

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

7th July 2011

REPORT OF THE ASSISTANT CHIEF EXECUTIVE - PERFORMANCE

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/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:

Report	System Overview	Work Finalised	Audit Days	Key Messages	Audit Opinion	Key Action Plan Dates
Payroll	The Transactional Team operating the Payroll system administers payments to over 7,500 staff each month. In 2010/11 expenditure on salaries exceeded £140 million.	June 2011	52 days	<p>The department has worked with ICT to enhance processes including implementing electronic payslips for 4,000 staff. BCBC is to pilot a real time system of providing information to HMRC from September 2012.</p> <p>Difficulty was encountered in obtaining evidence of adherence to recruitment procedures with instances whereby we could not find evidence of signed written statements of particulars qualifications and references.</p> <p>Having said that, overall, the system was felt to be well controlled with only a small number of other minor recommendations made. It was felt that improvements have been made on recent years' findings.</p>	Reasonable	July 2011

Sundry Debtors	<p>In 2010/11 the Authority raised 26,388 invoices and credit notes with a total net value of over £26m.</p> <p>Individual directorates raise the debts and the Finance service monitors payments.</p> <p>This review covered central controls and controls within a sample of departments.</p>	June 2011	27 days	<p>Finance is monitoring the system well from a central perspective. Adequate segregation of duties, appropriate treatment of VAT and general timeliness of raising invoices was evident.</p> <p>From those departments where testing was conducted, mostly minor points were noted. The main concern related to one department's lack of backing documents to support invoices.</p>	Reasonable	June 2011
Council Tax & NNDR	<p>There are approximately 60,900 council tax and 4,000 business properties subject to tax. Bridgend collects approximately £51m in Council Tax and £36m in business rates.</p>	June 2011	27 days	<p>Collection rates remain close to target for CT & NNDR.</p> <p>Strengths noted include the promptness of updating the system following notification from the Valuation Office and the robustness of the recovery process.</p> <p>Management has agreed to review the process used for the choice of bailiff used to pursue difficult debts.</p>	Reasonable	August 2011

Main Accounting	The main accounting system records the Authority's financial status enabling setting and monitoring of budgets and producing the statutory financial accounts.	June 2011	26 days	The system is well controlled. Areas of strength include the use of XL reporter to provide prompt and detailed budgetary information to departments. We have made suggestions in relation to completing evidenced reviews of bank reconciliations each month.	Substantial	N/A
Housing Options, Homelessness and Innovation Follow up	A report was issued in December 2010 which gave limited assurance that all key controls were controlled.	June 2011	7 days	The follow up review has established the key risks raised during the original audit have been addressed. This includes obtaining Cabinet approval regarding discretionary payments and confirming the legality and implications of rent and bond payments to private landlords. No significant recommendations were made as a result of the follow up.	Reasonable	N/A
Breakfast Clubs Grant	£402k was claimed by BCBC in respect of the Breakfast Initiative Grant which provides free breakfasts to schoolchildren.	June 2010	3	We are satisfied that the monies have been spent properly in accordance with the terms and conditions of the scheme. There are strong controls in place.	Substantial Assurance	None

Elections	A review of the draft claim for the Parliamentary Election of 6 th May 2010 was undertaken. Costs are reclaimed from the Ministry of Justice	June 2011	13 days	Effective controls over payments to those involved in vote counting and polling station duties, including tax deductions, were evident. Suggestions have been made to strengthen the audit trail for some transactions.	Reasonable	June 2011
Governance Review	A review was undertaken to identify the processes and policies that demonstrate consistency with the CIPFA/SOLACE framework on good governance as stated in the Annual Governance Statement.	April 2011	17days	Strengths in place include Quarterly Business Reviews (part of the Performance Management Framework), achievement of Charter status for Member Support & Development and a Leadership and Management Development Programme. Management has agreed to adopt a formal code of corporate governance in line with CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework'. This was considered at the Cabinet Meeting on 28 June 2011	Reasonable	July 2011
Children and Young People's Partnership	Funding is provided from the European Social Fund and is known as 'Cymorth'. This was some	May 2011	23 days	Comprehensive financial and performance reviews have been introduced but which need improved documentation of	Reasonable	July 2011

	£1.87m in 2010/11.			procedures. Assurance on CRB checks by partners should be improved.		
Inclusion Service Follow up	An audit finalised in December 2010 resulted in a limited assurance opinion. A revisit was undertaken to review progress on implementing recommendations	June 2011	6.5 days	Good progress has been made in improving controls and the majority of recommendations have been implemented. Recommendations have been made in respect to the employment of consultants.	Reasonable	June 2011
Inclusion Services Data Security	A review of compliance with corporate policies and procedures particularly in respect of portable media and protection of sensitive data was undertaken.	June 2011	20 days	Data security has been given significant attention and work is being undertaken to make all staff aware of their responsibilities. Recommendations have been made to the service and to ICT and HR to improve controls over training of staff on ICT policies.	Reasonable	October 2011
Maesteg Private Finance Initiative	A review of the ongoing contract for the operation of the Maesteg Secondary School Facility.	June 2011	10 days	The school and the Children Directorate are working effectively with the facilities management provider.	Substantial	N/A
Adoptions	This was an audit of the financial controls operating within the service	June 2011	19 days	There were no significant issues to report, although a common theme was the need to ensure updated procedures are in place.	Reasonable	N/A

4.2 Members are invited to raise any issues on these audits or to request the production of a fuller report at the next meeting.

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 Members note the report

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07/07/11

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Background documents

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