

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN THE COUNCIL CHAMBER, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON WEDNESDAY, 11 JULY 2007 AT 2.15PM

Present:-

Councillor J C Spanswick - Chairperson

<u>Councillors</u>	<u>Councillors</u>	<u>Councillors</u>
D T Anderson	P A Evans	M L Simmonds
D A D Brett	R M Granville	W H C Teesdale
G Davies	W May	M C Wilkins

Officers:

A Phillips	-	Assistant Director - Finance
N Meredith	-	Chief Internal Auditor
G Doak	-	Internal Audit
K Lucas	-	Computer Auditor
I Pennington	-	KPMG
R Fletcher	-	Assistant Director Architectural and Technical
A Roberts	-	Senior Manager Building Maintenance
R Dare-Edwards	-	Cabinet and Committee Officer
A Rees	-	Senior Cabinet and Committee Officer

191 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor A E Davies.

192 DECLARATIONS OF INTEREST

None.

193 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the meeting of the Audit Committee held on 31 May 2007 be approved as a true and accurate record.

194 MATTERS ARISING

Regarding Minute 188, Members were advised that the Section 106 report had not yet cleared CMB.

Regarding Minute 189, Members again raised the issue of the lack of involvement of Members in discussing Risk Management.

RESOLVED: That written responses be presented to the next meeting of this Committee on the Section 106 report and the involvement of Members in Risk Management.

195 NATIONAL FRAUD INITIATIVE

The Computer Auditor presented the report of the Chief Internal Auditor on progress on the Council's response to the Audit Commission's National Fraud

Initiative (NFI). Work to date had mainly concentrated on filtering the data and establishing cases for investigation. Considerable work had gone into filtering data into manageable parcels and setting up case files of the most promising matches for investigation. The Committee also was informed as to the status of the investigations on housing benefit matches and student loans.

The status of payroll related cases was outlined. Little of value had been achieved from the matching of creditor payments. Reports targeted at identifying duplicate payments affected the duplicate daily check of potential duplicate transactions that was already put forward within the Purchase Ledger team. In addition to those reservations the creditor matches had proved to be broad as a result of data quality issues, oversimplification, incorrect application of the Audit Commission's matching criteria and loose matching criteria.

In response to Members questions, the Assistant Director - Finance outlined the procedures for pursuing housing benefit fraud cases.

The Committee thanked the Officers from Internal Audit for the report on the National Fraud Initiative.

RESOLVED: The report on the National Fraud Initiative be noted.

196 COMPLETED AUDITS

The Chief Internal Auditor summarised the findings in respect of the following:-

- VOIP's Implementation
- Data Centre Management
- Building Maintenance

As the Audit of Building Maintenance had in the opinion of Internal Audit been unsatisfactory, the Committee received a full copy of the Audit Report and managers from Building Maintenance were in attendance at the Committee to deal with any points raised by Members.

The Internal Auditor summarised that the objectives of the Audit which were to evaluate control systems. He also summarised the Audit opinion which overall there was evidence that management were taking steps and making progress in monitoring performance and promoting improvement. Considerable progress had been made by Management in developing controls within the Department.

However, there are concerns over:-

- Use of contractors not on the Authority's Approved Vendor list, leaving the Organisation vulnerable to inadequate work and/or unsafe health and safety practices;
- Apparent non-compliance with Authority regulations in respect of obtaining competitive quotations with the risk of poor value for money and also possible challenges in respect of probity in the process;
- A need to improve project/job files to ensure that someone not involved in a project can ascertain that procedures have been followed;
- Results from a small sample files suggest that not all health and safety checks are undertaken by project/job supervisors;
- There was no evidence of value for money analysis at managerial or project level.

The practice of initially offering work to the DLO if within the capabilities of the department. This also raised concern regarding demonstrating value for money with the risk that management were ensuring there was sufficient work for the department taking a higher priority than ensuring value for money for the Client. Audit are assisting the management in its current work of developing framework contracts for suppliers. This project should address concerns over tendering/quotations from suppliers. However, given the current weaknesses in a controlled system Audit were of the opinion that the assurance given by existing controls were inadequate to address all key risks.

Officers from Building Maintenance responded to Members' questions on the issues raised by the Audit, particularly the use of contractors not on the Authority's Approved Vendor list. The Officers highlighted examples of where it was difficult to comply with the Council's Contract Procedure Rules and also examples of certain contractors used not signing up to Pre-Qualification Questionnaires.

The Officers gave assurances that improvements were being made in Building Maintenance, regular presentations and training had been given to staff and a quality assurance system was in place.

The Chief Internal Auditor thanked the Officers for their co-operation and openness during the Audit. He stressed however, that there was evidence of non-compliance with the Council's Rules and Procedures which had to be complied with.

The Committee thanked the Officers for their report.

RESOLVED: That a progress report on the Audit of Building Maintenance be presented to Committee.

The meeting closed at 4.07pm.