

MINUTES OF A MEETING OF AN AUDIT COMMITTEE HELD IN COMMITTEE ROOMS
1/2, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON WEDNESDAY, 5 MARCH 2008
AT 2.15PM

Present:-

Councillor J C Spanswick - Chairperson

Councillors

D T Anderson
D A D Brett
G Davies

Councillors

P a Evans
R M Granville
W May

Councillors

M L Simmonds
W H C Teesdale
M C Wilkins

Officers:

G Moss - Executive Director - Resources
K Lucas - Computer Auditor
G Doak - Group Auditor
A McQuaid - Welsh Audit Office Relationship Manager
C Griffiths - KPMG Manager
L O'Brien - Cabinet and Committee Officer

230 APOLOGIES FOR ABSENCE

Apologies were received from:-

Councillor A E Davies - Holiday
A Phillips – Assistant Director - Holiday
Finance
I Pennington - KPMG
N Meredith - Chief Internal Auditor

231 DECLARATIONS OF INTEREST

None.

232 MINUTES OF PREVIOUS MEETINGS

RESOLVED: That the minutes of the meeting of the Audit Committee held on 24 January 2008, be confirmed as a true and accurate record subject to the amendments that Councillor M L Simmonds was present and that Councillor P A Evans was on other Council business

233 CHAIRPERSON'S ANNOUNCEMENT

The Chairperson announced the deaths of Councillor D A D Brett's son and that of the former Mid Glamorgan Councillor Ted Hughes CBE. As such, he requested a minute of silent reflection which was duly carried out by those Officers and Councillors present.

234 WALES AUDIT OFFICE RELATIONSHIP MANAGER'S DRAFT REGULATORY PLAN

The Wales Audit Office Relationship Manager presented the Draft Regulatory Plan and explained to the Committee the definition of the year references. He also made the Committee aware of the small increase in the cost for the provision of auditing fees from £386,660 to £395,169.

The KPMG Manager clarified the remit of KPMG in that most of their auditing work was fixed by their statutory responsibilities. She also explained to Members the risks identified in the Draft Regulatory Plan and their efforts to work with Departments and Internal Audit in the evaluation and assessment of risk. She also highlighted the Local Performance Work planned for the coming year in relation to risk management processes, fraud and corruption, financial pressures, auditing the Corporate Improvement Plan and the nationally mandated study on Child and Adolescent Mental Health Services.

Members requested clarification of the 1% efficiency gains made by KPMG. The Wales Audit Office Relationship Manager explained that the work of the external auditors is scrutinised both internally and externally and that any efficiency savings ensure that output quality is maintained. The Executive Director – Resources explained further that the fees charged for the external auditing are always reviewed by the Authority and that the liaison between senior management and KPMG was robust and frank on all issues.

Members queried the issue of risk and requested clarification as to how they are assessed. The Wales Audit Office Relationship Manager explained that KPMG liaised closely with the Risk Management Group (RMG) to assess and manage risks that have been identified within the joint risk Assessment (JRA). He pointed out that the JRA is updated throughout the year on a periodic basis to reprioritise risks. The Executive Director – Resources responded to the Members' query regarding the number of Councillors that sat on the RMG by indicating that this issue had been raised previously in the Audit Committee and the answer remained the same as before in that no Councillors were part of the RMG. He confirmed that this had not always been the case, but it was the current situation that no Councillors sat on the RMG.

Members queried as to why highways were not included in the Draft Regulatory Plan as an area of risk. The Wales Audit Office Relationship Manager explained that it had been identified within the Annual Audit Letter and was part of KPMG's work on asset management generally. He confirmed that the Asset Management Group would be receiving the report from KPMG over the coming weeks and that outcomes would be brought to the Audit Committee in due course.

In terms of work carried out this year, the Wales Audit Office Relationship Manager explained that under asset management, both highways and buildings have been looked at by KPMG, along with Performance Management, the Leisure Services Strategic Review and support for the work of RMG. The forward work programme for external audit (2008-09) indicated a number of areas such as Performance Management, Management Development, Sustainability and Equalities, School Modernisation, Support for Members' Roles, Efficiency Savings and Follow Ups.

In terms of Management Development, the Wales Audit Office Relationship Manager explained that this was complimentary to the work on Performance Management and related to the HR function of the Authority and reviewing deficiencies in skills amongst all HR staff. Members pointed out that HR was a recurring area of concern and requested clarification of how KPMG would be tackling this flagship project. The Wales Audit Office Relationship Manager

explained that the external audit role has identified the risks previously and would be assessing how they are being addressed in HR.

On the issue of Sustainability and Equalities, Members asked whether or not concentration on systems detracted from actual performance. The Wales Audit Office Relationship Manager explained that KPMG looked at corporate level issues and focused on the delivery of services through robust evidential study. The purpose is to assess whether or not the systems are improving performance.

The Wales Audit Office Relationship Manager explained that School Modernisation audit was aimed at assessing the ways in which the Authority was addressing the issues of asset conditions and investment. Members asked whether this information gained would be fed back to the Welsh Assembly Government to help with their appreciation of the school modernisation issue. The Executive Director – Resources explained that the Educational Asset Management Plan is always made available to them. The Wales Audit Office Relationship Manager explained that KPMG would be identifying alternative additional resources and assessing how current resources are managed and utilised.

In relation to Support for Members' Roles, the Wales Audit Office Relationship Manager explained that the work of KPMG would link with Quarterly business Reviews and would feed into the scrutiny function of the Authority as well as the work related to the Corporate Culture Review. Members were keen to point out that the work of audit should consider the full and wide ranging roles undertaken by Councillors. They also added that the Cross Cutting Overview and Scrutiny Committee had highlighted this issue in order to raise the profile of Members in Bridgend in relation to Officers and the Public.

The Wales Audit Office Relationship Manager explained the identification of Efficiency Savings and indicated that the WAG imposed 2.5% planned efficiencies would be reviewed by KPMG as part of a thematic approach to highlight the pressures faced by the Authority.

In terms of Follow Ups, the Wales Audit Office Relationship Manager indicated that the work of KPMG would relate to how Action Plans have been implemented and would be tailored for each Department.

The Wales Audit Office Relationship Manager also highlighted the Local Government Studies being carried out that linked with the work of KPMG in Bridgend. He also pointed out the other regulatory activity from CSSIW due to take place in Bridgend in Autumn 2008.

RESOLVED: The Members noted the report.

235 COMPLETED AUDITS

The Group Auditor and Computer Auditor presented the report on Completed Audits. The Group Auditor expanded upon the work carried out on the Bridgend Fast Track Stairlift Grants, explaining that it was part of the Disabled Facilities Grant function in partnership with Care and Repair. He concluded that the outcome of the internal audit was satisfactory. Members were pleased with the progress and commended the efforts of Internal Audit. The Group Auditor explained that the number of stairlifts fitted in a year could be provided to the Committee at a later date. The Executive Director – Resources explained that the fast track process was

designed to deal with the DFG delay issue and that Bridgend represented a good exemplar to other authorities and officers would seek to improve still further.

The items on Democratic & Admin Sections (follow up), Registrar's Audit (follow up) and Member Services (follow up) were noted by Members given the satisfactory position provided by Internal Audit.

The Computer Auditor introduced the item on the Statement of Particulars of Employment (follow up) and explained that the report from Internal Audit was deferred until HR reorganisation was completed. The Executive Director – Resources explained that HR centralisation and reorganisation had been dealing with a range of concerns and that the cultural change was a gradual rather than rapid process. However, he assured Members that HR was going in the right direction and that momentum was being maintained with concern still being expressed terms of staff training and management issues.

RESOLVED: The Members noted the report.

236 AUDIT STRATEGY

The Group Auditor presented the report and explained that it indicated the rationale for internal Audit undertaking its chosen investigations based on the CIPFA Code of Practice. He explained that Internal Audit regularly review and reprioritise their objectives to reflect the recognised risks facing the Authority and to take into account the concerns raised by external auditors. He explained that the plan would be discussed with Directors and Heads of Service in advance of July 2008 and would be presented to the Audit Committee in September 2008. He concluded that the attached Appendix provided an overview of work undertaken and proposed by Internal Audit. The Computer Auditor explained that the Audit Strategy was intended to remain flexible to accommodate eventualities.

Members requested information on the Procurement Card Scheme and the Group auditor explained that the pilot scheme would be looked at over the coming year. He also indicated that best practice is always sought and shared by Internal Audit with other local authorities, especially in relation to auditing of Revenues, Social Services, IT and Education. The Executive Director – Resources explained that Bridgend currently took the lead in the Shared Services Project in Wales for Internal Audit and has already benefited the Authority in terms of best practice and training in audit IT programmes.

RESOLVED: The Members noted the report.

Meeting ended at 3.53pm.