

**BRIDGEND COUNTY BOROUGH COUNCIL**

**REPORT TO AUDIT COMMITTEE**

**9 December 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>
Creditors	In 2009/10 the Authority paid £148.5m via this system. Controls in the central system and Children's Directorate were examined.	November 2010	41	Payment by cheque now only accounts for 3% of the total value, the rest being via BACS. Recommendations were made to improve control over the BACS process and to remind schools of regulations.	Reasonable	January 2011
Recruitment & Selection	Between January 2009 and May 2010 there was recruitment to 1132 posts from over 29,000 applicants. On-line advertising and recruitment has reduced expenditure from £167k in 2007/08 to £133k in 2009/10	November 2010	23	There is good monitoring and review of recruitment decisions made by managers. HR is aiming to improve the system by introducing a recruitment and selection matrix. A number of recommendations which are relatively minor have been made to improve the system.	Reasonable	n/a
Staff Expenses	Approximately £1.06m was paid in 2009/10 for travelling, subsistence and mileage costs via computer and manual based claim systems. Line managers in the directorates are responsible for authorising claims	November 2010	25	There were a number of apparent inconsistencies in what has been authorised in respect of expense claims. Recommendations have been made to address these. The key recommendation is that HR should introduce documented procedures, guidance and training to line	Reasonable	April 2011

	according to BCBC policies and Human Resources pays the claims via payroll.			managers to ensure consistency in application of policies and provide an auditable trail of what is claimed.		
Support for Carers	The service provides advice and support to ease the pressure of being a carer. The Cabinet endorsed a carers strategy in May 2010.	November 2010	20	This is a service expected to grow in importance and the financial impact needs to be managed.	Reasonable	March 2011
Ynysawdre Swimming Pool	The pool opened in 2008. Income is approximately £500k and has a subsidy, net of capital charges, of £237k.	November 2010	17	Whilst there are good controls over cash handling and health & safety, we have concerns over purchasing procedures, health checks for gym users, business objectives and energy management. An 'invest to save' bid is currently being worked on. Management are also concerned over the current inadequacies of the chip and pin payment system.	Limited	Already completed except one (Feb 2011)
Pyle Swimming Pool	Income is approximately £250k and has a subsidy, net of capital charges, of £162.5k	November 2010	17	Good arrangements are in place for performance and budget monitoring, health & safety and cash receipting. There is a need to improve controls over procurement, security and health checks for gym users.	Reasonable	Already implemented except one (December 2010)

Dual use sports centres	Sports facilities are offered on a number of secondary school sites which are run jointly by the schools and Leisure Services. Total income is approx £87k with a net subsidy of £48k.	November 2010	10	Suggestions have been made to improve risk assessments and payroll controls.	Reasonable	December 2010
Inclusion Service	The overall aim of the Inclusion Service is to assist in ensuring the access of children and young people with additional needs to a high quality education, which is broad, balanced and relevant to meeting their individual needs. This was a joint review with the Centre of Excellence of the governance and compliance arrangements including grant funding conditions.	November 2010	33	Whilst the commitment and dedication of management to improving outcomes for children needs to be commended there is a general lack of compliance with BCBC policies and procedures.	Limited	Autumn 2010 – Spring 2011
Housing Options, Homelessness & Innovation	Costs of dealing with homeless people have risen from £50k (2005/06) to £750K (2009/10). Although a key function of the service is to help homeless people there	November 2010	15	Strengths include experienced leadership, co-operation with external organisations and initiatives for early intervention. However, we have concerns over the legality of financial assistance to clear rent	Limited	Most have been implemented or will be by March 2011.

	is an increased emphasis on the prevention of homelessness. E,g, Mediation between landlord and tenant.			arrears, payments for rent in advance and for bonds. The scheme if approved needs to demonstrate viability. There is also a need to check establishments used for accommodation for appropriate certificates.		
Foundation Phase Grant	The Welsh Assembly allocated the Authority £2.5m to support work in delivering the Foundation phase of primary education.	September 2010	10	Expenditure met the requirements of the grant criteria.	Reasonable	n/a
Unlocking the Potential of Special Schools Grant	The Welsh Assembly Government has given grants for the last 3 years to promote inclusion including developing links with mainstream schools. £52k was claimed in 2009/10	October 2010	3	The amount claimed is accurate and monies have been spent in accordance with the grant conditions.	Reasonable	n/a
Data Centre Power Supply	In order to maintain the business infrastructure, the Authority Data Centres are dependant on receiving a consistent supply of energy so that networks and systems are operational when required, and downtime	November 2010	8	The power infrastructure in Sunnyside House provides high availability and resilience. Recent upgrades have improved the facility and given the Authority the ability to expand operations there if required, to cost power usage and to	Reasonable	March 2011

	is minimised.			<p>determine whether future projects such as virtualisation actually produce savings and reduce carbon footprint.</p> <p>It should be noted that the much smaller secondary data centre, located in the Sunnyside Offices, is essentially a facility for business continuity and disaster recovery for Tier 1 servers and BCBC data only: primarily because the power supply to this site is limited.</p>		
Purchasing Cards	The Head of Procurement requested a review of the integrity of the purchasing card system. This included access controls, whether all users were authorised and that spend limits are appropriate.	November 2010	13	No significant issues were found which could have compromised the operation of the purchase card system. A number of recommendations have been made to improve controls over areas such as the physical cards, administration of the computer system and contact with the bank.	Reasonable	November 2010 – January 2011.
Purchasing Cards (Follow Up)	Purchasing cards have been introduced to realise savings in the procurement process. This was a review	November 2010	4	See 4.2 below and Appendix A	Limited	January 2010

	requested by the Chief Accountant to determine whether the use of cards could be expanded. It was also undertaken due to the previous audit report which gave limited assurance that all key risks were addressed.					
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4.2 Members will recall that the Purchasing Card system was discussed at Committee on 13 May 2010 where there was an audit opinion of limited assurance in respect of Purchasing Cards. In accordance with agreed practice we have undertaken a follow up review where again our opinion is that there is limited assurance that all major risks are addressed.

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. Equality Impact Assessment.**

6.1 There are no equality issues

**7. Financial Implications**

7.1 None.

**8. Recommendation.**

8.1 That the Committee note the report.

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**9 December 2010**

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**Background documents:**

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