

**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**

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

**25TH JUNE 2012 (6 PM)**

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**Present:**

Councillors: D C H McCann (Chairman), G W Ballinger, P Dyke, J A Hart, M B Kelly, N Knowles, C Rogers, S J Williams.

**AUD.1 Apologies for Absence**

Apologies for absence were received from Councillors: M A Salter (Vice-Chairman) and J W Parish. Councillor N Desmond sent apologies as Cabinet Member for Resources.

**AUD.2 Appointment of Substitutes**

Councillor G W Ballinger was appointed as a substitute for Councillor J Parish. Councillor S J Williams was appointed as a substitute for Councillor M Salter. Councillor J-P Campion and Councillor H E Dyke attended as observers.

**AUD.3 Declaration of Interests**

No declarations of interest were made.

**AUD.4 Minutes**

The minutes were moved by Councillor P Dyke and seconded by Councillor C Rogers as a correct record of the meeting of 12<sup>th</sup> March 2012.

**Agreed: The minutes of the meeting held on 12th March 2012 be confirmed as a correct record of the meeting and signed by the Chairman.**

**AUD.5 Audit Committee Update Report**

The Committee considered a report from the Audit Commission in relation to audit progress and update for 2011/12. The paper was introduced by Gill Edwards from the Audit Commission.

Members were advised of the work that had been undertaken and of the emerging findings as detailed in the report. In response to questions asked by Members the Committee were advised of the following

- Substantive testing would be undertaken with regards to the journal controls at the end of the year. However any changes were internal controls that would not require Member approval.

- There were transitional issues following the transfer of the payroll services, and substantive testing of the system undertaken by Internal Audit would be reviewed at the end of the year.

**Decision: The report be noted.**

**AUD.6 External Funding Position Statement – Quarters 3 & 4 2011/12**

The Committee received a report from the Director of Economic Prosperity and Place, regarding the amount of external funding being attracted to the District during quarters 3 and 4 of the 2011/12 financial year, and of the variety of projects for which the funding was contributing towards.

**Decision: The amount of External Funding being attracted to the District as attached at Appendix 1 of the report be noted.**

**AUD.7 Internal Audit Monitoring Report Quarter Ended 31<sup>st</sup> March 2012.**

The Committee considered a report from the Section 151 Officer and the Principal Auditor informing Members of the Internal Audit Monitoring Report Quarter ended 31<sup>st</sup> March 2012. A brief overview of the report was given and Members were advised that contained with the report was a summary of each review that had been undertaken.

In response to a question Members were advised that in relation to the management of the Town and Civic Halls, and in particular, customer client receipts, the issues had been addressed which had related primarily to performing rights fees.

In response to a question regarding elections and electoral registration, Members were advised that there had been changes to the computer system which had resulted in the findings. Members were reassured that all issues had been addressed.

With reference to the Journals for 2011/12, Members were advised that improvements to the system had been identified and were being implemented.

Members were informed that invoices were paid promptly and not held back.

**Decision: The Internal Audit Monitoring Report for the Quarter ended 31<sup>st</sup> March 2012 as detailed in the Appendix to the report be noted.**

**AUD.8 Annual Report from the Section 151 Officer – 2011/12**

The Committee received the Annual report for 2011/12 from the Section 151 Officer. Members were advised that the personal opinion of the Section 151 Officer on the overall adequacy and effectiveness of the Council's internal control environment were satisfactory.

Questions ensued upon the investments made in Icelandic Banks and the new Council Head Quarters, and the processes that supported those decisions.

## **Agenda Item No. 4**

The Leader of the Council reminded the Committee that Council had agreed the policy of how to deploy money as detailed in the Lending List Policy, and following a competitive tender process, the Council had engaged advisers, SECTOR, to help guide future policy and there were no concerns surrounding the investment process.

In response to a question regarding pension investment panel, Members were advised that the County Council administered the Pension Fund, this Council only deals with much smaller investments.

Members of the Committee endorsed the points raised by the Leader agreeing that the Council had undertaken a thorough investigation of the Icelandic investments.

Members debated the level of responses to the audit questionnaire and felt that more should be done to elicit a response. The Financial Services Manager agreed to review the questions contained within the questionnaire.

**Decision: The Annual Report from the Section 151 Officer for 2011/12 as attached at Appendix 1 of the report be approved.**

### **AUD.9 Annual Governance Statement**

The Committee considered a report from the Director of Resources asking for approval of the Annual Governance Statement and Annual Governance Action Plan 2011/12 for inclusion within the Statement of Accounts.

The Director of Resources outlined the content of the report and Members attention was drawn to the main issues that were to be addressed in the forthcoming year. Members were reassured that there were no financial implications resulting from the Statement.

**Decision: The Annual Governance Statement attached at Appendix 1 of the report and the Governance Statement Action Plan attached at Appendix 2 of the report be approved.**

### **AUD.10 Report on Final Accounts**

A report was received from the Director of Resources asking the Committee to consider a pre-audit copy of the Council's Statement of Accounts for the financial year 2011/12.

The Financial Services Manager drew Members attention to key points in the report; in particular the summary contained within pages 6 to 11 of the report. Members were further advised that post audit leaflet summarising the finding would be available at the Hub. Further that this was the second year of implementing the International Financial Reporting Standards which created an increased burden for the authority. Particular attention was drawn to the balance sheet which demonstrated that the Council owned more than owed and that the Council had received significant dividends from the Icelandic Banks. Members were advised of the variances contained within Appendix 2 of the reports, these were

- Pay and General Administration savings of £415K
- Benefit Payments, a positive variance of £50K
- Property related savings in building maintenance, energy of £72K
- Savings in relation to the election function of £49K
- Additional costs of an increased bad debt provision of £17K
- Additional External Interest income received of £46K
- Net reduced income from Car Parking and Civil Enforcement pg £65K
- Reduced Trade Waste Income of £54K
- Additional Cemetery Income and lower repairs and maintenance of £47K
- Parks and Open Spaces positive variance of £65K

Members felt that the report was easy to understand and thanked the Director and her team for the clarity of information that had been provided. In response to a question raised by Member, the Committee were advised that the Audit Commission did not define the level of reserves that were needed and it was the decision of the Director.

**Decision:**

- 1. The pre-audit Statement of Accounts approved by the Director of Resources be endorsed.**
- 2. The Director of Resources be authorised to make minor changes to the copy of the Statement of Accounts prior to the statutory pre-audit deadline of 30<sup>th</sup> should it be necessary.**

There being no further business the meeting ended at 19.06.