

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM 2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON THURSDAY, 3 NOVEMBER 2005 AT 2.15PM

Present:-

Councillor A E Davies - Chairperson

Councillors

Councillors

D A D Brett

M L Simmonds

G Davies

J C Spanswick

R M Granville

W H C Teesdale

W May

Officers:

Mr L M James - Deputy Chief Executive - Executive Director Resources

Mr N Meredith - Head of Internal Audit

Mr I Pennington - KPMG

Mr M Galvin - Senior Cabinet/Committee Officer

53 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting dated 25 August 2005, were accepted as a true and accurate record, subject to the resolution of Minute 49 being amended to read, "that a report be submitted to a future meeting of the Committee", rather than the next meeting as is stated.

There were however two further issues in the minutes that Members wished to be expanded upon.

Firstly, in relation to Minute 48, Members emphasised that the issue regarding Housing Benefit needed to be subject of a further report to be brought before a future meeting of the Committee.

Secondly, in relation to CRB checks, the Deputy Chief Executive - Executive Director Resources advised Members that the Assistant Director Human Resources was preparing a report on this topic, which would be submitted to Cabinet in the foreseeable future.

The report to Cabinet would be largely based on the report submitted to the last Audit Committee, with further information included therein as deemed appropriate by the Lead Officer(s).

54 APOLOGIES FOR ABSENCE

Councillor P A Evans who was on holiday.

55 NON-ATTENDANCE DUE TO OTHER COUNCIL BUSINESS

Councillor J H Tildesley who was attending a meeting in Maesteg.

56 DECLARATIONS OF INTEREST

None.

57 COMPLETED AUDITS

The Deputy Chief Executive and Executive Director - Resources submitted a report, which summarised completed Audits undertaken in relation to the Youth Offending Team and Creditors Core System.

The Head of Internal Audit advised that in respect to the report of the Youth Offending Team, the first four bullet points under the heading key messages were deemed to be high risk, while the second four came under the category of low/medium risk. He added that in the conduct of the Review, he had been impressed by the motivation shown by the Youth Offending Team and by the self assessment work on their systems.

There were resource issues within the Section, however, these had been assisted through Partnership Groups, resulting in the funding of a post of further Manager in the team. Discussions were also ongoing for increased funding for next financial year.

The Head of Internal Audit added that all the recommendations arising from the Audit had been addressed, aside from a starting date for the above mentioned new employee.

Members suggested that areas such as the Youth Offending Team required to be examined more frequently than on an annual basis, in view of complications that can arise with partnership arrangements such as that of funding, as highlighted today.

In relation to the Creditors - Core System Audit, the Lead Officer highlighted that the recent problems experienced in the Section although being potentially serious and high risk, were found to be of an isolated nature, where the incident arose due to a discrepancy made between a stock of cheques and spreadsheets controlling them. A procedure had since been introduced where regular management checks had been put in place, to ensure that a repeat of this mistake does not take place.

Members requested for future such reports on Completed Audits, that an extra column is included in the table, bearing information which details how long each Audit has taken, broken down to include the number of days devoted by persons conducting the Audit.

RESOLVED: That the report on Completed Audits be noted.

58 CIPFA GUIDANCE ON AUDIT COMMITTEES

The Deputy Chief Executive and Executive Director - Resources submitted a report on the above matter.

The report firstly advised that the further guidance from CIPFA on Audit Committees in local government (England and Wales), had been further delayed, but was however expected shortly.

Secondly, the Chairperson and Head of Internal Audit had recently attended an IPF (CIPFA's commercial arm) workshop entitled "The Role and Operation of an Audit Committee".

The Chairperson stated that arising from the workshop, it was both pleasing and interesting to note that as a Committee in terms of Audit, the Authority were further down the road when compared to other authorities. The workshop itself however was of questionable quality wherefrom a minimum of relevant information had been derived. A number of small points recommended by the workshop were:-

- (i) Encouraging co-opted Members for Audit Committee;
- (ii) Reducing its size to around four Members;
- (iii) Encouraging partnership working with other bodies e.g. Scrutiny Committees.

The Chairperson added that an option to reduce the size of our Audit Committee was difficult to seriously consider for political balance reasons, given the current political structure of the Council.

It was acknowledged that when the further guidance from CIPFA was eventually received, then this would be a suitable time to look further at issues such as forms of in-house partnership working i.e. with other groups such as Scrutiny, further examination of the Committees terms of reference and a self assessment checklist.

A concern was raised over advice given at the workshop, i.e. that the Chairperson should meet annually with the Chief Internal and External Auditors, in closed session to discuss certain issues. However CIPFA had clarified that this recommendation only applied 'if necessary'.

The Officer from KPMG advised that when the Statement of Internal Control 2005/06 is considered at a future date, some of the key issues discussed on the item currently being debated, would fit into this Statement and give some indication on the process surrounding how the Audit Committee will operate in the future.

- RESOLVED:**
- (1) That the delay in publication of CIPFA's further guidance be noted.
 - (2) That the information given to the Committee by the Chairperson and Head of Internal Audit as a result of the IPF Workshop they recently attended, also be noted.

59 **INTERNAL AUDIT CHARTER**

The Deputy Chief Executive and Executive Director - Resources submitted a report, which attached at Appendix 1, the Council's Internal Audit Charter which had undertaken minor changes to reflect the :-

- Accounts and Audit Regulations (Wales) 2005;
- Change of appropriate Director's title.

Following a brief discussion that ensued on the content of the report and attachment, it was

RESOLVED: That Committee endorses the changes to its Internal Audit Charter.

60 AUDIT REPORT - CORPORATE IMPROVEMENT PLAN 2005/08

The Deputy Chief Executive and Executive Director - Resources submitted a report, upon the Audit Report on the Council's Corporate Improvement Plan 2005/08, previously considered by both the Cabinet and full Council.

The Officer from KPMG advised that following examination of the Plan, it had been deemed satisfactory in relation to its content.

There were two main issues that had been identified and examined, namely the Corporate Cultural Review and Children's Services. A number of issues on the Cultural Review had been identified by the Wales Audit Office as being required to be resolved, so as to facilitate performance improvement. An Action Plan had been drawn up to deal with these. The comments of the Audit Report in relation to Children's Services, as identified in the Corporate Improvement Plan, had been made on the understanding that the concerns highlighted by the Social Services Inspectorate for Wales with regard to securing performance improvement in this area of work, had or were being/going to be acted upon. These areas would be the subject of further examination, so as to gauge their progress in the Audit planned for 2005/06.

There would be an update on the Cultural Review at Council at the beginning of the next calendar year.

A Member present wished it recorded, that he was concerned with Recommendation 6 (R6) of the Audit of the Corporate Improvement Plan entitled Cascading of CIP. He considered that this was not just an information passing exercise and that the cascading of such information, should be more positive and robust, via shared ownership methods and more clear objectives.

The Deputy Chief Executive and Executive Director - Resources highlighted the importance of the Performance Management Framework, which when introduced and up and running next year, will assist staff in defining clearly links between objectives, service plans, budgetary issues, performance indicators and targets, etc.

It was suggested that recycling of resources needed to be more identified and quantified, and processes in place to ensure this so as to obtain efficiency savings. This issue it was considered could be looked at as part of the Committee's Forward Work Programme.

It was suggested that assistance in the monitoring of the Action Plan of the Corporate Improvement Plan could be given by the Audit Committee, and that therefore, the Committee should have regular updates on such Action Plan.

It was also agreed that updates on other important areas of work, particularly areas of concern, should be made at more regular intervals, and placed as quarterly agenda items.

RESOLVED That the report be noted.

61 FORWARD WORK PROGRAMME

The Deputy Chief Executive and Executive Director - Resources submitted a report on the Committee's Forward Work Programme.

The report advised that two main themes relating to this Work Programme would be discussed at the next scheduled meeting of the Committee, namely:-

- The Statement of Accounts and Relationship Manager's Letter for 2004/05;
- Management's initial plans for the preparation of the Statement of Internal Control for 2005/06.

The Head of Internal Audit advised Members, that the Chief Accountant would be invited to the next scheduled meeting, to speak on the items identified in bullet point 1 above.

This it was explained, would commence a series of interviews with key members of staff involved in service areas that Committee feel should be examined, for whatever reason.

The Statement of Internal Control would include information on the budget preparation process, while the Relationship Manager's Letter would include an input from KPMG on this same topic, for the Audit Committee to examine.

Future reports it was agreed, would therefore be presented to forthcoming meetings on the budget preparation, Partnership Working and the Cultural Review (and the Audit Committee's role in relation thereto).

RESOLVED: That the report be noted.

The meeting closed at 3.35pm.