

**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**

**COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,  
KIDDERMINSTER**

**23<sup>RD</sup> SEPTEMBER 2013 (6PM)**

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**Present:**

Councillors: E Davies (Chairman), J Phillips (Vice-Chairman), P Dyke, J Greener, N Knowles, H J Martin, D C H McCann and C Rogers.

**Observer:**

Councillor N J Desmond.

**AUD.10 Apologies for Absence**

Apologies for absence were received from Councillor M B Kelly.

**AUD.11 Appointment of Substitutes**

Councillor H J Martin was appointed as a substitute for Councillor M B Kelly.

**AUD.12 Declarations of Interests by Members**

No declarations of interest were made.

**AUD.13 Minutes**

**Agreed: The minutes of the meeting held on 24<sup>th</sup> June 2013 be confirmed as a correct record of the meeting and signed by the Chairman.**

**AUD.14 Audit Update**

The Committee received an update from Grant Thornton. Members were taken through the report and the following points were confirmed:

- a. The Council's contribution for the Lawrences fire was capped at £50k.
- b. Work was ongoing for the qualification for 2012/2013 grant claim form.
- c. Considerable work had been undertaken on a decluttering exercise which had assisted with the Audit process this year.
- d. The Finance Team had worked closely with Grant Thornton to alleviate errors. Training was undertaken for those staff involved with the audit process.
- e. If any confidentially agreements arose within the Council, these were

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taken up with the Solicitor to the Council and the Human Resources team.

- f. With regard to the New Local Government Network research paper “Future Councillors – where next for local politics?”, Grant Thornton replied that the public wanted to see more communication as to what was happening with the Council and it was felt that better ways of engagement was required to do that.

In response to a Members question, it was confirmed that the Audit Commission would be abolished from March 2015 pending a bill going through Parliament.

**Agreed: The information be noted.**

### **AUD.15 Financial Resilience Report**

The Committee received a report from Grant Thornton on the review of the Council’s arrangement for securing financial resilience.

Members were informed that the Council had a growing pension liability which was not dissimilar to other authorities but as people were living longer, then it would become more difficult for the Council to maintain financial balances. Grant Thornton felt that the Strategic Review Committee had an important role to play in the future financing of the Council.

Grant Thornton recommended that the Council should keep a minimum of £1m in its reserves.

In response to a Member query, the Grant Thornton confirmed that with regard to the next steps for Financial Governance, they had suggested that the Council should consider using external consultation to support the Medium Term Financial Plan.

**Agreed: The information be noted.**

### **AUD.16 The Audit Findings for Wyre Forest District Council – Report 2012/13 Final Accounts**

The Committee received a report from Grant Thornton detailing the findings of the audit of accounts for 2012/13.

Grant Thornton thanked the Finance Team for their support during the recent audit which had made the audit simpler to carry out. Their overall opinion had been it was a clean audit and they were happy with it.

Members were informed that the Council would receive an unqualified audit opinion on its financial statements and Value for Money.

Members were advised that the Audit findings had identified that there was no significant issues in relation to the risks identified.

In response to a Members question, Grant Thornton replied that in relation to the risks identified in Employee Remuneration and Housing & Council Tax

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Benefits, these were apparent to all Councils across the country and items that the auditors would always look at. In relation to the Welfare expenditure, Members were informed that housing and council tax was one of the most complex areas that had to be audited and even though errors were found, they Council had very few. In addition, Grant Thornton were required to report the findings of this to the Department of Works and Pensions.

Members were informed that with regard to pension liability, the Council compared similar to other authorities. However, the Council needed to build into their financial plan the pension fund revaluation and the liability that required to be paid. It was noted that the pension fund was administered by Worcestershire County Council and the authority did not have any control of it. It was also reported that there were not significant numbers being granted early retirement from Wyre Forest District Council.

The Chief Financial Officer assured the Committee that implementation of the recommendations from the action plan had already commenced.

**Agreed: The information be noted.**

### **AUD.17 Annual Audit Letter Wyre Forest District Council 2012/13**

The Committee received a draft Annual Audit Letter from Grant Thornton that summarised the results and findings from 2012/13.

Members were advised that unfortunately this item had not been prepared in time for the meeting but would be on the agenda for the meeting on 2<sup>nd</sup> December 2013.

**Agreed: The information be noted.**

Councillor N J Desmond left the meeting at this point, (6.50pm).

### **AUD.18 Statement of Accounts 2012/13**

The Committee considered a report from the Chief Financial Officer on the Statement of Accounts 2012/13 following changes required by Grant Thornton as a result of the audit and considered and approve the letter of representation in respect of the 2012/13 audit.

Members were taken through the report and informed that the year had been very positive and officers were thanked for their hard work. Members attention was drawn to 2.2 of the recommendations and informed that the appendix to be approved should be appendix 1 and not appendix 2.

Members attention was also drawn to page 17 of the Statement of Accounts 2012/13 – Balance Sheet, which gave information on the value of the land and buildings that the Council owned. There was confusion with some of figures and the Chief Financial Officer would clarify the situation.

In response to a query raised by a Member which related to the Summary of the Comprehensive Income and Expenditure Account - Movement in Reserves Statement, the Chief Financial Officer agreed to circulate the information which

would include a breakdown of the service areas.

In response to a question, Members were informed that the two loans the Council took out in 2012/13 were with Borough of Kings Lynn and Norfolk Council. There was an underlying need for the Council to borrow money at times and advice was taken from Sector when doing so. A financial appraisal was carried out when the Council wished to borrow money.

With regard to the Council vehicles, these were bought and not leased.

**Agreed:**

- 1. The Revised Statement of Accounts for 2012/13 be approved.**
- 2. The Letter of Representation for 2012/13 attached at Appendix 1 of the report to the Audit Committee be approved.**

**AUD.19 Internal Audit Monitoring Report Quarter Ending 30<sup>th</sup> June 2013**

The Committee received a report from the Section 151 Officer/Principal Auditor which informed Members of the Internal Monitoring Report for the quarter ended 30<sup>th</sup> June 2013.

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

In response to a Member query, the Principal Auditor replied that the process for Car Parks Cash Reconciliation was now in place. The audit ticket was printed out to reconcile against the money in the pay and display machines.

**Agreed: The Internal Audit Monitoring Report for the Quarter ended 30<sup>th</sup> June 2013 as detailed in the Appendix to the report to the Audit Committee be considered.**

**AUD.20 Risk Management – Corporate Risk Register**

The Committee received a report from the Chief Financial Officer which provided an update on the Corporate Risk Register.

Members were taken through the report and the following points were highlighted:

- a. The pinch point funding for the Hoobrook Link Road had been secured and allocated but it had not yet been paid over. The site was progressing and it was felt that this was positive for the district.
- b. The red indicated in the boxes in the Corporate Risk Register 2013/14 report did not mean it was a financial risk to the Council but something that needed to be looked at.
- c. The “Reputation Matters” Flyer that was to be produced as a reminder for the do’s and don’t’s of good reputation would be circulated to Members.

**Agreed: The Corporate Risk Register and the associated mitigating actions as at 31<sup>st</sup> July 2013 be considered and noted.**

**AUD.21 Corporate Governance Framework**

The Committee received a report from the Chief Financial Officer which provides an update on the Corporate Governance Framework.

Members were informed that a further report on any outstanding actions would be presented to the Audit Committee at its December 2013 meeting.

In response to a Member query, on one of the key elements “Ensuring effective management of change and transformation”, it was confirmed that this was based around corporate objectives.

It was confirmed that the language in the report would be simplified.

**Agreed: The current position in respect of the Corporate Government Framework as attached to the report to the Audit Committee be noted.**

Before the meeting closed, the Chairman asked Members of the Committee if they had any issues with regard to the Terms of Reference, could they contact the Solicitor or the Committee and Electoral Services Officer in order for the item to be on the agenda for the next meeting.

The meeting ended at 7.39 pm.