

MINUTES OF A SPECIAL MEETING OF THE AUDIT COMMITTEE HELD IN
COMMITTEE ROOM 2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON FRIDAY, 29
APRIL 2005 AT 2.15PM

Present:-

Councillor A E Davies - Chairperson

Councillors

Councillors

D A D Brett
G Davies
R M Granville
W May

M Mathias
M L Simmonds
J C Spanswick
W H C Teesdale

Observers: Mr R-G Jones, Mr N Carlson and Miss R Knight

Officers: Mr L M James, Mr N Meredith, Mr J Daniel, Mr I Pennington and Mr M A Galvin.

33 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the Audit Committee dated 12 April 2005, be approved as a true and accurate record.

34 APOLOGIES FOR ABSENCE

Apologies were received from the Mayor Councillor P A Evans and the Vice-Chairperson Councillor K R T Deere.

35 WELCOME

The Chairperson welcomed Mr John Daniel, Acting Group Auditor to his first Audit Committee meeting. Mr Daniel was soon to be the Lead Auditor responsible for an audit of the Council's risk management process.

36 PRESENTATION

The Deputy Chief Executive and Director of Corporate Services proceeded to give a powerpoint Presentation to the Committee, on the subject of the relationship between the Risk Management Group, the Performance Improvement Group, the Corporate Improvement Plan and the Audit Committee.

The Presentation covered the following:-

Role of the Audit Committee

Issues Carried Forward

- Teasing out the links between the Corporate Improvement Plan and the budget;
- Risk assessment process and the links with the Performance Improvement Group and the Corporate Improvement Plan.

- The manner of risk assessment;
- Extension of the use of risk assessment;
- Increased support to high risk areas;
- Audit's role in corporate working;
- The interface between Audit and Scrutiny.

Establishing a Risk Register

- Maintain a Risk Register;
- Collate Risk Information;
- Identify Current Risks;
- Assess Likely Frequency and Consequences;
- Identify Control Actions;
- Implements Actions;
- Monitor and Review Controls.

Risk Management Cycle

- Risk Identification;
- Risk Analysis;
- Risk Control;
- Risk Monitoring.

Reporting Structure - Supporting Risk

- Members / Council;
- Corporate Management Board;
- Risk Managers;
- Risk Champions;
- Employees;
- Performance Improvement Group
- Corporate Risk Management Group

Risk Rankings

- Magnitude/Impact;
- Likelihood;
- Controls in place;
- Opportunity to improve;
- Timescales for action.

Performance Improvement Group

- Co-ordinate and lead service improvement;
- Monitor corporate working groups;
- Revenue and capital budgets;
- Risk management;
- Overview of regulatory plans and processes;
- Develop performance management framework;
- Monitor the efficiencies agenda.

Top Five Risks

- General level of school funding;
- Waste management;
- Looked after children;
- Highways maintenance;
- Access to specialist education.

Issues Carried Forward

- The manner of risk assessment;
- Extension of the use of risk assessment;
- Increased support to high risk areas;
- Audit's role in corporate working;
- The interface between Audit and Scrutiny.

Role of the Audit Committee

- Is the risk system working properly?
- Preparation of risk/budget response;
- Does the budget answer the requirements?
- Audit of figures and process;
- What are the outcomes?
- Final accounts/ACiW letters;
- External/internal audit plans.

Following conclusion of the Presentation, some debate took place on the topic in question, as detailed hereunder:-

- It was noted that the role of the Audit Committee was becoming more involved and now extended to issues subject of today's Presentation and the Presentation considered at the last meeting, in addition to its usual business of internal checking and control;
- Could consideration be given to Councillors making a greater contribution by sitting in on Officer meetings such as the Performance Improvement Group (PIG). This would allow a Member contribution to be made over and above that of a management and/or professional level.
- There is a need to look at important issues such as Risk Assessment on a Directorate by Directorate basis, to ascertain that work identified by groups such as PIG, are being followed through and undertaken.
- The scoring on the previous assessment undertaken for levels of risk, i.e. 1, 2 or 3 should be made broader for e.g. a range of 1 - 10.

- Will the Head of Internal Audit have the resources to cope with the extra work being generated by the Committee, as a result of its proposal to undertake a more expansive role than previously.
- With regard to the efficiency agenda, the role of Audit plays an active part in this to ensure ethical and probity issues are achieved in relation to key initiatives. Monitoring is also provided by other role players such as KPMG and Scrutiny. Do we have sufficient capacity to encompass other proposed work? Perhaps we require to be selective on the areas we cover, to ensure we make sufficient grounds on output within these areas and from an overall perspective.
- The Chairperson felt it would be beneficial to set the Forward Work Programme alongside the Internal Audit report. There was a need she felt to set priorities based on the Auditors Relationship Letter. She recommended a way forward, namely that the Chairperson and Vice-Chairperson meet with Officers to look at priority work areas that require examination and, in turn, to come back to Committee with some suggestions of these for their consideration.
- Importance was stressed on the links between the role of Audit and Scrutiny and to wherever possible strengthen these and ascertain who exactly does what, thereby maximising the complementing aspect of both these bodies.
- It was also suggested that Officers pursue the recommendation of the Chairperson of the Audit Committee being on the Cabinet and Overview and Scrutiny Steering Group (even if just in an observing capacity) to see first hand the interface between Audit and Scrutiny.
- In relation to the budget allocation, Members felt it necessary to ascertain if each of the Council's Directorates were consistent in their approach to this. It was felt that the Audit Committee should have a part in analysing how much each Directorate actually needs in the budget round, rather than just accepting what they say they require to meet their services. This could be taken up when the Chairperson and Vice-Chairperson meet with Officers to devise some sort of work priority programme.
- The Head of Internal Audit pointed out that internal control and risk management had now been combined and would therefore be the subject of future audits simultaneously.
- The Deputy Chief Executive and Director of Corporate Services felt it would be beneficial to look at the Council's final accounts and to compare these with the original budget that was set. He felt that where there were overspends, underspends or other anomalies identified, then the Committee would be entitled to question and investigate these further with a view to pursuing appropriate action. He added the importance of also monitoring the Auditors Relationship Letter.
- In respect of risk assessment, it was considered that sometimes we find ourselves in a circle with no means to an end. There were a number of important issues, i.e. surrounding Health and Safety, Insurance, mitigation issues etc. It was felt necessary to examine risk areas by means of prioritisation.
- To also give consideration to exploring possible avenues of joint working so as to maximise resources on larger issues such as risk assessment.

The Chairperson following the debate, thanked Officers for their contributions and hoped that they would take on board some of the comments and observations made during the course of the meeting.

She was keen to see that resources were being used in an efficient and effective manner and added that the Committee had a duty to make sure processes are in place to ensure this.

She was also keen to see how well risk management was actually being handled within the Authority, and that therefore this was an important area to examine more closely.

She closed the meeting by confirming that a request had been made to alter the starting time of the next meeting of the Committee on 20 May 2005 to 11.00am, rather than 10.30am. Members unanimously agreed with this suggestion.

The meeting closed at 3.25pm.