

**BRIDGEND COUNTY BOROUGH COUNCIL**

**REPORT TO AUDIT COMMITTEE**

**5 AUGUST 2010**

**REPORT OF THE HEAD OF PROPERTY & FINANCE**

**COMPLETED AUDITS**

**1. Purpose of Report .**

1.1 To summarise for Members the findings of the audits recently completed by the Internal Audit Division.

**2. Connection to Corporate Improvement Plan / Other Corporate Priority.**

2.1 Internal Audit's work impacts on the Corporate Improvement Plan and other corporate priorities

**3. Background.**

3.1 Internal Audit conducts reviews according to an annual audit plan and reports findings to Audit Committee.

**4. Current situation / proposal.**

4.1 Recently completed audits are summarised in the following table:

<b>Report</b>	<b>System Overview</b>	<b>Work Finalised</b>	<b>Audit Days</b>	<b>Key Messages</b>	<b>Audit Opinion</b>	<b>Key Action Plan Dates</b>
Payroll System	The Authority pays £140m to 7500 employees, including teachers, per year on a monthly basis.	June 2010	16	<p>The Transactional Team Manager has introduced training to address issues arising from the last audit. Clear segregation of duties was evident. Issues highlighted in this audit included a need for improved control over who can submit payroll related information and the inability of the computer system to provide a report of users with access permissions. There are some problems with reporting on transfers of staff as part of the restructuring of the Authority.</p> <p>There is continuing concern over the inability to find some older records of personnel on the Anite system or in paper files however the audit trail in respect of new employees and changes is adequate.</p>	Adequate	September / October 2010.
Housing Benefits	An increase in caseload of 15% to 16,000 in two years represents a challenge particularly	May 2010	19	The section continues to perform well against DWP standards and no significant issues were identified during	Substantial	N/A

	where the administrative subsidy from the DWP of 2% in the last year.			the audit.		
Pupil Referral Unit	The unit works with about 70 pupils with behaviour and / or attendance issues about half of which also attend a mainstream school. The unit reports to a Management Committee rather than a Governing Body	May 2010	15	Good controls were in place over health & safety and income collection. Suggestions were made to improve the terms of reference of the Management Committee and to document the pupil referral process	Adequate	June – November 2010.
Fuel	The Authority spends over £0.5m p.a. on diesel, petrol and gas oil using over 650k litres of fuel. Depots at Waterton and Bryncethin have pumps for supply to vehicles.	July 2010	14	There are good controls over high use vehicles, an area subject to previous fraud and best price for fuel is sought through the Welsh Purchasing Consortium. Recommendations have been made in respect of central usage monitoring, access controls over the computer system and documentation of faults in the fuel delivery system when they occur.	Adequate	July / August 2010
Fleet Services	Fleet Services spends some £3.5m p.a. on maintaining a fleet of vehicles and plant. An MOT service is also provided for checking and plating taxis.	July 2010	16	The service has good awareness of legislative requirements and good practice was identified in availability of vehicles. Recommendations were made in regards to	Adequate	July – November 2010

				progressing the Management of Road Risk Policy as recommended by the WAO in July 2009. We have also suggested the current system of car hire be reviewed.		
Corporate Anti Fraud & Corruption Strategy	The strategy is key to BCBC demonstrating its commitment to financial stability and control.	June 2010	3	Although adequate, the strategy needs to be updated to incorporate the Fraud Act 2006 and a fraud response plan needs to be developed. A report will be presented to Audit Committee in January 2011	Adequate	January 2011
Disposal Of ICT Assets	The Authority's move from owned to leased ICT assets resulted in a significant cost saving for the Authority. However a previous Audit Committee, sought assurance that before these assets were returned to the lease company, all data would be expunged from the hard drives. Although the audit initially focused on the physical disposal of devices (both leased and owned), it soon became apparent that	July 2010	28 days	The move to the Three Year Rolling Programme has been a positive one and has resulted in more controls over assets, especially with regard to the security of Authority data when assets reach the end of their operational lives.  At the start of the audit, there were a large number of (primarily older) devices recorded as being in use without encryption. However, the ICT Service Unit has committed considerable time and resource to resolving any inaccuracies with the	Adequate	July / October 2010

	the issue of encryption (especially in relation to mobile devices), required investigation because of the ease in which data could be accessed in the event of loss or theft of unencrypted devices.			asset register, tracking down unencrypted equipment and ensuring that it is either disposed of or secured. This is a very important initiative as the risk to the Authority relates to the information rather than the value of the equipment.		
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4.2 Members will note the opinion of limited assurance in respect of Purchasing Cards. An extract of the report is attached as Appendix A and management attendance at the committee has been requested.

**5. Effect upon Policy Framework & Procedure Rules.**

5.1 None

**6. Legal Implications.**

6.1 There are no legal implications

**7. Financial Implications.**

7.1 There are no financial implications regarding this report.

**8. Recommendation.**

8.1 That the Committee note the report.

**Allan Phillips**  
**Head of Property & Finance**  
**5 August 2010**

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**Background documents:**

Internal Audit reports relating to the above audits held within the Internal Audit Division.