

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM 2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON WEDNESDAY, 4 JUNE 2008 AT 2.00PM

Present:-

Councillors

D Buttle
C Davies
G C Davies
P A Evans

Councillors

M Gregory
A Jones
M Reeves

Councillors

W H C Teesdale
P J White
M C Wilkins

Officers:

G Moss - Corporate Director - Resources
A Phillips - Head of Property and Finance
N Meredith - Head of Internal Audit
I Pennington - KPMG Director
C Griffiths - KPMG Manager
R Harries - Cabinet and Committee Officer

1 ELECTION OF CHAIRPERSON

RESOLVED: That Councillor G C Davies be elected Chairperson for the meeting.

2 APOLOGIES FOR ABSENCE

Apologies were received from:-

Councillor E Dodd - Unwell
Councillor T Hacking - Holiday

3 DECLARATIONS OF INTEREST

None.

4 MINUTES OF PREVIOUS MEETINGS

RESOLVED: That the minutes of the meeting of the Audit Committee held on 5 March 2008, be approved as a true and accurate record.

5 AUDIT COMMITTEE TRAINING PRESENTATION

The Corporate Director - Resources submitted a report which informed Members of the purpose of a joint presentation by the Council's external and internal auditors.

The KPMG Director outlined the key roles of the Audit Committee, covering areas such as Corporate Governance, risk analysis, risk management and control. Members were given a case study of a small business and were invited to identify potential risks and the processes and controls that could be introduced in order to effectively manage those risks. He noted that risks - those factors which could prevent an organisation from achieving its objectives - fell into three categories:

those which are known and managed, those which we try to manage and fail, and those which we fail, or could not be expected to anticipate.

The KPMG Manager outlined the structure and role of KPMG as external auditor of the Authority and advised that the findings of KPMG were communicated annually to the Authority through the Relationship Manager's Annual Letter.

The Chief Internal Auditor outlined the procedure regarding preparation of the Annual Governance Statement. He advised that this was a new process, which Bridgend County Borough Council was introducing in advance of the statutory requirement to do so. He also outlined the role of Internal Audit within the Authority.

The Committee agreed that it was not possible to eliminate all risks, so it was therefore sometimes necessary to evaluate and accept some risks.

Regarding the role of the Audit Committee, Members agreed that it was important to ask questions that Officers may not have thought of, and to ensure that reports before Members contained and had considered all potential risks. Clarification was made of the different roles of the Audit and the Scrutiny Committees. It was noted that there was scope for the Audit Committee to become involved at an earlier stage in the decision making process than Scrutiny Committees. It was further noted that Scrutiny Committees provide a broader overview of direction and policy, whilst the Audit Committee was concerned with ensuring that procedures and policies in place were administered correctly.

In response to a question from Members, the Chief Internal Auditor clarified that Town and Community Councils were subject to similar regulations as the Borough Council, whereby an external auditor was appointed to them by the Welsh Audit Office.

RESOLVED: That the Committee notes the report and accepts the presentation of the Council's external and internal auditors.

6 ANNUAL GOVERNANCE STATEMENT 2007/08

The Corporate Director - Resources submitted the above report, which sought a recommendation from the Committee that the Annual Governance Statement (AGS), as attached at Appendix A, be included within the Authority's Statement of Accounts for 2007/08.

Certain Councillors expressed concerns that Members were not being involved in the preparation of items such as the AGS. The Corporate Director - Resources refuted the notion that there was an intention on the part of the Corporate Management Board (CMB) to be secretive or to exclude Members. He offered the establishment of a Member/Officer group to review the Capital Programme as a good example of involving Members at an early stage of the decision making process which did not occur in other Councils. In response to further questions, he advised that the group in question was made up of four Members and five Officers, but as the group had not yet met following the recent elections, new Members had not yet been appointed.

Regarding the draft partnership agreement of the Local Service Board, the Corporate Director - Resources confirmed that the Authority was well represented on the Local Service Board by the Leader and the Chief Executive (who was the current Chair of the Board).

Regarding the issue of school modernisation, the Corporate Director - Resources clarified that the Phase 2 and 3 reviews related to the provision of schools in different geographical areas. The Chief Internal Auditor confirmed he would be able to provide further details to Members on this subject if required.

RESOLVED: That having critically reviewed the Annual Governance Statement (attached at Appendix A to the report) the Committee recommends approval of its inclusion in the Statement of Accounts 2007/08.

Meeting ended at 3.47pm.