

**WYRE FOREST DISTRICT COUNCIL**  
**AUDIT COMMITTEE**  
**THE EARL BALDWIN SUITE, DUKE HOUSE, CLENSMORE STREET,**  
**KIDDERMINSTER**  
**14TH MARCH 2011 (6.00PM)**

**Present:**

Councillors: J Holden (Chairman), K H Prosser (Vice-Chairman),  
G W Ballinger, I Hardiman, D J McCann and M A Salter.

**AUD.28 Apologies for Absence**  
There were no apologies for absence.

**AUD.29 Appointment of Substitutes**  
No substitutes were appointed.

**AUD.30 Declaration of Interests**  
No declarations of interest were made.

**AUD.31 Minutes**

**Agreed: The minutes of the meeting held on 17th January 2011 be confirmed as a correct record of the meeting and signed by the Chairman subject to the following amendments:**

**Page 8, third bullet point, should read ...2 areas of the 2 criterion set namely financial resilience and prioritisation of resources.**  
**Page 8, paragraph 1, final sentence be amended to read: The Council had been required to adjust its figures and were now required to save not the original anticipated 28% but approximately 40% based on Government Grant Settlement figures.**

**AUD.32 Value for Money Conclusion 2009/2010**  
The Panel considered a report from the Audit Commission regarding the Value for Money Conclusion for 2009/2010.

Members were advised that at the last meeting of the Audit Committee it had been agreed to give a summary of the key issues of the Value for Money Conclusion and this report contained that summary.

**Decision: The report be noted.**

**AUD.33 2009/2010 Certification of Claims and Returns Report**  
A report was considered from the Audit Commission that outlined the work undertaken in the certification of claims and returns on behalf of the Council.

Members were informed that the Audit Commission was required to report to the Council the key issues arising and the fees that would be charged. There were no significant issues to report and thus a positive assurance letter had been issued.

**Decision: The report be noted.**

**AUD.34 Audit Strategy 2010/2011**

A report was considered from the Audit Commission that identified the audit work which was proposed by them to be undertaken for the audit of financial statements 2010/2011 and the Value for Money Conclusion.

The Audit Commission were required to report in more detail as to what they would be considering, where they saw the risks and whether this impacted on the fees charged. Members' attention was drawn to page 4 which highlighted that the Council would be receiving a rebate on the fees. This rebate had been given in recognition of financial pressures that public bodies were facing in the current economic climate. The Audit Commission had therefore agreed to subsidise a one off element of the cost of transition to IFRS for local authorities. The Council would also receive a further rebate of 1.5% of the scale fee.

Members' attention was drawn to the table of specific risks in relation to the accounts as outlined on page 39 of the report and the Value for Money Conclusion on page 10.

**Decision: The report be noted.**

**AUD.35 International Financial Reporting Standards (IFRS) Draft Accounting Policies 2010/2011**

A report was considered from the Director of Resources that outlined the progress made on the draft International Financial Reporting Standards (IFRS) compliant Accounting Policies.

The Accountancy Manager advised Members that in the light of the requirements of the IFRS the Council's policies had been redrafted. Further Members were advised that one thing that had not changed as a result of the IFRS requirements was the timetable for the final closedown of accounts.

The Principal Accountant advised that as part of the review of the Council's policies the redrafted documents contained more detail than previously.

Members' attention was drawn to page 65 regarding employee benefits as this policy had been extended to include the new retirement benefit policy and also a policy on flexi leave and unpaid leave. Additionally more information had been included on the Local Government Pension Scheme.

Members were informed that leasing was a key area and that it was necessary to demonstrate to the Audit Commission that every lease had been examined. Thus every lease the Council had been considered and the contract analysed to see it was embedded in the lease. This had been a huge piece of work as every lease had to be included on the Council's balance sheet.

Members' attention was drawn to page 71 of the report relating to jointly controlled operations and jointly controlled assets. In this regard shared services required the Council to account for only its share of the jointly controlled assets, the liabilities and expenses that it incurred on its own behalf or jointly with others in respect of its interest in the joint venture and the income

that it earned from the venture.

With regard to property, plant and equipment, Members were advised that this had a massive impact under IFRS and had to be analysed within the Council's accounts. It was necessary to include reparations and depreciation within IFRS.

A debate ensued where Members discussed the amount of work that IFRS had created for the Audit Team. The Director of Resources agreed to produce a briefing note on the implications of IFRS and advised Members that it was necessary for the Council to comply with IFRS.

**Decision:**

- 1. The progress to date in respect of the draft IFRS compliant Accounting Policies 2010/2011 be noted.**
- 2. A briefing note be produced by the Director of Resources that outlines the implications of IFRS.**

**AUD.36 Internal Audit – Annual Audit Plan 2011/2012**

A report was considered from the Director of Resources that informed Members of the Internal Audit – Annual Audit Plan 2011 – 2012.

It was noted that the Annual Audit Plan 2011/2012 had been approved. The number of audit dates available had been reduced. The Council's contract with Worcester City Council to undertake computer application reviews had been cancelled. Details of the proposed reduction in available audit days was contained within Appendix 2 of the report to the Audit Committee.

**Decision:**

- 1. The Internal Audit – Annual Audit Plan 2011 – 2012 attached as appendix 1 of the report to the Audit Committee 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 the report to the Audit Committee and in accordance with paragraph 3.3(b) of the approved Terms of Reference for Internal Audit.,**

**AUD.37 Internal Audit Monitoring Report Quarter Ended 31<sup>st</sup> December 2010**

A report was considered from the Director of Resources that informed Members of the Internal Audit Monitoring Report for the quarter ended 31<sup>st</sup> December 2010.

Members' attention was drawn to the fact that no 'unsound' reports had been issued. One report had received 'full' assurance and the rest had received 'some' assurance.

**Decision: The Internal Audit Monitoring Report for the Quarter ended 31<sup>st</sup> December 2010 as detailed in the Appendix to the report to the Audit Committee be noted.**

**AUD.38 Corporate Governance Framework – Action Plan**

A report was considered from the Director of Resources that presented the current position on the action plan to monitor the issues identified in the Council adopting the Corporate Governance Framework which was adopted with effect from 1 April 2008.

The Director of Resources advised that this was the third annual report. The report was positive in that the Council's governance arrangements were robust and operating effectively. The further actions required have been implemented.

**Decision: To approve and note the current position of the Corporate Government Framework Action Plan.**

**AUD.39 Annual Governance Statement – Action Plan**

A report was considered from the Director of Resources that presented the current position in relation to the action plan which was developed to address the weaknesses identified within 2009/2010 and any outstanding issues from the previous Annual Governance Statement.

The Director of Resources explained to Members that within the Statement of Accounts it was a requirement to produce a Governance Statement that concludes with identifying areas of weakness. Members noted that the appendix outlined the areas of weakness for 2009/2010 and how it was proposed to address these. Some of the areas to be addressed related to external Audit Commission findings from the Annual Audit and Inspection Letter. The details of progress made against the findings had been included.

Members were advised that on 19<sup>th</sup> April 2011 Zurich would be coming to the Council to identify strategic risk groups.

**Decision: To approve and note the current position of the Annual Governance Statement Action plan for 2009/10.**

**AUD.40 Any Other Business**

The Principal Committee Officer was requested by the Chairman of the Audit Committee to write a letter to say that he felt let down that Members from the Independent Community and Health Concern Group had not turned up to the Audit Committee meeting and had not tendered their apologies. Further he noted that this had happened at previous meetings of the Committee.

The Chairman felt that the meeting of the Audit Committee on 14<sup>th</sup> March 2011 was an opportunity for the Members to raise with the Audit Commission concerns about the disposal of Council assets. In view of the fact that the Independent Community and Health Concern Group had been vociferous on this matter in the press he felt it was disappointing that members were not present to raise such issues when there was an opportunity to do so.

**Agreed : The Principal Committee Officer to write a letter to the Group Leader of the Independent Community and Health Concern Group about non attendance of Members of this group and to express disappointment that in view of the fact that the group had been vociferous on this matter in the press it was disappointing that said**

**members were not present to raise such issues when there was an opportunity to do so.**

The meeting ended at 6.36 pm.