auditor (GD) added that each

manager had the responsibility to check they were only paying for the staff who they employed.

Members were concerned about the number of overpayments and also the personnel files that were missing during the audit. The Head of Human Resources explained that at the time an external company had been employed to scan all the documents and had removed a number of files from site to do this and the system would be monitored regularly. The Head of Property and Finance added that new starters were automatically put onto the Trent system, but because of the volume of work, hard copy files were sometimes put to one side as this was considered to be low priority when scanning documents was high priority at the time. The Head of Human Resources then referred to overpayments and informed Members that consultation had taken place during 2008 with the Trade Unions regarding the correct protocol and an amicable agreement with employees had been reached regarding repayments.

The Corporate Director – Resources informed Members that negotiations had taken place with the Trade Unions with regard to moving the salary payment date to the end of the month, with the suggestion that perhaps employees could be offered an interest free loan for the interim period, but the membership had not supported this. Internal audit had again highlighted this matter and he believed negotiations should be reopened, as the change of payment date would result in greater income being generated for the Authority by way of investments.

Members enquired if it were possible to put new employees' pay day at the end of the month, but the Head of Property and Finance advised that this was not feasible due to equal pay issues.

RESOLVED: That the Committee notes the report.

60. ANNUAL GOVERNANCE STATEMENT 2008/09

The Corporate Director - Resources submitted the above report, which sought a recommendation from the Committee that the Annual Governance Statement (AGS), as attached at Appendix A, be included within the Authority's Statement of Accounts for 2008/09. The Statement had been updated and included input from the Directorates which had resulted in a few minor amendments. The achievement of the aims and objectives within the Corporate Improvement Plan would be dependent upon the effective workings of internal controls within the Authority, as reviewed in the Annual Governance Statement. He informed the Committee that BCBC was the first Council to adopt voluntarily the Annual Governance Statement, as it would not become compulsory until the next financial year.

He commended the Statement as a good example of the work being done in the Authority. The Statement was deliberately lengthy and detailed in order to convey its importance and also to demonstrate to the public how seriously the governance of Council activities was being taken in the discharge of responsibilities on behalf of the public.

RESOLVED: That having critically reviewed the Annual Governance Statement (attached at Appendix A to the report) the Committee recommends approval of its inclusion in the Statement of Accounts 2008/09.

The meeting closed at 3.25pm.