

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM
2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON THURSDAY, 26 OCTOBER 2006
AT 2.15PM

Present:-

Councillor J C Spanswick - Chairperson

Councillors

Councillors

D T Anderson
G Davies
P A Evans
R M Granville

W May
M L Simmonds
W H C Teesdale
M C Wilkins

Officers:

A Phillips - Assistant Director - Finance
J Smith - Chief Accountant
N Meredith - Head of Internal Audit
G Lloyd - KPMG
I Pennington - KPMG
A McQuaid - Welsh Audit Office
R Harries - Trainee Cabinet and Committee Officer

141 APOLOGIES FOR ABSENCE

Councillor D A D Brett - Prior engagement

142 NON-ATTENDANCE DUE TO OTHER COUNCIL BUSINESS

Councillor A E Davies

143 DECLARATIONS OF INTEREST

None.

144 PRESENTATION FROM KPMG - AUDIT OF ACCOUNTS 2005/06

G Lloyd and I Pennington of KPMG jointly gave a presentation on the above subject, which covered the following points.

- This presentation fulfilled the auditor's responsibilities under International Standard on Auditing ("ISA") 260, regarding the matters they are required to report to those charged with governance.
- Analysis of Accounts
- Assets and Liabilities (including Pension liabilities)
- Revenue Reserves
- Council Tax and NNDR collection. Council Tax collections had improved over 2004/5. NNDR was better overall, but the current amount outstanding had slightly worsened.
- Revenue Reserves, including overspends in certain directorates, which needed to be closely monitored as both the 2005/6 deficit and any underlying problems needed to be dealt with.

- Consolidated Revenue Account
- Audit Issues and Adjustments, such as
 - writing off old balances no longer due
 - inaccurate valuation of Ynysawdre Swimming Pool
- Representation letter – which was to be signed by the Assistant Director – Finance, after discussion with the Audit Committee. This dealt with issues such as the authority’s compliance with laws and regulations, fraud and related party transactions, and was required under Auditing Standards.
- There were no unadjusted audit differences to report
- Statement of Internal Control
 - The process has been well performed and bought into at the highest level
 - The Statement is very personalised to Bridgend, is interesting and informative.
 - It has been reviewed by the Audit Committee at a previous meeting.
- Use of Resources Opinion
 - A more formalised opinion will eventually be incorporated into the financial statements in future audits.
- There are positive signs in comparison with last year. The Authority has a number of issues and plans in progress at the moment (e.g. the flagship projects and the current corporate improvement plan) but now needs to deliver on these plans in order to move forward.
- Other issues have arisen this financial year but are not on the list, as the report is dealing with the previous financial year
- What next?
 - Relationship Manager’s Annual Letter
 - Regulatory plan for 2006/07
 - Accounts signing process

Members raised concerns that property valuations were too infrequent to reflect any changes in the property market. The Assistant Director - Finance outlined the process concerning the recording of assets and liabilities, noting that whilst property was valued for the accounts every five years, this was updated on a yearly basis.

Members expressed unease regarding the potential liabilities regarding pension costs, noting that the amount of increased payments required was decided by actuaries. It was noted that this figure was a recommendation, rather than an instruction, and there was some flexibility regarding the period of time the increased payments could be made over, if not the amount. The Head of Internal Audit noted that in speaking to actuaries and taking their advice, the Authority was taking steps to control the risk posed. It was agreed that the inclusion of pensions information in the accounts was a positive step.

Members noted that, whilst further issues might arise in the future, processes were in place to deal with such issues and minimise the associated risks. It was further noted that the auditors had acknowledged the process of change currently being undertaken and recognised that problems were being addressed.

Concerns were raised regarding the two directorates who were in deficit (Community and Learning). It was noted that the funding received by each directorate was based on a political decision, which Directors may have little input into. It was agreed that difficult decisions for Councillors lay ahead.

It was noted that this item had been included on the agenda in error, as the minutes had already been approved at a previous meeting.

146 FINAL STATEMENT OF ACCOUNTS 2005/06

The Assistant Director - Finance presented a report on the above subject. The Statement of Accounts was attached at Appendix 1. The Final Representation to KPMG was attached at Appendix 2.

RESOLVED: That Members:-

- (1) Note the final updated Statement of Accounts 2005-06.
- (2) Note and agree the Final Letter of Representation to KPMG.

Alistair McQuaid, the new Relationship Manager, introduced himself to the Committee.

The meeting closed at 3.35pm.