

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM 2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON THURSDAY, 18 NOVEMBER 2009 AT 2.00PM

Present:-

Councillor E Dodd - Chairperson

<u>Councillors</u>	<u>Councillors</u>	<u>Councillors</u>
D Buttle	P A Evans	M Reeves
C Davies	M Gregory	W H C Teesdale
G Davies	T Hacking	

Officers:-

A Phillips	-	Head of Property and Finance
G Doak	-	Group Auditor (GD)
V de Zouche	-	Audit Manager KPMG
K Lucas	-	Computer Auditor
E Samways	-	Group Auditor (ES)
J Monks	-	Cabinet and Committee Officer

78 APOLOGIES FOR ABSENCE

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

Councillor A Jones	-	Prior commitment
Councillor M C Wilkins	-	Other commitments
Councillor H M Williams	-	Other commitments

79 DECLARATIONS OF INTEREST

Councillor Buttle declared a personal interest under the item on Internal Audit Plan in relation to the Status Review of Maesteg PFI in that he is Governor of Maesteg School.

80 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the meeting of the Audit Committee held on Wednesday, 23 September 2009, be approved as a true and accurate record.

81 COMPLETED AUDITS

The Group Auditor (GD) submitted a report on behalf of the Corporate Director – Resources which summarised for Members the findings of the recently completed audits carried out by the Internal Audit Division.

Housing Benefits

The Group Auditor (GD) informed the Committee that this annual audit was completed in September and during the year there had been changes in legislation and regulations which management had adapted to. The department had been more active in promoting take up of housing benefits for those citizens who were entitled and had performed strongly against Department of Work and Pensions quarterly performance indicators relating to decision times, and had shown improved performance in the section's own targets relating to collection amounts previously overpaid to claimants.

Members enquired if there was a link up between the Housing Benefits and Council Tax departments. The Group Auditor (ES) confirmed that they had looked at the link

between the two departments due to their close connection. She explained that although there were separate audits for each department, they were undertaken by the same Auditor due to the two departments using the same system which was automatically linked. They had previously recommended to the Council Tax department that single people who claimed the Council Tax discount should be contacted to see if they were still eligible; the department had taken up this recommendation, which did link to housing benefits.

Sundry Debtors

The Group Auditor (GD) explained to Members that one of the main objectives of the section was to distribute invoices raised by departments for services provided by the Authority. The summary showed that in 2008/09 23,600 invoices with a value of approximately £23m were processed through the sundry debtors system. He explained that the department's function was to make sure all invoices were paid. There were strong procedures in place to highlight unpaid invoices and pursue those debts. Where appropriate, if an individual or business cannot pay the debt in full, the department would make an agreement for the debt to be repaid over a period of time, dependent upon circumstances. There was a good working relationship with departments throughout the Directorates when attempting to resolve invoice queries; centrally raised invoices were being raised in a timely manner and there was also a suitable system in place which operated effectively for the write off of debts in cases where it would cost the Authority too much money to take them through the Courts process. The department also made use of outside collection agencies to ensure that value for money was being achieved in the recovery of difficult debts.

In answer to a question from Members he explained that if recommendations were significant, the Auditors would expect them to be implemented, but in the case of 'merits attention' recommendations, management could decide whether to implement them or consider other options.

Members asked if there had been an increase in write off debts as a result of the current economic climate. In response the Group Auditor (GD) informed the Committee that last year there was approximately £51,000 as opposed to £116,000 the previous year, where a more substantial exercise had been carried out in order to clear a number of debts which were unrecoverable. He added that £50,000 on a value of £23m spread over a number of very small debts was not significant.

Cash Control

The Group Auditor (GD) advised Members that the cash control function was responsible for the processing postal remittances and debit/credit card payments from members of the public over the telephone. The department acts as a central collection point for the security courier and monitors and investigates the cash control suspense account where payments received cannot be identified electronically.

Despite the department having undergone a period of change there were only a few minor recommendations, such as updating written procedures to reflect current working practice and also updating the authorised signatory list for the collection of controlled stationery.

Education Grants

The Committee were informed that as part of the Welsh Assembly Government grant requirements, Internal Audit were required to certify that the grant had been properly allocated. This was conducted for the Community Focussed Schools Grant which amounted to just under £150,000. The Group Auditor (GD) confirmed that as it was not

applicable to give assurance on the system, the documentation relating to the expenditure incurred had been reviewed to ensure that the Terms of Conditions of the grant were complied with.

Health and Safety Team – Public Protection (Follow Up)

The Group Auditor (GD) explained that the role of the Health and Safety Team within Public Protection was to promote good health and safety within the Borough alongside the Health and Safety Executive and to regulate health and safety risks arising from work related activities.

Testing had confirmed that the recommendations agreed in the original audit had been implemented, which had included a management review of the visit risk assessment scores where there has been a significant change in scoring. In compliance with the recommendations, Principal Environmental Health Officers now accompanied other Officers on a sample of visits throughout the year and suitable procedures had been put in place. As a result of these recommendations being actioned, the audit opinion rating had been increased to substantial assurance.

Petty Cash

The petty cash function was responsible for the management of numerous petty cash accounts held by sections across the Authority, with returns being sent to the Finance Department who keep overall control on how much each section holds in petty cash and whether they are submitting sufficient documentation on spends.

The Group Auditor (GD) informed Members that since the original audit, a more comprehensive and integrated system had been developed which was due to be rolled out to departments. As a result of the introduction of the new system, some recommendations made in the original audit were still in the process of being implemented.

Discussion took place and at the request of Members, the Group Auditor (GD) agreed to show the Committee the formal proof that the recommendations have been implemented when that occurs.

Development Control (Follow Up)

The Group Auditor (GD) reported that the department had implemented the recommendations made during the original audit. These included record keeping of missing receipt numbers and performing checks on the missing numbers and updating planning appeals procedures. Furthermore, they were now using a more suitable format to record Officers' declarations of interest.

Economic Development Unit (Follow Up)

The Group Auditor (GD) explained that this service supported existing and potential new business within the Borough and carried out activities on the promotion of new business, which, he believed, was significant in the current economic climate. There had only been one recommendation arising from the original audit which was the administration and arrangements for two Enterprise Centres; management had confirmed that this review had taken place and responsibility for the sites had been transferred to the Property section.

Industrial Sites (Follow Up)

The Group Auditor (GD) advised Members that the management of the industrial sites owned by the Authority are the responsibility of the Property section who ensure occupancy rates remain as high as possible. They also collect income and evaluate compliance with Health and Safety legislation. Internal Audit had received assurance from the section that they had either implemented recommendations or were in the process of doing so.

Two of the recommendations agreed during the original audit were that the section should use a time recording system to allow management to review performance data and the methodology for calculating service charges for units.

One of the recommendations in the process of being implemented was the review of all estates to assess the levels of rents being charged and constraints with existing contracts. These rents would be regularly reviewed as the market value increased.

Members questioned why the Authority was renting property. The Head of Property and Finance explained that this had been due to lack of space and financial constraints on capital. Currently the Authority provided services from around 25 offices throughout the Borough of which 13 were leased and when a new service was created, usually within Social Services, further accommodation had to be found. Most of the rentals consisted of a couple of rooms in an office block and he believed that the current financial climate afforded an opportunity as to whether it would be cheaper in the long term to look at negotiating the purchasing of property within the Borough.

Re-ablement (Follow Up)

The Group Auditor (GD) informed Members that the team worked in partnership with the Local Health Board which formed part of the Intermediate Care Strategy whose aim was to prolong independent living within the community, thus reducing long term periods in hospital.

It was noted that management had estimated that the number of hospital bed days saved had increased from three to five days per client since the original audit, which meant a significant release of NHS resources.

The Computer Auditor advised Members that the decision over the future of the DRAIG computer system, which had been developed with partner Authorities on a consortium basis, had not yet been finalised.

Emergency Planning

One of the remits of the team was to prepare for major incidents which could affect the health and safety of large parts of the Borough at any time. The Group Auditor (GD) was pleased to report that management had implemented the recommendations on improving the budget processes to fall in line with previous Cabinet Office grant monies. Also a Business Continuity Group now existed with representatives from all Directorates.

Members enquired if any emergency planning exercise had been carried out by the Authority. The Head of Property and Finance advised that the section regularly carried out training courses and had conducted a simulation exercise of a petrol tanker crashing into a petrol station involving fire and explosions.

Youth Services (Follow Up)

The Group Auditor (GD) informed the Committee that the main office for the service was based in Tondy with Youth Workers operating from youth centres throughout the Borough. Internal Audit had been satisfied with the controls that were in place to respond to the identified needs of young people and management had informed them that all the recommendations had either been implemented or are in the process of being implemented. Included in the recommendations was requirement for Youth Workers to be properly trained in order to carry out appropriate risk assessments and also the reduction of the number of staff with 'super user' access (someone who can access every activity in the system) to the management information system.

Members enquired if sample checks had been conducted on the risk assessments. The Group Auditor (ES) informed the Committee that management had been asked to give their assurance that risk assessments were carried out, but Internal Audit had not carried out their own checks.

The Group Auditor (GD) advised that he was currently working on a project in which he had seen evidence of letters sent to young people and parents together with completed risk assessment forms for a series of activities and as well as two main activities which were mountain biking and surfing. Workers were trained in mountain bike instruction and the bikes were properly maintained. Whilst the Youth Workers were not trained surfing instructors, a qualified surfing instructor from another organisation was brought in to tutor the youngsters and the Youth Workers were there to ensure their safety.

A grant was awarded to Sports and Leisure, but it was identified that parts of those activities were better managed by the Youth Services, but being coordinated through Sports and Leisure. He commented that it was good to see such communication between the two sections.

RESOLVED: That the Committee noted the report.

82 INTERNAL AUDIT PLAN

The Corporate Director – Resources submitted a report on the Internal Audit Plan for the year July 2009 to June 2010.

Members were reminded that at their meeting on the 5th March 2008, the Committee received a report on the Audit Strategy which noted that the Accounts and Audit Regulations (Wales) 2005 required Councils to maintain 'an adequate and effective system of internal audit ... in accordance with proper internal audit practices'. Guidance issued on proper internal audit practice referred to the Code of Practice in Local Government issued by the Chartered Institute of Public Finance Accountants (CIPFA). This Code of Practice requires annual audit plans based on objectives and risks identified by the Authority. The annual plan runs from July to June rather than the financial year in line with the Authority's process of publishing its business plans.

The Appendix attached to the report showed the plan for internal audits, split into four quarters over the period July 09 to June 10 and the budgeted days needed to carry out the work. Discussion had taken place throughout the Directorates to establish the most appropriate quarterly period for their audit to take place. Individual schools were not detailed on the plan; they are a big part of the audit programme with a budget value of around £80m. An annual report on schools showing the overall picture of work being carried out at primary, secondary and special schools in 08/09 would be presented to the Committee at their next meeting.

AUDIT COMMITTEE – 18 November 2009

In response to a question from Members the Group Auditor (GD) informed the Committee that the total number of audit days was 1,054 excluding work carried forward from the previous year.

RESOLVED: That the Committee noted the report.

The meeting closed at 3.25pm.