

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

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

29TH SEPTEMBER 2011 (6.00 PM)

Present:

Councillors: J Holden (Chairman), M A Salter (Vice-Chairman), M Ahmed, G W Ballinger, P Dyke, J A Hart, C Rogers and S J Williams.

Observers:

Councillor J A Shaw.

AUD.12 Apologies for Absence

Apologies for absence were received from Councillors M B Kelly and K H Prosser.

AUD.13 Appointment of Substitutes

Councillor M Ahmed was appointed as a substitute for Councillor M B Kelly. Councillor S J Williams was appointed as a substitute for Councillor K H Prosser.

AUD.14 Declaration of Interests

No declarations of interest were made.

AUD.15 Minutes

Agreed: The minutes of the meeting held on 29th June 2011 be confirmed as a correct record of the meeting and signed by the Chairman, subject to a word change in point 1 of the decision relating to minute number AUD.10. The word should read certified and not approved.

AUD.16 Annual Governance Report External Audit

The Committee received a report from the Audit Commission which detailed the findings of the audit of accounts for 2010/11.

The District Auditor presented her report and congratulated the Finance team on their efforts. The report gave an unqualified opinion on statements and arrangements for securing Value for Money. Moreover, it had been a difficult 12 months especially in view of the International Financial Reporting Standards (IFRS) being fully implemented.

Members were advised that although not an error, it had been identified that the accounts had been amended to reflect a change in how public sector pensions were to be recorded. It was noted that this would have no impact on the gross or net expenditure.

The District Auditor advised that if and when the Council received money back from the Kaupthing, Singer & Friedlander investment, this would go into capital.

In response to a Members' question, it was confirmed that the potential impairment of around £1.85m on the Landsbanki investment if preferential status is not maintained, had not been reflected in the accounts other than as a note. The Council had won their legal case in May 2011 and an appeal had been lodged on 14/15th September 2011 and the result had not yet been declared by the courts. These results were expected to be received week commencing 10th October 2011. If the Council retained its preferred status, it could expect to receive 95% of the money back but if the status was lost then it was believed that approximately 35% of the investment would be received.

In relation to the Value for Money criteria there were now only two criteria and taking into account the challenging times the Council faced in the future, there appeared to be sound arrangements for budgeting reporting.

The District Auditor concluded that the disclosures on the financial statements were appropriate and the accounts were fair.

In response to a Members' question, the District Auditor advised that the Council were the second highest spending authority in Worcestershire.

The Committee congratulated the Finance team on their performance.

Decision: The information be noted.

AUD.17 Statement of Accounts 2010/11

The Committee considered a report from the Director of Resources and the Financial Services Manager on the Statement of Accounts 2010/11 following changes required by the Audit Commission as a result of their audit and considered and approved the letter of representation in respect of the audit for 2010/11 audit year. All Audit Committee members had been emailed the full Statement of Accounts and all attendees at the meeting were provided with a paper copy.

Members were informed that some adjustments had been made to the balance sheet and these had been identified in appendix 1 of the report. In addition, the Director of Resources asked Members to note an additional item that should have been included in the table in Appendix 1 - Agreed Audit Adjustments. This was a correction in relation to an adjustment for unfunded pensions benefits of £1,684k made very early in the audit process. The correction changed both the income and expenditure of the Corporate and Democratic Core and had no overall impact on the accounts but should be noted due to its materiality.

In response to a question, the Director of Resources confirmed that the Council had two representatives on the Worcestershire Shared Service Joint Committee and if questions were to be asked then it should follow the scrutiny process. It was also perceived that the minutes of the joint committee could be circulated via the Members' Information Bulletin.

Agenda Item No. 4

Recommendations from the Worcestershire Shared Service Joint Committee would report back to their individual authorities via the decision making process. If there was any item that fell outside of the policy and budget framework, this would be reported to Audit Committee.

The Director of Resources advised that a deletion was required to be made on the third paragraph of Appendix 2 - Letter of Representation, Uncorrected Misstatements as there were no such items for 2010/11.

Decision:

- 1. The Revised Statement of Accounts for 2010/11 be approved.**
- 2. The Letter of Representation for 2010/11 attached at Appendix 2 to the report to Audit including the deletion of the paragraph in relation to uncorrected misstatements be approved.**

AUD.18 Internal Audit – Revised Annual Audit Plan 2011/12

The Committee received a report from the Director of Resources which advised of recent changes to the Annual Audit Plan 2011/12.

Members were advised that the Audit Plan had been approved in March 2011 and at that time it had been requested, the Audit Committee should be informed if there were to any future changes. Since the approval of the document there had been a request from the Audit team to reduce working hours and this would mean a reduction in audit days being available. It was confirmed that the reduction in hours would not affect the service.

Decision:

- 1. The Revised Internal Audit –Annual Audit Plan 2011 – 2012, attached at Appendix 1 of the report to the Audit Committee be considered and approved.**
- 2. Approval be granted 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 to the Audit Committee and in accordance with paragraph 3.3 (b) of the approved Terms of Reference for Internal Audit.**

AUD.19 Internal Audit Monitoring Report Quarter Ending 30th June 2011

The Committee received a report from the Principal Auditor which informed Members of the Internal Monitoring Report for the quarter ended 30th June 2011.

The Principal Auditor highlighted reports which had been finalised in the quarter, all of which had achieved “full” or “some” assurance.

In relation to the travel and subsistence item, Members were informed that this review had arisen to provide corporate guidance to Officers, and would form part of the annual payroll audit

Agenda Item No. 4

Members were pleased that the internal audit target of 95% had been exceeded and thanks were given to the staff in the Finance team.

In response to a Members' question, the Council had previously reduced the number of audit days by 50 for support previously bought in from Worcester City Council that had been cancelled, allowing for savings to be made. It was also noted that at the present time a shared service for Audit would not be beneficial to the Council.

A Member raised a query regarding the advertisement of the garage function. The solicitor advised that the Council had the power to charge for discretionary services but that the legislation required that income should cover costs rather than make a profit.

Decision: The Internal Audit Monitoring Report for the quarter ended 30th June 2011 as detailed in the Appendix of the report to the Audit Committee be considered.

The meeting ended at 6.56 pm.