

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM
2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON THURSDAY, 23 AUGUST 2007
AT 2.15PM

Present:-

Councillor J C Spanswick - Chairperson

Councillors

D T Anderson
A E Davies
G Davies

Councillors

R M Granville
W May
M L Simmonds

Councillors

W H C Teesdale
M C Wilkins

Officers:

R-G Jones - Executive Director - Environment
A Phillips - Assistant Director - Finance
N Meredith - Chief Internal Auditor
I Pennington - KPMG
L O'Brien - Cabinet and Committee Officer

197 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors D A D Brett, P A Evans and B I Quennell.

198 DECLARATIONS OF INTEREST

None.

199 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the meeting of the Audit Committee held on 11 July 2007 be approved as a true and accurate record.

200 SECTION 106 AGREEMENTS

The Assistant Director Finance explained to Members that a revised report on Section 106 agreements was with CMB for fine tuning before being sent to Cabinet. The Executive Director Environment further explained that the report was to outline the current situation in relation to Section 106 agreements.

The Executive Director - Environment advised that the Section 106 agreements impacted on all departments within the Authority at some time or another and that Directorates engaged on major developments in accordance with the set processes, while the development team protocol which provided guidance for appropriate involvement at various stages. He explained that the Authority had identified areas of good practice throughout England and Wales in relation to Section 106 agreements but the Welsh Assembly Government has indicated that they may well be replaced in the near future by Planning Gain Supplement. The report currently with CMB addressed a wide range of elements, including the provision of software to provide transparency in the process, as well as providing a single source of information regarding projects, funding sources, progress and expenditure.

Members queried the possibility of a single officer to oversee 106 agreements and monitor their progress throughout the whole process. The Executive Director - Environment explained that further investigation into such a proposal was necessary to decide whether or not such an option was both affordable and appropriate. He explained that a single lead officer was assigned to any development projects that involved multi-departmental involvement, in the role of Project Manager.

Members expressed concern on the issue of developers seeking to change the development plans without updating Section 106 agreements in accordance with any changes to plans to close off any existing loopholes. The Assistant Director - Finance explained that it was difficult to prevent developers from changing development plans, but he was assured that any changes would also impact on the original Section 106 agreements which would have to be renegotiated. He suggested that there was the possibility of a standard all-Wales or all-UK formula for housing development agreements between developers and local authorities.

Members queried the money gained from the 106 agreements in terms of interest, as well as the availability of the Audit Commission Report in order to compare with England. The Chief Internal Auditor explained that the Audit Commission Report was available to be circulated to Members, whilst the Executive Director - Environment explained that the report also included a corporate awareness checklist and a value for money self-assessment guide which would prove useful. The Assistant Director - Finance explained that interest gained from the 106 agreements was dependant upon the value of the agreement itself and the Executive Director - Environment explained that agreements are index linked into a base year to avoid any potential losses of revenue.

Members requested that consultation regarding potential development projects in their wards should be at the earliest opportunity, while the Executive Director - Environment advised that information reports are made available to Members through the Planning and Development Committee on a quarterly basis to keep them up to date with developments.

RESOLVED: The report on Section 106 Agreements be noted.

201 ROLE OF MEMBERS IN RISK MANAGEMENT

Members expressed their satisfaction with the assurances of the Executive Director - Resources made in the report. The Assistant Director Finance explained that the relationship between Officers and Members should be seen in the context of the changes to the management structure. Members expressed the opinion that this had been an area of concern and that Members' representation was important and the issue was broader than simply litigation and claims. The representative from KPMG explained that Officers should regularly explain to the Audit Committee the ways in which risks are identified and tackled. Members were concerned that the Risk Management Group make up had been lessened in terms of importance in the eyes of those Members involved in it. The Assistant Director Finance explained that risk management in operational matters would be improved by regular meetings with departments and, less frequently, with Members. The Audit committee recognised that the final decision rested with the Chief Executive, but were mindful of the need to involve Members in the process. It was suggested by Members that a presentation on risk management issues and resolutions needed to be made to the

Audit Committee each year. The Chief Internal Auditor suggested that this should be conducted late in the financial year.

RESOLVED: That the report on Role of Members in Risk Management be noted and that the Assistant Director Finance would present a further report on risk management to Members at the next meeting of the Audit Committee.

202 COMPLETED AUDITS

The Chief Internal Auditor drew Members' attention to the fact that most of these audits were follow ups of earlier audits and reminded them that a benchmarking exercise carried out in 2006 indicated that the Internal Audit was relatively weak in the area of conducting follow up work. This had been a priority for improvement in 2007 and the report reflected that. He also explained that Internal Audit would be specifically looking at the Social Services IT system - Ddraig project - during the course of autumn 2007. He accepted that future reports on follow up work should contain more information on the original action plans. The Chief Internal Auditor also pointed out that the clarification of the total number of audit days was difficult to arrive at, but the future reports would include it.

RESOLVED: The report on Completed Audits be noted.

203 NOTICE OF SPECIAL MEETING OF THE AUDIT COMMITTEE

The Chairperson announced that a special meeting of the Audit Committee would take place on Monday, 24 September in order to receive a report and presentation from the Authority's external auditors, KPMG.

The meeting closed at 3.25pm.