

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

25th April 2012

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 |
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| LSB Development Fund | The objective of the audit was to ensure that BCBC has complied with the terms and conditions of the grant. | Jan 2012 | 4.5 days | The conditions of the grant have been met; the grant monies have been used to fund the post of LSB Innovation and Development Manager. | Substantial | Not Applicable |
| Development Control | The objective was to review controls of the planning portal, the decision making process, application and appeals process and PI's. | Jan 2012 | 15 days | Controls were found to be good across the areas with recommendations made to improve the retention policy and segregation of duties for planning fees. The planning portal could not be audited but advice was given to management to ensure the portal does not expose the Authority to any risk. | Reasonable | Not Applicable |
| DRAIG | DRAIG is an information system used by social services. It contains personal and sensitive information regarding children and adults. | Jan 2012 | 18 days | Audit functionality is effective and access management is well controlled. Recommendations have been made regarding the SQL database used by the system. | Reasonable | March 2012 |
| Network Management | The ICT network covers all BCBC establishments and schools to enable effective access to systems and data. | Jan 2012 | 33 days | A number of strengths have been identified including logical access, vulnerability testing and improved security. We have suggested improvements to the process of notifying employees of Council policies. | Reasonable | August 2012 |

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| Server Virtualisation | This was an ICT project to implement virtual servers in replacement of dedicated physical servers. | Jan 2012 | 14 days | The number of servers needed has significantly reduced whilst also improving business continuity. Recommendations were made in respect of software vendors' compatibility and access reviews. | Reasonable | June 2012 |
| Leasing | The objectives of the audit were to ensure that the Authority obtains value for money from its leasing arrangements and those internal controls are present to ensure that associated risks are managed. | Feb 2012 | 17 days | Value for Money is being considered within the prepared business cases and payment controls ensure that duplicate and over payments are not made. Recommendations were made to tighten up the tender process to ensure a clear audit trail exists. | Substantial | Not Applicable |
| Carbon Reduction Commitment Energy Efficiency Scheme | The CRC EES is a mandatory government scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations, and applies to all organisations using more than 6,000MWh electricity per year. Participants in the scheme have to report their carbon emissions annually, and the first annual report was due in July 2011. Significant fines can be | Feb 2012 | 8.5days | The audit was carried out as a collaborative exercise between Bridgend Council and the Vale of Glamorgan Council, with the Energy Managers from both authorities participating in the audit review. In future years, the audit will be performed by the managers themselves, using the audit programme developed by Internal Audit which will be prepared and issued following conclusion of this audit. A number of strengths were identified including the footprint and annual report completed by the deadline, evidence packs were comprehensive | Substantial | March 2012 |

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| | imposed for non compliance or inaccurate reporting. | | | and well organised and IT data was complete, meaning little estimation had to be made. One recommendation was made relating to clarifying the methodology used to prepare some figures, as this was not always clear. | | |
| Emergency Planning | The audit reviewed compliance with the Civil Contingencies Act 2004 which details the Council's obligations in relation to emergency planning to enable the Authority to react promptly in the event of a disaster or major emergency to save life, property and the environment. | Feb 2012 | 15 days | The Authority is a member of the South Wales Local Resilience Forum and a test of the emergency plan has been undertaken with a lessons learned report produced. | Substantial | Not Applicable |
| Adult Residential Homes | The audit focused on the four adult residential homes that were in operation at the time of the audit. Collectively they have a budget of £2.1m and were providing care to over 100 service users either in the form of long term residential care or respite care. | Feb 2012 | 8 days | The audit identified that Home managers were actively managing their budgets especially their staffing costs by utilising existing staff to cover sickness etc. Managers were also fully versed in the Authority's Absence Management policies. However it was noted that some managers were undertaking absence management functions without having attended the corporate training. Also on a | Reasonable | February 2012 |

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| | | | | few occasions there were time delays before return to work interviews or absence review meetings were taking place. | | |
| Public Health | The audit reviewed work undertaken by the Environmental Health Food Safety Team in performing inspections, sampling and advice to businesses and consumers. | Feb 2012 | 20 days | Areas of good practice were identified in all areas tested and management control processes were working effectively. | Substantial | Not Applicable |
| Moving Forward Project Security Review Follow Up | A review of data security in this Youth Services project was undertaken due to a limited report in 2010/11. | Feb 2012 | 3 days | Previous recommendations made have been implemented. A recommendation has been made to ensure project documentation, including grant conditions is stored appropriately. | Reasonable | Implemented |
| School Meal IT Application | The majority of primary schools use a spreadsheet based system to record school dinner monies. | Mar 2012 | 7 days | The software was found to be in need of update. Management has decided to replace the system. | Limited | July 2012 |
| Pen y Fai Primary School Project | A review of the project management controls within this project was undertaken. | Mar 2012 | 13 days | Suggestions were made regarding the risk register and the costing of risks. | Reasonable | March 2012 |
| CRB Checks | The objective was to ensure that the Authority has appropriate and effective controls in | March 2012 | 46 days | BCBC policy has adopted best practice of undertaking three yearly renewals for all posts requiring a check and the | Limited | April to June 2012 |

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| | place to ensure that BCBC service users are safeguarded and that both code of practice and legislative requirements are being complied. | | | Authority has a dedicated CRB Team in place. Testing demonstrated that new starters have the necessary checks in place. There is still an expectation gap between the responsibility of the CRB Team and that of Managers /Head teachers Also, positive disclosures were found to have been retained longer than necessary and testing indicated that a number of CRB renewals were out of date. No systematic process of follow up or escalation when forms are not returned is in place. | | |
| Corporate Energy & Water Management | The Authority spends in the region of £3.5m per year on energy and water supplies. There has been an increase in legislation which impacts on the Authority including CO2 reduction targets. | Mar 2012 | 23 days | A number of initiatives have been implemented to improve management of usage. Recommendations have been made to update the corporate energy policy and use this to inform the action plan to make best use of resources. | Reasonable | December 2012 |
| GCSX Compliance | A review of the Authority's compliance with the Government Connect Secure Extranet was undertaken | Mar 2012 | 4 days | There have been no significant changes since an external review in 2011. One control classified as partially compliant needs to be revisited by ICT. | Substantial | June 2012 |
| Data Security on Track Team | A review was undertaken on controls over personal data, use | Mar 2012 | 14 days | Physical security of paper based information was appropriate and data on laptops | Limited | Immediate |

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| | of portable media and compliance with policies | | | was secure. Improvements were needed in respect of training and the use of portable media. These are noted to be corporate wide issues. | | |
| Highway Maintenance & Street Lighting | This review included maintenance arrangements in house and with external organisations | Mar 2012 | 6 days | Good practice was noted in staff flexibility and insurance claim defence. Recommendations were made in respect of the street lighting contract and invest to save information. | Reasonable | July 2012 |
| Bridgend Association of Voluntary Organisations | BCBC spends over £300k per year with BAVO in respect of projects funded by the Welsh government and BCBC itself. This review sought assurance that monies were appropriately spent and accounted for. | Mar 2012 | 12 days | Reports were issued to each directorate and BAVO itself. BAVO financial records were found to be maintained with an effective audit trail. Recommendations were made in respect of contracts / service level agreements and improved communication between the parties. | Reasonable | Immediate |
| 2e2 | A review was carried out by PWC of the IT controls at the COA Financial System provider on behalf of the user group including BCBC. | Dec 2011 | N/A | The review found a generally well controlled environment in place at 2e2. | Reasonable | Not Applicable |

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| Supported Transport Routes | The objective of the audit was to ensure appropriate methods were being used for appointment of transport contracts and that ongoing performance takes place. | March 2012 | 14 days | <p>The following issues were identified:</p> <ul style="list-style-type: none"> • It was not made clear in the tender pack that data relating to passenger numbers and income from fares and concessionary travel is available to contractors on request. This situation could be construed as providing an advantage to existing contractors. • Reliance is currently placed on the work of the Traffic Commissioner in relation to verifying the validity of the Operators licenses and continued insurance cover held by the contractors. | Reasonable | March 2012 |
| Treasury Management | Treasury Management is the Authority's handling of financial matters through the effective management of its cash flows, its banking, money market and capital market transactions and the complex strategies, policies, and procedures of corporate finance. | March 12 | 6 days | During the audit strengths and areas of good practice were identified in all areas tested. The Auditors reported that no key issues were identified during the Audit which need to be addressed | Substantial | Not Applicable |

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| Housing Benefit | During the year ended March 2011 gross expenditure on Housing and Council Tax Benefits was £53,047,915. For 2011/12 this has been estimated at £56,200,756. Due to the present economic climate the number of claimants has increased significantly in recent years. Present case load is approx. 16,800 compared with 13,800 in 2008. | February 12 | 20 days | No key issues or weaknesses in control were identified as part of the audit. A small number of minor issues and one off lapses in control were identified. | Substantial | Not Applicable |
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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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Background documents

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