

WYRE FOREST DISTRICT COUNCIL
AUDIT COMMITTEE
THE EARL BALDWIN SUITE, DUKE HOUSE, CLENSMORE STREET,
KIDDERMINSTER
16TH MARCH 2010 (6:00PM)

Present:

Councillors: J Holden (Chairman), A J Buckley (Vice-Chairman), J Aston, P Dyke, D J Millis, F M Oborski, K H Prosser, J A Shaw, and N J Thomas.

Observers:

Councillors: J-P Campion and H E Dyke.

AUD.93 Apologies for Absence

There were no apologies for absence.

AUD.94 Appointment of Substitutes

No substitutes were appointed.

AUD.95 Declaration of Interests

No declarations of interest were made.

AUD.96 Minutes

The Chairman of the Committee advised Members that a revised set of minutes had been issued after the circulation of the agenda. Members were informed that minutes for the Audit Committee would now be provided in open session, and that exempt minutes would no longer be written.

Agreed: The revised minutes of the meeting held on 9th November 2009 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.97 Annual Audit Inspection Letter 2008/2009

The Committee received the Annual Audit and Inspection Letter from the Audit Commission for the municipal year 2008/2009.

The Audit Commission's District Auditor advised Members that the Council had been more severely impacted upon by the global economic crisis than some neighbouring local authorities, but she felt that the Council had responded very quickly to changing circumstances.

The District Auditor commented that the Council was still owed a significant amount of money by several Icelandic Banks. In response to this, the Director of Resources advised that the Council had been successful in applying to the Secretary of State for a capitalisation notice, which meant that the funds tied

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up in Icelandic Banks could be capitalised, rather than being taken from the Council's revenue budget.

The District Auditor advised Members that she perceived shared service initiatives to be key to achieving further efficiencies in service provision.

The District Auditor drew attention to the use of resources. On the three themes assessed (Managing Finances, Governing the Business, and Managing Resources) the Council had achieved a rating of two out of a possible four. In response to a question from the Chairman, the District Auditor commented that in the current municipal year, the Council was demonstrating that it was achieving more than it did in the municipal year 2008/2009, but added that the scores for 2008/2009 were acceptable given the unexpected events.

In response to a question from a Member, the District Auditor advised that it was difficult and somewhat rare for District Councils to achieve consistent ratings of three and four, and advised that the most successful authorities in this respect were generally those with the greatest resources, i.e. Police Authorities and County Councils. In addition, she explained that a rating of adequate meant that the basic requirements were in place, but that it would not be a target to aim for.

The Director of Resources advised the Committee of demonstrable outcomes within the areas of the Environment and Sustainability, and was confident that the authority was making significant efforts to improve the overall performance rating for the use of resources assessment.

A Member asked how much the Council was expecting to retrieve from the Icelandic Banks. In response, the Director of Resources advised that the Council had already currently retrieved £2million out of a total invested of £9million. Furthermore, 88% of the funds invested in one bank were potentially to be retrieved, but this was dependent upon the outcome of a related court case, and added that of the remaining £6million, large payments were expected to be received later in 2010.

Agreed: The contents of the Annual Audit and Inspection Letter for the municipal year 2008/2009 be noted.

AUD.98 Audit Opinion Plan 2009/2010

The Committee received the Audit Opinion Plan from the Audit Commission for the municipal year 2009/2010.

The Audit Commission's Audit Manager advised the Committee than an audit had been agreed upon in the previous year, and informed the Committee that auditing standards required the Audit Commission to report to Members if it was felt that changes in circumstances would result in an increased auditing fee.

Members were advised that risks, which were areas which it was perceived might require more audit attention than initially envisaged, were highlighted in the Plan. The Audit Manager advised Members that it was anticipated that the audit would be completed within the agreed fee, but if the circumstances were

to change, they would report back to Members.

The Leader of the Council asked the Audit Manager why the Audit Commission had needed to increase its fees, and whether or not the Audit Commission could reduce its internal costs, as the Council had done, in order to reduce fees charged. In response, the District Auditor advised that the Audit Commission had undergone internal restructuring to reduce costs, and that the fee increase was due to the cost of implementing the move to the required International Financial Reporting Standards (IFRS). Furthermore, this fee increase would be refunded to local authorities at a later date, and it was envisaged that auditing fees would start to reduce after the municipal year 2010/2011. In response to a further question, the District Auditor advised that the Audit Commission's work with local authorities was entirely funded by fees.

Agreed: The contents of the Audit Opinion Plan 2009/2010 be noted.

AUD.99 Annual Report on Certification of Claims and Returns 2008/2009

The Committee received the Annual Report on Certification of Claims and Returns for the municipal year 2008/2009 from the Audit Commission.

The Audit Manager advised the Committee that the Audit Commission audited several streams of grant funding which the Council received and administered. Members were advised that £29,000 had been charged for this auditing during the municipal year 2008/2009. The Committee was informed that two qualifications had been made, which referred to National Non Domestic Rates, and Benefits, but the Audit Manager perceived that these were not significant qualifications, and emphasised the responsiveness of Council staff in responding to these qualifications.

The Committee was advised that the Audit Commission was working closely with Council Officers regarding Benefits claims, in order to reduce the work the Audit Commission undertook in this area, with the expectation of a reduced fee in the next municipal year.

Agreed: The contents of the Annual Report on Certification of Claims and Returns 2008/2009 be noted.

AUD.100 Corporate Governance Framework - Action Plan

The Committee received a report from the Director of Resources, the purpose of which was to present the Action Plan to monitor the issues which were identified when the Council adopted the Corporate Governance Framework, which took effect from 1st April 2008.

The Director of Resources advised the Committee that an assessment of progress in relation to The Chartered Institute of Public Finance and Accountancy (CIPFA) core principles had been presented to the Committee in 2009.

A discussion ensued, a summary of which is provided below:

- In response to a question from a Member, the Director of Resources advised that the purpose of the "Golden Thread" was to translate the

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Corporate Plan and Aims, into Division Plans and Employee Development Reviews, in order to link together the actions of every employee with the Corporate Plan and Aims.

- With reference to “Community Conversation Approach” on page 30 of the Appendix to the report, a Member felt that the numbers and membership of community fora be evaluated to ensure that duplication of meetings and memberships could be avoided.

18:38 The District Auditor left the meeting at this point.

- A Member asked whether there was a document which set out the roles of the Leader and the Chief Executive. In response, the Director of Resources advised that at the February 2010 meeting of Full Council, a new appraisal scheme had been approved, which included plans for the Chief Executive to undergo Employee Development Reviews. Furthermore, The Leader of the Council commented that there was not a written agreement between himself and the Chief Executive setting out agreed roles and responsibilities, and added that there was an agreement between them, as opposed to a written one.
- A Member perceived that a review of the Council’s Constitution needed to be Member led, and to allow sufficient time to be effective.
- A Member queried what arrangements were in place for managing complaints. In response, the Director of Resources advised that the Council had a three stage process for dealing with complaints, which did not directly involve Members. Furthermore, the process had recently been revised and the Director of Resources agreed to distribute to Members copies of leaflets relating to this.
- A Member perceived that adequate scrutiny training for Chairmen and Vice – Chairmen should be provided before they take up their posts. In addition, a Member added that this training was important, but should be provided for entire Scrutiny Committees, and not just the Chairmen and Vice – Chairmen. In addition, a Member added that this training should address the more recent legal requirements to scrutinise partner organisations.
- A Member asked whether further Audit Committee training would be provided. In response the Director of Resources advised that further Audit training would be provided in June 2010.

Agreed:

- 1) Leaflets relating to the Council’s Complaints Process be circulated to Members by the Director of Resources.**
- 2) The current position of the Corporate Government Framework Action Plan be approved and noted.**

AUD.101 Annual Governance Statement – Action Plan

The Committee considered a report from the Director of Resources, the purpose of which was to present the current position in relation to the Action Plan, which was developed to address the weaknesses identified within the municipal year 2008/2009 and any outstanding issues from the previous Annual Governance Statement.

The Director of Resources advised the Committee that this report was an overview of governance within the Council, and that it set out areas of weakness and identified challenges.

Furthermore, the report listed the actions which were outstanding from the municipal years 2007/2008 and 2008/2009. Members were advised that a number of these were listed as completed, and some were ongoing.

Agreed: The current position of the Annual Governance Statement Action Plan for 2008/2009 be approved and noted.

AUD.102 Internal Audit – Annual Audit Plan 2010/2011

The Committee considered a report from the Director of Resources, the purpose of which was to inform members of the Internal Audit – Annual Audit Plan 2010–2011 which had been prepared by the Section 151 Officer. The Plan had been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government.

The Director of Resources advised Members that the report focussed upon where it was possible to reduce the number of required audit days. Furthermore, these were usually areas which had a good audit score, or presented a low risk in accordance with the Council's risk matrix.

Members were advised that the recommendation as listed in the report required alteration as if the Committee was content with the report, it could approve the plan, rather than having to recommend this to Cabinet. However, if the Committee was not content with the plan and required more resources to be made available, then this would need to be recommended to Cabinet.

A discussion ensued, a summary of which is provided below:

- A Member asked whether the level of audit days was adequate. In response, the Director of Resources advised that he was satisfied that the level was adequate, and added the Worcestershire Enhanced Two Tier Programme for Regulatory Services meant that a significant proportion of the auditing workload in relation to the Shared Regulatory Service would now be undertaken by Bromsgrove District Council.
- A Member asked whether there were safeguards in place to deal with a potential conflict of interest on the part of the Director of Resources with regard to Internal Audit. In response the Director of Resources advised that in such a circumstance, he would refer either to the Chief Executive or the Monitoring Officer. He added that he was appointed by the Council to monitor its financial affairs, and that it was in his interest to ensure that the accounts of the Council were as independent and robust as possible.

Agreed:

- 1) The Internal Audit – Annual Audit Plan 2010 -2011 attached as Appendix 1 to the report, be approved.**
- 2) Approval be given for the Section 151 Officer to amend the plan in**

light of developments arising during the year as described in paragraph 3.8 of this report and in accordance with paragraph 3.3 (b) of the approved Terms of Reference for Internal Audit.

AUD.103 Closure of Accounts Timetable 2009/2010

The Committee considered a report from the Director of Resources, the purpose of which was to inform Members of the Closure of Accounts Timetable 2009/2010, attached as Appendix 1 to the report.

The Director of Resources advised the Committee that the Internal Audit Section did not yet have a date set for when the Audit Accounts would be brought back to the Audit Committee.

Agreed: The Closure of Accounts Timetable 2009/2010 as detailed in the Appendix to the report, be noted.

AUD.104 External Funding Position Statement for Quarter 3 2009

The Committee considered a report from the Regeneration Officer, the purpose of which was to provide an update on the amount of external funding being attracted into the District; and the variety of projects for which said funding was contributing towards for the benefit of the District and its' residents.

A discussion ensued, a summary of which is provided below:

- A Member suggested that a clearer report be produced for the general public. The Member perceived that considerably more funding had been attracted into the District than was listed in the document. Furthermore, the Member suggested contacting Worcester County Council to make use of their record of Health Improvement Funds which had been allocated within the District.

Agreed: The amount of External Funding being attracted to the District as detailed in Appendix 1 to the report, be noted.

AUD.105 Exclusion of the Press and Public

Decision: That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following items of business on the grounds they involve the likely disclosure of exempt business as defined in Paragraph 3 of Schedule 12 of the Act.

AUD.106 Internal Audit Monitoring Report Quarter Ended 31st December 2009

The Committee received a report from the Director of Resources, the purpose of which was to inform members of the Internal Audit Monitoring Report for the Quarter ended 31st December 2009, attached as Appendix 1 to the report.

The Director of Resources advised the Committee that in future the report would be provided in open session, and that any exempt information would be provided in a separate exempt section, in order to be as open as possible.

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Members were advised that the report included a summary of the audit which had been completed in the last quarter. Members were advised that there was only one limited assurance item relating to bulky waste, but advised that it was only in the region of £2/300 over the course of twelve months, and was not a serious issue in relation to overall affairs.

A discussion ensued, a summary of which is provided below:

- A Member perceived that charges for bulky waste collection should be absolutely transparent to the public.
- A Member requested clarification as to the details of a contract for CCTV maintenance in the District.
- The Chairman perceived that achieving 99.3% of the audit plan, in relation to the target of 99% was very good.

Agreed:

- 1) Clarification be provided to the next meeting of the Audit Committee regarding the details of a contract for CCTV Maintenance in the District.**
- 2) The Internal Audit Monitoring Report for the Quarter ended 31st December 2009 as detailed in the Appendix to the report, be noted.**

Meeting ended: 19:12