

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN THE COUNCIL CHAMBER, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON THURSDAY, 26 APRIL 2007 AT 2.15PM

Present:-

Councillor J C Spanswick - Chairperson

<u>Councillors</u>	<u>Councillors</u>	<u>Councillors</u>
D T Anderson	G Davies	R M Granville
D A D Brett	P A Evans	M C Wilkins
A E Davies		

Officers:

G Moss	-	Executive Director - Resources
N Meredith	-	Chief Internal Auditor
R Harries	-	Trainee Cabinet and Committee Officer
L O'Brien	-	Cabinet and Committee Officer

179 APOLOGIES FOR ABSENCE

Councillor W May	-	Hospital
Councillor M L Simmonds	-	Doctor's appointment

180 DECLARATIONS OF INTEREST

None.

181 MINUTES OF THE PREVIOUS COMMITTEE MEETING

RESOLVED: That the minutes of the meeting held on 21 March 2007 be approved as a true and accurate record subject to the following amendments:-

Minute 173 the addition of the resolution as follows

RESOLVED: That Committee

(1) Receives the report of KPMG.

(2) Notes its recommendations.

182 MATTERS ARISING

Regarding Minute 176 Members were informed that the follow up audit would take place in July 2007.

Regarding Minute 177, Members were advised that the report in question had not yet been received by CMB, but were assured that the contents of the report would be communicated to the Audit Committee at the earliest opportunity after this.

183 COMPLETED AUDITS

The Chief Internal Auditor presented the above report and the attention of Members was drawn to the list of completed audits.

With reference to Central Payroll, the Chief Internal Auditor pointed out that an unsatisfactory report last year has been followed up by substantial positive progress for this year, although the June 2007 Key Action Plan date was missing. It was also pointed out that the report represented a snapshot of the internal audits carried out prior to reorganisation of Payroll and HR.

Members requested clarification relating to three aspects:-

- tackling of overpayments
- refining audit logs
- monitoring honoraria payments

The Chief Internal Auditor responded that it relates to a small number of overpayments and the work that was being carried out within BCBC to refine the audit logs produced by the Trent System in order to create a more efficient in house system to highlight issues more effectively for managers. With regard to honoraria payments, it was pointed out that they had not been reversed upon completion of work in a small number of instances, which had in turn led to overpayments. This was being actively pursued.

In response to further questions, the Executive Director Resources and Chief Internal Auditor reiterated that the level of overpayments in the Council was very low whilst pointing out that their efforts to recover overpayments were an ongoing function and that they were not complacent over the issue. The Chief Internal Auditor clarified that each Directorate delegated the decision to make honoraria payments to different levels of management and that such inconsistencies will be addressed over time to develop a coherent system.

Members raised concerns over the issues raised by the audit of petty cash. It was also expressed that inconsistency existed regarding expenses and claiming back VAT. It was asked why VAT issues are not dealt with by every Department.

The Chief Internal Auditor advised that the amounts involved are in the hundreds and low thousands of pounds, which was an improvement on previous years. He also pointed out the necessity of presenting VAT receipts when making claims in that it is a requirement made by HM Revenues and Customs that all Council VAT claims to be backed up with receipted evidence.

Members asked why there are 119 petty cash accounts instead of a single petty cash account. The response was that each account relates to a different department or satellite office throughout BCBC. Although the current system is labour intensive it was highlighted that this and other flaws present in the petty cash system will be alleviated by the use of a new IT system and the pilot of the procurement card system.

The Executive Director acknowledged the problem of inconsistencies in work processes throughout the Council, as highlighted by some audits. He advised that efforts to develop standardised practices were ongoing but the final results would take a few years to complete due to the size and complexity of the organisation.

In response to questions regarding the audit into Fostering, the Chief Internal Auditor commented that management had arrived at similar conclusions to Internal Audit and were already engaged in proactive remedial measures. Also, the Care Standards Inspectorate for Wales (CSIW) has been deferred to as it represented a more efficient use of auditing resources and allowed CSIW expertise in the area to take precedence in order to avoid duplication of work.

RESOLVED: That the report be noted.

184 INTERNAL AUDIT CHARTER

The Chief Internal Auditor presented the above report the purpose of which was to highlight changes made to the Internal Audit Charter in accordance with best internal audit practice. Members' attention was drawn to the new Code of Practice amendments and the insertions/deletions left on the document.

Members welcomed the updated version, but expressed disappointment over the lack of explicit connection with the Corporate Improvement Plan (CIP). The Chief Internal Auditor and Executive Director both expressed the point that the CIP did not explicitly cover a number of support service areas in order to make direct connections as required by the report template; however it was noted that the CIP impacted directly on all aspects of the Authority's work.

Members requested that a larger format of the revised Charter be provided.

RESOLVED: That the revised Internal Audit Charter be noted.

The meeting closed at 3.00pm.