

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

THE EARL BALDWIN SUITE, DUKE HOUSE, CLENSMORE STREET,  
KIDDERMINSTER

29TH JUNE 2011 (6.00PM)

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**Present:**

Councillors: J Holden (Chairman), M A Salter (Vice-Chairman), P Dyke, J A Hart, M B Kelly, K H Prosser and C Rogers.

**Observers:**

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

**AUD.1 Apologies for Absence**

Apologies for absence were received from Councillor G W Ballinger.

**AUD.2 Appointment of Substitutes**

There were no substitutes appointed.

**AUD.3 Declaration of Interests**

There were no declarations of interest.

**AUD.4 Minutes**

**Agreed: The minutes of the meeting held on 14th March 2011 be confirmed as a correct record of the meeting and signed by the Chairman.**

**AUD.5 External Funding Position Statement – Quarter 4 2010/2011**

The Committee considered a report from the Director of Planning and Regulatory Services regarding the amount of external funding being attracted to the district during Quarter 4 of the 2010/11 financial year and of the variety of project work for which the funding was contributing towards.

**Decision: The amount of External Funding being attracted to the District be noted.**

**AUD.6 Internal Audit – Terms of Reference Update**

The Committee received a report from the Section 151 Officer on the updated Terms of Reference for the work undertaken by Internal Audit.

Members were advised that there had been a change of words in Regulation 6 of the Accounts and Audit (England) Regulations 2011 from “A relevant body must **maintain** an adequate and effective internal audit etc” to “A relevant body

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must **undertake** an adequate and effective internal audit etc and this needed to be approved by the Audit Committee.

In response to a Member question, it was confirmed that should the Audit plan dramatically change in the future this would be reported back to the Audit Committee.

**Decision: The updated Terms of Reference for the work undertaken by the Internal Audit Section be approved.**

### **AUD.7 Internal Audit Monitoring Report – Quarter Ended 31<sup>st</sup> March 2011**

The Committee received a report which informed Members of the Internal Audit Monitoring Report for the quarter ended 31<sup>st</sup> March 2011.

It was brought to Members' attention that no 'unsound' or 'limited' reports had been issued.

The Section 151 Officer advised Members that the performance target of 90% had again been exceeded and as this was consistent, it was agreed that the target would be increased to 95%.

**Decision:**

- 1. The Internal Audit Monitoring Report for the quarter ended 31<sup>st</sup> March 2011 be considered.**
- 2. The performance target would be increased to 95%.**

### **AUD.8 Annual Report from the Section 151 Officer 2010/2011**

The Committee received the Annual Report for 2010/2011 from the Section 151 Officer.

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 Council moved itself up to the highest rating that could be given which was satisfactory and it was agreed this would remain for 2010/11.

The Audit Finance team were congratulated on their excellent continued efforts.

In response to a Member query regarding the one audit report in 2010/11 with a Limited Assurance, the Section 151 Officer advised that as the Licensing function had been transferred to Regulatory Services, feedback would be received from Bromsgrove District Council through their audit team who had been made aware of the issues by the Principal Auditor. The Audit Commission would undertake audit checks.

**Decision: The Annual Report from the Section 151 Officer for 2010/2011 be approved.**

**AUD.9 Annual Governance Statement**

The Committee received a report from the Director of Resources that asked for approval of the Annual Governance Statement declaring the degree to which it meets the Governance Framework for inclusion within the Statement of Accounts.

The Director of Resources explained that the Council was required to produce an Annual Governance Statement and highlighted the following to Members:

- a. The Council were now working under the 2011 Accounts and Audit Regulations which replaced the regulations from 2003.
- b. Included in the main issues that the Council had to address were the Icelandic investments and the new Council Headquarters.
- c. A new group 'Wyre Forest Forward' had been established which would look at Council services and how they were expected to operate in the future. This would particularly important when there could be cuts in the government support over the next 4 years.

**Decision: The Annual Governance Statement be approved.**

**AUD.10 Report on Final Accounts**

The Committee received a report from the Director of Resources which asked the Committee to consider a pre-audit copy of the Council's Statement of Accounts for the financial year ended 2010/11.

The Director of Resources went through the report and highlighted the following:

- a. The initial approval of the Statement of Accounts before the end of June each year, now fell under the responsibility of the Section 151 Officer and not the Audit Committee although Audit Committee was still required for the final approval before the end of September each year.
- b. There was an under spend of £412,400 for 2010/11 and this would go into the general reserves account.
- c. The Financial Team were congratulated on the work they had done with preparing the Final Accounts.
- d. There had been a good response from Kaupthing Singer and Friedlander Ltd in that 82% is the current total forecast recovery of the original £5m investment, with 58% being received to date.
- e. If the Council are successful, 94.85% of the Landsbanki investment could be recovered ; this will be heard in the Final Court of Appeal in September 2011.
- f. On 11<sup>th</sup> July 2011, the Audit Commission would work from Duke House, Kidderminster for five weeks to work on the accounts. The accounts will be available for public inspection between the 3<sup>rd</sup> August and the 31<sup>st</sup> August with the Audit Commission being available for questions on the

appointed day of the 1<sup>st</sup> September 2011. Any changes will be reported back to the Audit Committee in September 2011 prior to the accounts being published.

The Statement of Accounts was tabled and the Financial Services Manager advised that the document had a different appearance to previous years which included changes in the presentation of details of fixed assets, property plan and equipment.

**Decision:**

- 1. The pre-audit Statement of Accounts be certified by the Director of Resources be endorsed.**
- 2. The additional reserves of £412,400 generated from the 2010/11 surplus be reconsidered in accordance with the Council's Finance Strategy, as part of the 2012/15 Budget Process.**
- 3. The Financial Services Manager would circulate to Members an Index to Notes of the Pre- Audit Statement of Accounts with would include page numbers for ease of reference.**

**AUD.11 Consultation Response – Future of Local Public Audit**

The Committee received a report from the Section 151 Officer detailing for approval the responses to the Government consultation paper on the 'Future of Local Public Audit'.

Members were informed of the following:

- a. Of the 50 questions that sought responses, only 41 related to the Council.
- b. The Audit Committee required an Act of Parliament to be passed before it could be abolished and that had not yet been passed.
- c. The Audit Commission would be abolished in 2013 and then could potentially be transferred to the public sector.
- d. There was no brief available at present on appointing any future auditors. This could be done in conjunction with other local authorities to achieve better value for money.
- e. Once the new auditors had been agreed, this would be a recommendation to Council from the Audit Committee.

**Decision: The draft response identified at Appendix A of the report to the Audit Committee be approved.**

Before the Chairman closed the meeting, Members were informed that the 29<sup>th</sup> September meeting could be brought forward to 15<sup>th</sup> September. Members would be advised accordingly.

The meeting closed at 6.50pm.