

**Bridgend County Borough Council**  
**Audit Committee**  
**16<sup>th</sup> November 2006**  
**Report of the Chief Internal Auditor**

**Completed Audits**

**PURPOSE OF REPORT**

1. To summarise for members the findings of the audits recently completed by the Internal Audit Division.

**COMPLETED AUDITS**

2. These are summarised in the following table.

<b>Report</b>	<b>Draft Report Issued</b>	<b>Audit Days</b>	<b>Key Messages</b>	<b>Audit Opinion</b>	<b>Key Action Plan Dates</b>
Catering	August 2006	35	<ul style="list-style-type: none"> <li>• Significant strengths including:               <ul style="list-style-type: none"> <li>○ A comprehensive business plan which helps drive the service forward</li> <li>○ Detailed procedures</li> <li>○ Provision of training</li> <li>○ Quality and other checks on kitchen operations</li> </ul> </li> <li>• Some fraud vulnerability arising from:               <ul style="list-style-type: none"> <li>○ Lack of review by school's management</li> <li>○ Period of central analyses</li> </ul> </li> </ul>	Satisfactory	September 2006

<b>Report</b>	<b>Draft Report Issued</b>	<b>Audit Days</b>	<b>Key Messages</b>	<b>Audit Opinion</b>	<b>Key Action Plan Dates</b>
Insurance	September 2006	22	<ul style="list-style-type: none"> <li>• Premiums successfully reduced in 2006/07.</li> <li>• Favourable feedback from insurers on claims handling processes.</li> <li>• Scope for preparation and improvement of internal policies and procedures.</li> <li>• Scope to continue improvement in management reporting.</li> </ul>	Satisfactory	Jan 2007
Penyfai Replacement School Project	March 2006	20	<ul style="list-style-type: none"> <li>• Need for clear designated 'project manager'</li> <li>• Need for a risk register for the project</li> </ul>	Satisfactory	June 2006
Personal Services-Resource Management-Financial Services	August 2006	18	<ul style="list-style-type: none"> <li>• Management has undertaken recent initiatives to: <ul style="list-style-type: none"> <li>○ further improve management budgetary reporting</li> <li>○ provide unit costs for management information</li> <li>○ introduce improved Grant Co-ordination procedures from March 2006.</li> </ul> </li> <li>• However, management also needs to expand the Grant Co-ordination</li> </ul>	Satisfactory	Jan 2007

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			<p>Procedures section on document retention.</p>		
Play Areas	May 2006	11	<ul style="list-style-type: none"> <li>• Appropriate project management processes should be adopted</li> <li>• Need for an up to date strategy and business plan to guide the project.</li> <li>• Need for documented procedures for play area refurbishments.</li> <li>• Need for an audit trail on decision making.</li> </ul>	Unsatisfactory	Aug 2006
Junction 36 Project	January 2006	14	<ul style="list-style-type: none"> <li>• Good work carried out by BCBC staff associated with the project .</li> <li>• Difficulties encountered during the project that were outside the control of BCBC.</li> <li>• Good communication between BCBC support staff, the Project Manager and the contractor</li> <li>• Good evidence that the use of early warning procedure/compensation events.</li> <li>• Contractor was completely open with costs and access to information</li> <li>• Absence of high levels of public criticism.</li> <li>• Good evidence to indicate that disruption</li> </ul>	Unsatisfactory	

Report	Draft Report Issued	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
			<p>to the local economy was minimized and that Tourist Information and retailers were consulted junction,</p> <ul style="list-style-type: none"> <li>• ECC form of contract encourages use of some good key controls.</li> <li>• However we found: <ul style="list-style-type: none"> <li>○ lack of guidance on choosing the form of contract to be used.</li> <li>○ room for improvement in the use of key controls.</li> <li>○ Room for improvement in measuring and outputs specified in the EU grant acceptance.</li> <li>○ Key risk, in a partnering contract of lack of available original documentation to support EU grant claims was not addressed.</li> </ul> </li> </ul> <p>And this last issue was the key driver resulting in us issuing an unsatisfactory opinion.</p>		
Communities First	August 2006	23	<ul style="list-style-type: none"> <li>• Communities First is a major flagship, Welsh Assembly Government programme, aimed at cutting poverty and helping to improve the lives of people who live in the poorest areas.</li> <li>• It is a long term</li> </ul>	Satisfactory	April 2007

Report	Draft Report Issued	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
			<p>programme and will run for at least ten years (from 2002)</p> <ul style="list-style-type: none"> <li>• Because of the time scale in and the probability of further changes to WAG guidelines it is premature to form an audit opinion on its success.</li> <li>• We have therefore, restricted the overall audit opinion on the <u>administration</u> of the scheme within the CF team</li> <li>• However we will re-visit the scheme in 18 months to assess progress that is being made at an operational level.</li> </ul>		
Council Tax & NNDR	October 2006	40	<ul style="list-style-type: none"> <li>• All refunds are independently authorised with checks made with the Housing Benefits section to ensure there are no outstanding arrears.</li> <li>• Bills for both CT &amp; NNDR were found to be sent out in a timely manner, prior to the start of the year.</li> <li>• Collections in relation to CT and NNDR had been posted to the relevant accounts within</li> </ul>	Satisfactory	April 2007

Report	Draft Report Issued	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
			<p>4 working days of the income being received.</p> <ul style="list-style-type: none"> <li>• The section has achieved the 2005/06 collection targets in both CT and NNDR.</li> <li>• However: <ul style="list-style-type: none"> <li>○ No check on single persons discount entitlement has been carried out for 2005/06 and currently no checks are being made to the electoral register.</li> <li>○ No formal agreement is in place between the Authority and the Recovery Company.</li> </ul> </li> </ul>		

3. I will be happy to deal with any points members wish to raise on these audits or if they wish produce fuller reports on selected reports to the next meeting.
  
4. Members will note that the list includes two audits where Internal Audit issued unsatisfactory opinions. I have in these cases opted not to put the full reports before members partly in light of management's responses and because I am aware that management has working groups addressing some of the key issues in respect :

- Procurement Procedures
- Project Management
- EU Grants

And these issues may be best brought before members when these groups have made no progress.

## **RECOMMENDATION**

5. That members **note** completion and key messages arising from the above audits.

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**Nyall Meredith**

**Chief Internal Auditor**

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Background documents:

Individual audit reports arising from the audits named in the body of the report and held within the internal audit division.