

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN THE COUNCIL CHAMBER, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON THURSDAY, 28 OCTOBER 2010 AT 2.00PM

Present:-

Councillor E Dodd - Chairperson

<u>Councillors</u>	<u>Councillors</u>	<u>Councillors</u>	<u>Councillors</u>
C Davies	P A Evans	T Hacking	C Westwood
G C Davies	M Gregory	M Reeves	R E Young

Officers:-

H Smith	-	Chief Internal Auditor
G Doak	-	Group Auditor
I Pennington	-	Audit Director - KPMG
A Rees	-	Senior Democratic Services Officer - Committees

129 APOLOGIES FOR ABSENCE

Apologies were received from the following Member and Officer:-

Councillor M Wilkins	-	Unwell
A Phillips – Head of Property & Finance	-	Other Council Business

130 DECLARATIONS OF INTEREST

The following Member then declared an interest in the under mentioned item so listed:-

Councillor G Davies	-	Agenda Item 4(iv) – Completed Audits – Councillor Davies declared a personal interest in the completed audit of the Arts Service as his daughter is employed in the Arts Service and withdrew from the meeting whilst this item was considered.
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131 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the meeting of the Audit Committee held on 16 September 2010 be approved as a true and accurate record subject to the initial 'C' being deleted from the name of Councillor G Davies in the list of Members present.

132 AUDIT COMMITTEE – INTERNAL AUDIT'S MANAGEMENT INFORMATION SYSTEM (APACE)

The Committee received a demonstration by the Chief Internal Auditor of the newly implemented management system for Internal Audit. Internal Audit had recently procured a management system – Audit Planning and Control Environment (APACE) which is designed to provide for the full automation of all

aspects of audit into one integrated piece of software, the key benefits of which are improved planning, better control and greater efficiency.

The Chief Internal Auditor demonstrated the functionality of the system which had seven main processing divisions:

- Staff Records,
- Time Records,
- Job Records,
- Recommendation details,
- Planning Model,
- Risk Matrix,
- Annual Plan.

The Committee received copies of the screens available within the APACE system together with a brief explanation of the system.

The Chief Internal Auditor confirmed that the system would show the reasons for an audit exceeding the number of days planned. She also confirmed that a number of audits had gone over budget attributable to staff vacancies.

The Chief Internal Auditor informed the Committee that all audit staff had embraced the APACE system.

The Committee thanked the Chief Internal Auditor for an informative presentation which demonstrated the APACE system.

RESOLVED: That the Committee noted the appropriateness of the system.

133 **INFORMATION AND ACTION REQUESTS BY COMMITTEE**

The Chief Internal Auditor submitted a report summarising the actions and requests made by the Committee. She informed the Committee that the follow up report on the issue of Purchasing Cards would be submitted to the next meeting of the Committee. The position statement from Human Resources on personnel records had been delayed but would be submitted to the next Audit Committee meeting in December.

Members also requested that the Assistant Chief Executive Corporate Development and Partnership be requested to provide an update on the job evaluation project.

RESOLVED:

- (1) That the Committee noted the report.
- (2) That the Chief Internal Auditor update the information and actions request by Committee to reflect their requirement that an update report be presented by the

Assistant Chief Executive Corporate Development and Partnerships on the job evaluation project.

134 AUDIT COMMITTEE – PROGRESS ON THE PILOT SHARED SERVICE ARRANGEMENT FOR CHIEF INTERNAL AUDITOR WITH VALE OF GLAMORGAN COUNCIL

The Chief Internal Auditor presented a progress report on the temporary shared service arrangement of the Chief Internal Auditor with the Vale of Glamorgan for an initial period of up to one year.

The Chief Internal Auditor informed the Committee that the arrangement had now been operational for almost ten months and is working well. She explained that her time was managed between the two Councils based on a 50:50 split and she remained contactable by the staff of both Councils on days allocated to work at the other Council in the shared service arrangement. She commented that she had received a warm welcome from staff and staff had been shared between the two authorities on audits where they had previous experience of conducting similar audits. She informed the Committee that the Chief Executives of the two authorities had requested that she explore the options of bringing together a uniformed shared service for the two authorities with a view to realising efficiencies across the service and which will set the scene for further collaboration.

RESOLVED: That the Committee noted the report.

135 COMPLETED AUDITS

The Group Auditor presented a report the purpose of which was to summarise the findings of audits recently completed by internal audit.

He advised that reasonable assurance had been given in respect of the audit of the Sundry Debtors system but that the segregation of duties in some teams of the authority could be improved.

Reasonable assurance had also been given to the review of grant made to the Local Service Board by the Welsh Assembly Government.

He informed the Committee that there had been an audit presence at the presentations made on E-Procurement to system users in order to provide the audit viewpoint to users' roles and responsibilities and to discuss the risks associated with the system and the controls expected to be put in place within Departments.

He reported that reasonable assurance had been given to the review of bar operations at the Bridgend Recreation Centre with minor recommendations made to enhance stock control movements. He stated that the operation is making a gross profit.

He informed the Committee that reasonable assurance had been given to the review of a grant awarded to promote joint working in small schools. Reasonable assurance had also been given to the review of a DCELLS Development Grant by the Welsh Assembly Government for advice, resource and to improve outcomes by developing teachers' skills, with match funding being provided by the Council. Reasonable assurance had been given to the audit of unlocking potential in special schools grant.

He reported that substantial assurance had been given to the audit of Breakfast Clubs Grant.

He informed the Committee that reasonable assurance had been given to the review of the Arts Service. He indicated that a number of issues identified in the 2008/09 had not been rectified in that there was no approved strategy in place. However, a new management structure has been implemented, and there was evidence that a strategy is being developed which will be presented to Council for approval in 2011. The operation of the Grand Pavilion had shown significant improvements in turnover and benefits from outsourced catering provision at the Pavilion.

RESOLVED: That the Committee noted the report.

136 INTERNAL AUDIT – OUTTURN – JULY TO SEPTEMBER 2010

The Chief Internal Auditor reported on the actual Internal Audit performance against the 2010 – 2011 plan for the period 1 July to 30 September 2010. She informed the Committee that 614 actual days had been achieved which equated to 97% of the overall planned time available. The shortfall was attributable to the resignation of a member of staff and who has not been replaced.

Overall productive time against that planned for the first three months is 80% with 287 of the 356 days available achieved, 69 days less than expected primarily due to an increase during the period in overhead days (non productive / non chargeable days). This was attributed to more annual leave being taken than anticipated, a vacant post and an increase in general administration as a result of the relocation of offices.

The Chief Internal Auditor informed the Committee that at the end of the period 15 reviews had been completed and closed, 10 of which had provided management with an overall audit opinion on the internal control environment for each of the systems examined. No significant weaknesses in the system of internal financial control had been identified. She indicated that if the plan required amendment by 20% this would be the subject of a report to the Committee.

RESOLVED: That the Committee noted the report.

137 AUDIT COMMITTEE – AMENDED FORWARD WORK PROGRAMME

The Chief Internal Auditor reported on the amended Forward Work Programme which had been developed and presented to the Committee on 8 July 2010. The Forward Work Programme had been amended to reflect the decision of the Committee to receive half-yearly Risk Management reports. In addition, the Risk and Insurance Officer would be updating the Committee on any claims against the Council, as well as the insurance arrangements as the policies are due for renewal at the end of March 2011.

Members asked that the Assistant Chief Executive Corporate Development and Partnership be requested to report on Project Management and that the Forward Work Programme be amended to reflect this.

RESOLVED: (1) That the amended Forward Work Programme be approved.

(2) That the Assistant Chief Executive Corporate Development and Partnerships be requested to report on Project Management and that the Forward Work Programme is amended to reflect this.

The meeting closed at 3.47pm.