

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

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

31ST MAY 2017 (6PM)

Present:

Councillors: A T Hingley (Chairman), T L Onslow (Vice-Chairman),
K Henderson, S Miah, J A Shaw and H S Williams.

Councillor Hingley thanked those Members who attended the Audit Committee training and the recent Viability training.

AUD.1 Apologies for Absence

There were no apologies for absence.

AUD.2 Appointment of Substitutes

Councillor C Rogers attended as an observer.

AUD.3 Declarations of Interests by Members

No declarations of interest were made.

AUD.4 Minutes

Agreed: The minutes of the meeting held on 20th March 2017 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.5 Internal Audit Report – Quarter Ended 31st March 2017

The Panel considered a report from the Audit Manager regarding the Internal Audit Report for the Quarter ended 31st March 2017.

Councillor Onslow asked for confirmation that the reference to full council tax compliance included adjustments to council tax bills as well as the initial bills that are sent out at the start of the financial year. The Audit Manager confirmed that this was the case to which Councillor Onslow gave high praise.

Councillor Shaw commented that it would be impossible to get things right all of the time and highlighted that any errors were very minor.

Councillor Onslow expressed her thanks to the ICT team for their preventative action following the cyber attack on the NHS and ensuring Wyre Forest District Council was kept as safe and secure as it could be.

Councillor Hingley thanked the Audit Manager for her comprehensive report and advised the reports always provide reassurance for the committee.

Agreed: The report was noted.

AUD.6 Internal Audit Annual Assurance Report 2016/17

The Chief Financial Officer introduced the annual report and explained that it was part of the closure of accounts process. The Chief Financial Officer recommended to members that they approve the report.

Councillor Shaw requested that the Committee acknowledge the work that has been done by the relevant teams and commended the effectiveness of the governance arrangements that are in place. He highlighted that very few issues are raised with the Audit Committee and this is due to the effective processes and level of professionalism within the team.

Agreed: The Audit Committee:

Approved the Internal Audit Annual Assurance Report for 2016/17

AUD.7 Annual Governance Statement 2016/17

The Chief Financial Officer led Members through the report and explained that the Annual Governance Statement formed part of the Statement of Accounts but required separate approval.

The Chief Financial Officer explained that the look and feel of the Annual Governance Statement had been updated and an effort had been made to remove some of the technical terminology to make the statement more readable.

Councillor Shaw asked for clarification regarding the reference to more accurate budget monitoring reports to reduce large unexpected variances at year end. The Chief Financial Officer explained that it is difficult to be accurate as managers are naturally cautious when setting their budgets and this can quite often result in an underspend. The baseline budget will be reviewed annually in order to strive for as accurate a budget as possible.

Councillor Onslow asked if a final date had been set for the Business Rate Review. The Chief Financial Officer advised that this had been put on hold until after the election on the 8th June.

Councillor Onslow requested clarification on how a figure was reached for the budget regarding Business Rates. The Chief Financial Officer advised that she works closely with the Planning and NNDR team to get a snapshot of what is happening with businesses in the district (new builds, demolitions, vacant properties etc) and then this figure is considered alongside the baseline budget. Provision is also made for potential appeals.

Councillor Miah asked if the timing of the election was a cause for concern and whether the market would settle down after the election. The Chief Financial

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Officer advised that the biggest impact on the budget is treasury management and peaks and troughs in the market. The Chief Financial Officer said she thought it unlikely that this would settle down after the election.

Councillor Onslow queried how the loans to third parties and portfolio would be managed as the viability training highlighted that there are differences in opinion as to what is a good investment. The Chief Financial Officer assured the Committee that the Audit team would continue to build their skills in this area and there would also be external due diligence. Our external auditors will also monitor decisions that have been made. Richard Percival reiterated that the Audit Committee needed to be satisfied that there is a robust process in place that will inform any decision made. Councillor Onslow said that this gave her assurance as quite often audit takes place after an event has happened.

Councillor Miah asked if the new Property and Investment Manager was in post yet and whether they were within the team already. The Chief Financial Officer confirmed that the post had been filled by an external candidate and they were due to start on the 19th June.

Councillor Miah also raised concern that implementation of approved proposals/acquisition of portfolio assets would not be happening until March 2018 and questioned whether it should be sooner. The Chief Financial Officer explained that it is a case of waiting for suitable opportunities to arise and following a time consuming process to take any opportunities forward. The Chief Financial Officer advised that she was hopeful that some of the fund would have been used before the end of the financial year.

Councillor Hingley requested regular training for Members as they would be responsible for whether opportunities are taken forward and ensuring they are successful.

Councillor Onslow asked for clarification as to who represents Wyre Forest at the new PSP Board. The Chief Financial Officer confirmed that there are various layers of representation including officers, directors, the Chief Executive and the Cabinet Member.

Councillor Miah asked of lessons had been learned from the recent NHS Cyber attack and problems with computer systems at British Airways. The Chief Financial Officer advised that the ICT team knew of the NHS cyber attack on Friday but did not learn of the more technical issues surrounding the attack until the Saturday. Scheduled patching was bought forward and e-mails were sent to staff making them aware of the situation and providing guidance around e-mails with links/attachments etc. Staff had also had training in January regarding cyber security. The authority was as safe and secure as it could be.

Agreed: The Audit Committee:

Approved the Annual Governance Statement 2016/17.-

AUD.8 Statement of Accounts 2016/17

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The Chief Financial Officer advised Members that she was very proud to bring a full, professional set of accounts to the Audit Committee one month earlier than normal. It was requested that Members endorse the pre-audited version of the Accounts and approve that the Chief Financial Officer make minor changes between now and the audited version being considered at the next meeting.

Councillor Shaw queried the Housing Benefit Overpayment figure of £190k and how much of it we get back from Central Government. The Chief Financial Officer recognised that this was quite a large provision and that it would continue to be monitored on a quarterly basis. We would recover always endeavour to collect as much of the overpayment as we could.

Councillor Shaw asked for clarification regarding release of earmarked reserves being subject to additional challenge. The Chief Financial Officer explained that reserves are made in good faith but if they are considered to be no longer required then this is challenged by various sessions held by the Corporate Leadership Team throughout the year.

Councillor Onslow queried the two funds for Business Rates and asked why the one fund was so high. The Chief Financial Officer confirmed that these are two separate funds – one relates to how business rates are paid and one is provision for potential appeals. The Chief Financial Officer acknowledged that the appeals fund is a large sum but this provision does need to be made for any potential appeals in the future.

Councillor Onslow asked about the NWEDR reserves and whether this money would be spent in the Wyre Forest area or potentially across the whole of North Worcestershire. The Chief Financial Officer confirmed that it would depend on the nature of the reserve.

Councillor Onslow queried the statement on page 27 of the accounts that suggests income has gone down when she understands this not to be the case. The Principal Accountant confirmed that accounting technicalities make the figure fluctuate. The figures can vary depending on what else has gone through that account. The Principal Accountant will provide a more in depth analysis for Councillor Onslow.

Agreed: the Audit Committee:

Endorsed the pre-audit Statement of Accounts approved by the Chief Financial Officer.

Authorised the Chief Financial Officer to be authorised to make minor changes to the copy of the endorsed Statement of Accounts, prior to the statutory pre-audit deadline of the 30th June, should this be necessary.

AUD.9 External Audit Fee Letter

Grant Thornton commented that it was excellent to see the completed Statement of Accounts at the Audit Committee this early.

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Grant Thornton led Members through the letter and highlighted that the fee was the same as the previous year.

Councillor Onslow asked if Grant Thornton were required for any additional days. Grant Thornton advised that they were only required for additional days for Housing Benefit which, although covered under the contract, is charged separately. Grant Thornton will provide Councillor Onslow with the exact figure.

Grant Thornton highlighted that the lack of need for additional days reflected the excellent work the team is doing and that good financial statements are produced.

The fee was noted.

The meeting ended at 7.27pm.