

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM  
2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON THURSDAY, 26 AUGUST 2009  
AT 2.05PM

Present:-

Councillor E Dodd - Chairperson

Councillors

D Buttle  
P A Evans  
M Gregory

Councillors

M Reeves  
W H C Teesdale  
M C Wilkins  
H M Williams

Officers:-

A Phillips - Head of Property and Finance  
M Shephard - Head of Healthy Living  
G Doak - Group Auditor (GD)  
K Lucas - Computer Auditor (KL)  
A Thomas - Development Manager – Leisure Services  
I Pennington - KPMG  
J Monks - Cabinet and Committee Officer

67 APOLOGIES FOR ABSENCE

Apologies were received from Councillor C Davies due to her being unwell.

68 DECLARATIONS OF INTEREST

Councillor D Buttle declared a personal interest under item 4 due to him being a regular user of Maesteg Swimming Pool and he is also a School Governor at Maesteg Comprehensive School.

69 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the meeting of the Audit Committee held on Thursday, 16 July 2009, be approved as a true and accurate record.

70 A REPORT ON PROGRESS IN RELATION TO ISSUES IDENTIFIED WITHIN  
INTERNAL AUDIT MANAGEMENT ACTION PLANS FOR SPORT AND  
RECREATION FACILITIES

The Head of Healthy Living presented the report to provide Members with an update on progress against internal audit action plans at three sport and recreation facilities within the Borough. This had been requested by the Committee at their meeting on the 19<sup>th</sup> November 2008, as a result of a series of internal audit reports which had concluded that there was inadequate assurance of control at the three facilities. He explained that a considerable amount of work had been carried out in conjunction with the internal auditors to ensure that control at the facilities now met the standards required.

He referred Members to the backlog of Criminal Records Bureau disclosure checks, which had been a major concern. Human Resources now maintained an up to date register of relevant personnel who require CRB checks, which also identified dates for renewal checks to be undertaken every three years. He advised that although costs relating to such disclosure checks were currently funded corporately, the

current status may change in the future, due to the high turnover of staff at sports and leisure facilities.

The Head of Healthy Living informed the Committee that vending services at the sports and leisure facilities had been outsourced, but unfortunately the income levels generated from this service had proved disappointing. In line with the Welsh Assembly Government's move towards creating healthier communities, healthier products were offered for sale in the vending machines, which had not proved as popular as the less healthy options.

He advised Members that the Waterfront cafeteria at the Bridgend Recreation Centre was closed in April 2009 as it was not profitable. The bar service which is profitable continues to operate for functions only, with tighter checks and procedures now in place. He explained that although core services continued to be operated internally, it was more viable to outsource children's parties and function catering.

Members acknowledged the progress that had been made by the sports and leisure service. They were disappointed that the Waterfront cafeteria had closed, as it was felt that this was a service the public expected at leisure centres. The Head of Healthy Living explained that customer patterns had changed, with people spending less time at the leisure centres than before. There had been preliminary discussions regarding the potential for a social model, employing staff with learning difficulties to run a café at Bridgend Recreation Centre, with perhaps a subsidy from other organisations, but he did not believe this would be possible in the current financial climate.

## 71 COMPLETED AUDITS

### Bridgend Recreation Centre

The Group Auditor (GD) reminded the Committee that the previous audit had focused on the bars and the catering operation relating to income at the Centre. There had been concern about the calculated shortfall in the bar operations; although they were making a profit, it was considerably lower than expected.

The follow up audit had shown that the financial performance of the bar operation had greatly improved and the Centre has employed a new stock taker. He explained that although early reports indicated an improvement in stock control, a further audit would be carried out next year which would focus on the bar operation to establish if improvements were being maintained.

The Group Auditor (GD) referred to the closure of the Waterfront cafeteria, which had been making an annual loss of around £30,000. Some staff who had been employed at the cafeteria had been redeployed and the vending service had been assigned to an external company. He confirmed that there was now adequate assurance that all the significant risks to the Authority in this area were being managed.

### Maesteg Pool

The Group Auditor (GD) reported that over the years Maesteg Pool had received a series of critical audit reports. However, with the employment of an interim manager operations at the Pool had significantly improved, but he advised Members that it would take some time to put all the improvements in place. Advice had been given to the interim manager regarding procurement, and the use of the approved list of suppliers. The audit had also recommended that more than one

person should be involved in the procedure for purchasing and invoicing, as there was a risk involved in this procedure being carried out by just one person.

#### Pencoed Pool

The Group Auditor (GD) reported that there had been improvements in management control at Pencoed Pool since the last audit had taken place, and again it had been recommended that more than one person should be involved in the procedure for purchasing and invoicing. The audit had made recommendations relating to the GP referral process and the questionnaire that applicants are required to complete, which stated that GP advice should be sought before taking up any exercise. The Sports and Leisure Procedures Manual had been reviewed and advice had been given regarding improvement in this area.

#### Sports & Leisure Procedures

He advised Members that historically the Sports and Leisure Service have had their budgets cut year after year and as a result of staff reduction due to the budget cuts, they occasionally experience problems with staff shortages. Due to the swimming pool managers' resources being limited, a list of minimum controls or "golden rules" would need to be put to management for feedback as to their feasibility.

#### TLMS (Leisure Management System)

The Computer Auditor (KL) informed the Committee that this was the second audit to be carried out on the Leisure Management System and that the system functionality had shown marked improvement since it was first introduced. She advised that a main concern of the audit was to ascertain the efficiency of security arrangements surrounding the personal data that is held on all the 22,000 Bridge Card holders.

The IT equipment had also been examined to see how it was performing and in the majority of cases the computer hardware running the system had been found to be dated and below standard. She stressed that although security was not compromised in this area, the age of the equipment slowed down the process.

The Computer Auditor (KL) further explained that the system administration was normally carried out by the Systems Administrator based in the IT department; because the IT department worked office hours, this did not provide adequate cover due to the opening times of the Leisure Centres. She therefore advised that administration training should be provided to the back office staff at these centres, with assurance that confidentiality of the information contained on the system would be maintained.

#### ICT Centralisation

The Computer Auditor (KL) informed Members that the ICT in the Authority had undergone centralisation. She explained that prior to April 2007 there had been a core IT based at Sunnyside House with several departmental ICT units which were formed initially by the user departments to meet their specific needs. This meant that not all departments could afford to employ a dedicated IT expert, and with divergent infrastructures, escalating support cost, incompatibility of user software and new legislation meant that centralisation was the best option.

A three year rolling program was put in place to replace all PCs and laptops, which had proved to be the most efficient and cost effective option. As the equipment is on a lease basis, this would save the Authority £720,000 over three years, allowing

resources to be prioritised when required, such as upgrades to equipment in the Children's Directorate supplied ahead of schedule. Centralisation had also reduced by 50% the number of invoices processed and the three year rolling program would also mean that there would not be any redundant equipment. With regard to security, it was hoped that every laptop across the Authority would be encrypted by the end of September. Clarification was needed as to the ownership of data, particularly with hosted or partnership based applications.

Members questioned if all data was removed from equipment before it was returned to the supplier under the three year rolling programme. The Computer Auditor (KL) confirmed that there was a programme in place to sanitise equipment of any data before it is returned.

#### Education Grants Work

The Group Auditor (GD) explained that as part of the terms and conditions of smaller grants the Welsh Assembly Government require assurance that the money has been spent correctly. Internal Audit are required to review the operation of the grant and the grant claim process on an annual basis and documentation relating to the expenditure incurred was reviewed to ensure it complied with the terms and conditions of the grant.

RESOLVED: That the Committee notes the report.

#### 72 FOLLOW UP REPORT ON PAYROLL OVERPAYMENTS AND THE USE OF CONSULTANTS BY THE AUTHORITY

The Head of Property and Finance submitted a report the purpose of which was to provide further information to the Committee in response to questions Members had raised at previous meetings relating to missing personnel files, school checks on staffing lists, numbers and values of payroll overpayments and progress on electronic scanning of personnel files.

He took Members through the report and referred to eighteen personnel files identified as missing during the Payroll Audit. He confirmed that seventeen of the missing files had been traced and the one file that remained missing related to an employee who had left the employment of the Authority, therefore the risk was deemed minimum. Human Resources were making steady progress and had scanned approximately 51,000 documents into the new electronic system and files had been subsequently indexed.

Members questioned that there seemed to be a lot of problems with the payroll related to schools and enquired if this was related to financial control, particularly with regard to secondary schools

Referring to the numbers and values of payroll overpayments, the Head of Property and Finance explained to Members that errors were reducing year on year, but in terms of value the figure was slightly higher in 2009. If a person has left the employ of the Authority and has been overpaid, the protocol followed is that the person is contacted and a reason for the debt is established with them. After that, a repayment agreement is set up with the scale in terms of the size of the overpayment and period the Authority expect it to be paid back. Ultimately, if the debt is not repaid, then Court proceedings would follow. He explained that they were reliant on head teachers providing the correct personnel information on time, as the payroll had to be reconciled and could not be adjusted. He added that most people wished to repay the money when they realise it was an error.

**AUDIT COMMITTEE – 26 AUGUST 2009**

At the last meeting of the Audit Committee it was reported that internal audit had recommended that the contract procedure rules be amended so that the appointment of consultants and professional services was subject to a tendering process in line with CIPFA guidance. The Officer Working Group dealing with procurement had been asked to review this matter given that issues related to consultant linked expenditure was not straightforward. Members requested detailed information on the information that had been collected by the procurement unit on spending on consultants and professional fees.

A breakdown of spend for 2008/09 was shown in paragraph 4.10. The Head of Property and Finance advised members that this information had been taken from the general ledger being spending allocated to the consultancy subjective code. It encompassed a wide range of commission types and he explained the main types of spending which had been identified.

The Group Auditor (GD) informed Members that a lot of small payments made to individuals who provide professional advice, for example on fostering panels, were included in the breakdown figures. As a result, he explained that quite a bit of audit work was involved as it included a mixture of both large and lots of small payments in order to give a true picture of how much is spent on consultancy fees in each Directorate.

**RESOLVED:**                    That the Committee notes the report.

The meeting closed at 3.27pm.