

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM 2/3,
CIVIC OFFICES, ANGEL STREET, BRIDGEND ON THURSDAY, 2 FEBRUARY 2012 AT
2.00PM

Present:-

Councillor E Dodd - Chairperson

Councillors

D Buttle
C Davies
G Davies
P A Evans

Councillors

M Reeves
M Gregory
H Williams

Officers:-

I Pennington - Director - KPMG
M Arthur - Assistant Audit Manager - KPMG
H Smith - Chief Internal Auditor
J Jenkins - Benefits Manager
R Ronan - Democratic Services Officer - Committees

238 APOLOGIES FOR ABSENCE

Apologies were received from the following Members:-

Councillor M Wilkins - Illness
Councillor T Hacking - Hospital Appointment
Councillor C Westwood - Other Council Business

239 DECLARATIONS OF INTEREST

None.

240 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of a meeting of the Audit Committee dated 22 December 2011 were approved as a true and accurate record subject to the date being amended to read 2011.

241 FORWARD WORK PROGRAMME 2011-2012

The Chief Internal Auditor presented a report to the Committee that outlined the updated 2011-2012 Forward Work Programme for the Audit Committee. She informed Members that all was on schedule.

The Chief Internal Auditor told the Committee that she would be unable to attend the Audit Committee on the 15 March however her deputy would be in attendance.

RESOLVED: Members considered the updated 2011-12 Forward Work Programme to ensure that all aspects of their core functions are being adequately reported.

242 INFORMATION AND ACTION REQUESTS BY COMMITTEE

The Chief Internal Auditor presented a report summarising the action and information requests made by the Audit Committee. She confirmed that both were now complete.

RESOLVED: The Committee noted the Information and Action requests by the Committee report.

243 AUDIT COMMITTEE - AUDIT OPINION

The Chief Internal Auditor presented a report to the Committee the purpose of which was to notify Members of the methodology to be adopted in order to assist auditors in formulating an overall audit opinion at the conclusion of every audit.

She explained to the Committee that the methodology outlined in the report is already being used by the Vale of Glamorgan Audit Service and has proved to be extremely useful.

The Chief Internal Auditor told Members that as part of the normal audit reporting process, recommendations are made and agreed with the relevant officers in order to address any issues that could impact upon the system of control. It is at this stage that the auditor will formulate an overall audit opinion.

She informed the Committee that the spreadsheet attached at Appendix A1 illustrated how this audit opinion will be calculated using the new methodology. Appendix A2 further explains how the composition of strengths and weaknesses will be determined and an example of a completed audit opinion spreadsheet is attached at Appendix B.

The Chief Internal Auditor told Members that the adoption of the new methodology for the calculation of audit opinion will ensure a standard and consistent approach. She explained that it will also assist in the production of end of year statistics.

A Member of the Committee asked how long this methodology has been used by the Vale of Glamorgan Audit Service and if there was any overarching backup. The Committee was also concerned that the instinct of Auditors would not be completely disregarding by its introduction. The Chief Internal Auditor told Members that this methodology has been used by the Vale for approximately four years, it was not however part of the Welsh Chief Auditors Group. She assured Members that there is backup within the system and Senior Auditors will review the reports and assess the scores to ensure that they make sense. The methodology will be used as a guide only and can be overridden if required providing that an explanation for the change is recorded and signed by a senior auditor.

The Director - KPMG told Members that the important question when looking at the scores was, do they make sense and is there any way of overriding these scores.

RESOLVED: The Committee considered the audit opinion methodology and approved its implementation from 1 April 2012.

244 INTERNAL AUDIT OUTTURN REPORT JULY TO DECEMBER 2011

The Chief Internal Auditor presented a report to the Committee the purpose of which was to inform the Audit Committee of actual Internal Audit performance for the period of July 2011 to December 2011. She told the Committee that the Internal Audit Plan that was submitted to the Audit Committee in July provided for a total of 1,166 productive days. In November it was reported to the Committee that there was a shortfall and it was anticipated that this would be turned around over the coming months. It was apparent now that this is not now possible and the shortfall is expected to be 174 days. The Chief Internal Auditor informed the Committee that the Section has lost a number of staff over the period. The impact of which is an overall reduction of productive time available for the period of the plan.

The Chief Internal Auditor explained to Members that it was not the intention to recruit to these vacancies at present as it was considered this would only add to the problem. New staff would have to be trained etc and this would impact on senior auditor's time. It was proposed therefore to carry out an aggressive recruitment in April when the shared service agreement should be finalised.

The Chief Internal Auditor informed the Committee that at the end of the period 32 jobs have been completed and closed. 27 have provided management with an overall audit opinion and to date only one review has provided limited assurance, which was reported to the Committee in September.

RESOLVED: The Committee had regard to the content of the report and the appendix and gave it due consideration to ensure that this aspect of their core functions is being adequately reported.

245 AUDIT COMMITTEE - RECOMMENDATIONS MADE

The Chief Internal Auditor presented a report to the Committee the purpose of which was to report on the recommendations made since 1 July 2011, in accordance with the Audit Committee's Forward Work Programme. She explained to Members that as this was a live document it was changing constantly.

The Chief Internal Auditor told Members that since September, 50 new recommendations have been made taking the total to 196. Of these 196 only one has not been agreed and this has previously been reported to the Committee.

The Chief Internal Auditor explained that table 2 detailed the number of recommendations made grouped by risk. The table showed that there has been more of an increase in relation to safeguarding assets.

RESOLVED: That Members considered the Implementations of Recommendations report and ensured that this aspect of their core functions is being adequately reported.

246 EXCLUSION OF THE PUBLIC

RESOLVED:

That under Section 100A(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business because of the likelihood that, if members of the public are present during these items there will be disclosure to them of exempt information of the description specified in Paragraph 14 and 15 of Part 4 of Schedule 12A and Paragraph 21 of Part 5 of Schedule 12A of the said Act:-

<u>Minute Nos.</u>	<u>Summary of Items:</u>
247	Confidential Minutes of a meeting held on 22 December 2011.
248	The Single Fraud Investigation Service.
249	Risk Based Verification.