

WYRE FOREST DISTRICT COUNCIL
AUDIT COMMITTEE
THE EARL BALDWIN SUITE, DUKE HOUSE, CLENSMORE STREET,
KIDDERMINSTER
28TH JUNE 2010 (6.00PM)

Present:

Councillors: J Holden (Chairman), K Prosser (Vice-Chairman), P Dyke, I Hardiman, D McCann, D Millis, M Salter and N Thomas.

Observers:

Councillors: J-P Campion, N J Desmond and A Hingley.

AUD.1 Glossary of Terms and Work Programme

A glossary of terms and a work programme detailing items for future meetings was circulated around the table to Members.

AUD.2 Apologies for Absence

There were no apologies for absence.

AUD.3 Appointment of Substitutes

Councillor N J Thomas was appointed as a substitute for Councillor B T Glass.

AUD.4 Declaration of Interests

No declarations of interest were made.

AUD.5 Minutes

Decision: The minutes of the meeting held on 16th March 2010 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.6 Audit Commission Fee

The Chairman welcomed Zoe Thomas, Audit Commission Manager to the meeting.

Members were advised that the Audit Commission consulted annually on the work programme and fees were agreed accordingly. This formed the basis for the work programme. Further, it was noted that fees for all organisations were published on the Audit Commission's website for transparency.

Members considered the report which had been circulated and the following

points were highlighted:

- Paragraph 9 reported the changes in financial reporting standards. Members were advised that from 2010/11 local authorities were required to prepare their accounts in accordance with International Financial Reporting Standards (IFRS). This aspect would be audited and had an impact on the Audit Commission's work and fee.
- Paragraph 41: Members were advised that the Audit Commission published national reports and studies and that an element of the fee the Council paid would support this work.
- Page 28 of the report outlined the scales of fees for local government and community safety bodies for 2010/2011. Members were advised that the Council's fee was formulaic and was based on a fixed element of £80,000 plus a percentage of 2010/2011 planned gross expenditure.
- Members had received a copy of a fee letter published in April 2010 issued to the Chief Executive and Director of Resources which outlined that Comprehensive Area Assessment (CAA) and the Use of Resources would no longer be audited. The letter had been redrafted to reflect the current position. However, Members were advised that it was likely that there would be further changes to the fee. It was anticipated that the fee would reduce and this would be discussed at a future meeting of the committee.

Councillor P Dyke entered the meeting at 6.10 pm

Decision: The report be noted.

AUD.7 Internal Audit Monitoring Report

A report was considered from the Director of Resources that informed Members of the Internal Audit Monitoring report for the quarter ended 31st March 2010.

Members were advised by the Director of Resources that hitherto internal audit monitoring reports had been considered in the exempt section of the agenda. For the sake of transparency, from this point forward, the reports would be considered in the open section of the agenda unless there was an item where the Council's budget required to be protected.

The Director of Resources informed Members that internal audit monitoring reports were issued four times a year. The reports received a level of assurance ranging from:

U = Unsound (significant breakdown in the overall framework of controls)
L = Limited (significant lapses/breakdown in individual controls)
S = Some (sufficient framework of controls but some weaknesses identified)
F = Full (robust framework of controls. Any recommendations were advisory).

The Director of Resources stated that all the reports for this quarter had

Agenda Item No. 4

received either an S (some assurance) or F (full assurance). It was noted that this was a considerable improvement on the audits from last year when there had been more U (unsound) reports.

The Chairman commended the Director of Resources and his team for achieving 95.68% of audits against a target of 90%. He wished to give the team a special vote of thanks for achieving such high standards.

The Director of Resources referred to the follow up audits issued in the previous quarter. The report demonstrated how many of the recommendations made had already been implemented. It was noted that where there had been any (L) 'Limited' assurances the recommendations had all been implemented.

Members were advised that Section 3 of the report contained details of the items which would be considered in the next quarterly audit report to the committee. Section 5 contained a summary of the audits that had been undertaken in the first three quarters of the year. The Principal Auditor advised Members noted that only 2 of the audits that had been planned had not been undertaken at the request of their respective Directors and these would be undertaken in the 2010/11 municipal year. Members were further advised that at the next meeting a report on the closedown of the 09/10 audits would be received.

Decision: The report be noted.

AUD.8 Annual Report from the Section 151 Officer

A report was considered from the Director of Resources that informed Members of the Annual Report from the Section 151 Officer for 2009/10.

Members noted that the Director of Resources, as the Council's Section 151 Officer was required to give a personal opinion on the overall adequacy and effectiveness of the Council's internal control environment. Members noted that last year the Section 151 Officer's opinion had been Satisfactory with Reservations and this year, because of the improvements on last year he had reported that in his opinion the Council should be considered to be (S) 'Satisfactory.' (This was the highest rating that could be given).

Decision: The Annual Report from the Section 151 Officer for 2009/2010 be recommended to Cabinet for approval.

AUD.9 Annual Governance Statement

A report was considered from the Director of Resources that asked the Audit Committee to approve the Annual Governance Statement.

The Director of Resources explained that the Council was required to produce an Annual Governance Statement. He went through the report in detail and highlighted the following:

- It was necessary to identify any weaknesses within the authority and three weaknesses had been identified within the authority namely:

- Review of the Council's Strategic Risk Register following significant changes in the prevailing economic conditions.
- Ongoing monitoring of the implementation of the items raised within review of the compliance to the CIPFA/SOLACE Corporate Governance Framework.
- Implementation of the actions contained in the Audit and Inspection Letter (March 2010).

A Member queried whether there were risks associated with the Council's Icelandic investments. The Director of Resources commented that the Council was currently listed as being 'Preferred Status' and thus was likely to receive 95% of its investments. However, if the Council was to lose this status it would be an issue for the Council as the return would fall to 38% as Iceland did not differentiate between its wholesale and retail customers.

Decision: The Annual Governance Statement attached as Appendix A to the report to the Audit Committee be approved.

AUD.10 External Funding Position Statement – Quarter 4 2009/10

A report was considered from the Director of Planning and Regulatory Services that provided an update on the amount of external funding being attracted into the District during quarter 4 of the 2009/10 financial year.

Members considered the Appendix which outlined the details of the external funding and the following points were highlighted:

- Bewdley Museum had received over £4,000 for display cases. The Museum had also received £1,200 for the purchase of ultra violet monitors to protect the displays.
- There had been significant funding of over £400,000 from British Cycling to Stourport Sports Club for a cycle track.
- Money had also been given to Stourport Sports Club for increasing participation in sport and dance infrastructure in primary and secondary schools.
- The free swimming scheme for over 60's had suffered as a result of the Government's spending cuts and the project would cease in July 2010.
- The Churchfields master planning project was considering regenerating an area in the Horsefair in Kidderminster, in order to stimulate development in Kidderminster town centre.

Decision: The amount of external funding being attracted to the District as outlined in Appendix 1 of the report to the Audit Committee be noted.

AUD.11 Statement of Accounts 2009/2010

A report was considered from the Director of Resources that presented the provisional outturn position in relation to the Final Accounts for 2009/10.

The Director of Resources presented the report and made the following comments:

- The Statement of Accounts gave an overview of the Council's financial position.
- It had been a good year in a challenging financial climate and the Council had achieved an underspend of just under £1 million which had largely been due to Value Added Tax refund, reductions in pay as a result of savings on recruitment and savings on building maintenance, energy and cleaning costs and the reduced use of bed and breakfast accommodation.
- Members were advised that there had been a reduction in income to the Council as a result of the recession in the development control and property areas of the Council.
- The table at 4.8 in the report showed the Council's Icelandic investments. No interest on the investments had been shown at present but in the future interest receipts would be accrued.
- Members were asked to approve the full statement and this had to be achieved by 30th June 2010.
- Appendix 1 to the main report gave an overview of the Full Statement of Accounts and Members were taken through key areas of this document by the Financial Services manager. Section 6 outlined the income and expenditure of the Council and summarised the running costs. It was noted that it was a high level report which summarised for each Service Area with additional information contained on page 25 of the Full Statement.
- Section 9 showed the simplified balance sheet.
- Section 10 outlined the Council's reserves and it was noted that the General Fund Reserves balance had increased since the beginning of the year.
- Section 11 outlined the performance data.

Decision:

- 1. The Pre-Audit Statement of Accounts for 2009/10 be approved.**
- 2. The additional reserves of £1,088,510 generated from the 2009/10 surplus will be reconsidered in accordance with the Council's Finance Strategy, as part of the 2011/14 budget process.**

The meeting ended at 6.45 pm.