

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM
2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON FRIDAY, 10 FEBRUARY 2006
AT 2.15PM

Present:-

Councillor A E Davies - Chairperson

Councillors

D T Anderson
G Davies
P A Evans
R M Granville
M Mathias

Councillors

W May
M L Simmonds
J C Spanswick
J.H Tildesley

Officers:

Mr L M James - Deputy Chief Executive - Executive Director Resources
Mr A Phillips - Assistant Director Finance
Mr I Pennington - KPMG
Ms G Lewis - KPMG
N Meredith - Head of Internal Audit
Mr G Doak - Internal Audit
Ms E Prankerd - Internal Audit
Mrs R Harries - Trainee Cabinet/Committee Officer

69 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the Audit Committee dated 14 December 2005, be approved as a true and accurate record.

70 APOLOGIES FOR ABSENCE

Apologies were received from the following Members:-

Councillor D A D Brett - Family illness.
Councillor W H C Teesdale – In hospital.

71 NON-ATTENDANCE DUE TO OTHER COUNCIL BUSINESS

None.

72 DECLARATIONS OF INTEREST

None.

73 KPMG - RELATIONSHIP MANAGER'S ANNUAL LETTER (RMAL) 2004/05

The Deputy Chief Executive and Executive Director - Resources reported on the Relationship Manager's annual letter, a copy of which was attached at Appendix A.

Ms Lewis, the relationship manager, spoke on the letter and the issues contained within. She offered her apologies to the Committee that it had not been possible

to present the letter sooner but noted that this was to ensure that as much information as possible was presented to the Committee.

She drew the Committee's particular attention to the key messages outlined in pages 3 - 6 namely:-

- Corporate Management
- Services
- Performance Management
- Financial Management and Health

She noted that there were a number of challenging issues still to be faced over the coming year.

She highlighted that the Corporate Management function was vital to tackling these issues and noted the work currently in progress with the WLGA in order to meet the challenges they presented. She further noted that there had been some notable successes in the improvement of services, and the areas of concern were in the process of being addressed.

She further noted that Performance Management had been highlighted as a key area for concern due to inconsistencies of approach in the past, but the Performance Improvement Group (PIG) was now working hard to tackle this.

She drew the Committee's attention to pages 31 - 38 of Appendix A, which detailed the work already undertaken to address the issues raised, such as the Corporate Culture Review and the Performance Management and Procurement flagship projects.

In response to questions from Members, Ms Lewis clarified that the main concerns in relation to Corporate Management were that common goals should be identified and consistently applied. She further clarified that at the time the report was compiled, it was felt that the Cross Cutting Issues and Corporate Services Overview and Scrutiny Committees had been most successful in applying the recommendations of the previous report. However, she agreed that she would come back to the Committee with further information on why this was the case.

She agreed that the workload of the Cabinet should periodically be reviewed, and noted that external pressures, such as partnerships with outside bodies, were likely to increase in future.

She agreed that the number of priorities, flagship projects and risks identified could lead to confusion regarding the true priorities for the Authority, but noted that an action plan to consolidate these issues was currently in hand.

The Committee noted that there were a number of areas that were welcomed in relation to Services and queried the best way to ensure continuing focus on key improvements. Ms Lewis noted the importance of clarity of objectives, which the flagship projects should help ensure, and noted the future roles of Overview and Scrutiny Committees in ensuring improvements were secured. In response to queries, she advised that concerns had been raised regarding Children's Services prior to the SSIW intervention.

Members queried the possibility of Member involvement in the PIG. The Deputy Chief Executive and Executive Director - Resources noted that PIG was an Officer Working Group, but accepted the need for greater transparency in its workings, particularly with regard to reports and minutes of its meetings. Ms Lewis noted that there were many similar groups within the Authority, although they were not mentioned by name in the report, and an important role for Members existed in monitoring the implementation of the system currently being devised by PIG.

Members raised concerns over the issues surrounding pensions. Mr I Pennington advised that the accounting for the pension fund was all correct, but noted that he was not able to comment on the performance of the pension fund itself. He further noted that similar issues were being faced by other organisations. On general financial issues, he advised that it would not be possible in the future to continue to use the Authority's financial reserves.

In response to concerns raised by the Committee, Ms Lewis noted that there was scant guidance available from WAG on how to make efficiency savings, but advised that there was a limit to the amount that could be saved internally, which would lead to the Authority considering making more partnerships and changing the way services are delivered.

In response to a further query, she advised that the Cedar Financials audit logging facility was not currently switched on due to the need to first set parameters as to what would be logged. The Head of Internal Audit confirmed that this was currently being looked at.

The Deputy Chief Executive and Executive Director - Resources noted that, whilst many of the issues identified in the letter were being addressed, it was still early on in the process, so that results were not yet available to be examined. It was agreed that putting in place the means for further improvement had been a great achievement.

RESOLVED: To note the contents of the Relationship Manager's Annual Audit Letter 2004/05.

74 HOUSING BENEFIT COUNTER FRAUD TEAM

The Deputy Chief Executive and Executive Director - Resources submitted a report, attached at Appendix B, on the activity and performance of the authority's Benefit Counter Fraud Team.

The Assistant Director - Finance outlined the report, noting that Bridgend County Borough Council was one of the first local authorities to have a policy on Benefit Fraud. He also noted that, whilst Bridgend County Borough Council did not make as many prosecutions as some other authorities, this was in part due to the use of the Sanctions Panel. He advised that the Sanctions Panel involved both solicitors and benefits staff, with the result that where prosecutions were pursued, the authority was confident of success.

In response to questions from Members, he advised that the amounts that were able to be recovered were laid out by the relevant legislation and confirmed that the amount recovered by the Counter Fraud Team was significantly in excess of

the running costs of the department. He advised that he would come back to Members with details of the outstanding amount of uncollected overpayments.

RESOLVED: To note the contents of the report on the Benefit Counter Fraud Team.

75 POLICY ON CRB CHECKS

The Deputy Chief Executive and Executive Director - Resources introduced a report attached at Appendix C, the purpose of which was to provide Members with an up to date status on the issue and to table recommended next steps. He noted that a full review of the issue was now in place, with a report expected in March or April. He confirmed that corrections to previous inconsistencies were already taking place.

Members requested that the part of the report stating that further updates be provided on a regular basis be amended to include a more specific timescale.

It was suggested by Members that CRB checks should be extended to elected Members and school governors, but Officers advised that further extending the checks to all employees could prove an additional burden on the Authority, whilst raising issues regarding the rights of employees. The Deputy Chief Executive and Executive Director - Resources advised that he would pass on the Committee's observations to the relevant Task and Finish Group.

RESOLVED: That the contents of the report and attached framework plan be noted.

76 AUDIT OF THE CORPORATE IMPROVEMENT PLAN (CIP) 2005/2008

The Deputy Chief Executive and Executive Director - Resources submitted a report on the above matter. Attached at Appendix D was a report on the same subject, presented to Cabinet on 7 February 2006. Further to the details attached at Appendix 1 to the report, Members noted the importance of recycling resources across the whole authority and further noted the emphasis on outcomes being specific and measurable. It was noted that the methods employed to raise awareness of the Policy and Performance Management Unit represented one-way methods of communication. Members expressed the hope that other two-way methods of communication would follow.

RESOLVED: To note the content of the report.

77 COMPLETED AUDITS

Ms G Jones, Group Manager, Culture & Arts and Ms A Thomas, General Manager of Bryngarw House, joined the meeting.

The Deputy Chief Executive and Executive Director - Resources submitted a report on recently completed audits. The Head of Internal Audit advised that, whilst only two days had been spent auditing the Maesteg Washeries project, all such projects are monitored constantly through contract audits.

He noted that, following an audit of Bryngarw House, Internal Audit had concluded that the system of internal control remained inadequate, despite recent improvements. A copy of Internal Audit's full report was attached at Appendix E.

Mr G Doak outlined the report, noting that the financial position of Bryngarw House was improving. Further note was made of the concerns raised by the audit and the steps already taken to address these concerns.

Ms Thomas advised the Committee that Food Hygiene certificates had now been located and forwarded to the relevant persons, whilst it was anticipated that a Business Plan for the House would be in place by March. She elaborated on the staff recruitment and retention difficulties, which had been exacerbated by past uncertainty over the future of the House.

Members noted that there had been progress in a number of areas and suggested that the report should be forwarded to the 7 March 2006 meeting of Cabinet.

The Chairperson suggested that the Committee be updated on further progress at the House in six months and thanked Ms Jones and Ms Thomas for attending.

- RESOLVED:
- (1) To note the content of the report and the report on completed audits.
 - (2) That Officers be advised that the Committee suggests that the report (attached at Appendix E, Internal Audit Final Report Bryngarw House) be included as part of the report on Bryngarw House, to be submitted to Cabinet on 7 March 2006.

78 CHAIRPERSON'S ANNOUNCEMENT

The Chairperson advised the Committee that due to prior commitments of herself and the Vice-Chairperson, it might be necessary to re-schedule the meeting currently arranged for the 10 March 2006. Members would be notified if this were to prove the case.

The Chairperson also announced that it was the wish of the Committee to send a message to Councillor Brett, expressing their sympathy for him and his family during this difficult time.

The meeting closed at 4.20pm.