

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,
KIDDERMINSTER

31ST JULY 2017 (6PM)

Present:

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

AUD.10 Apologies for Absence

Apologies for absence were received from Councillor J A Shaw.

AUD.11 Appointment of Substitutes

Councillor N Knowles was appointed as a substitute for Councillor Shaw

AUD.12 Declarations of Interests by Members

No declarations of interest were made.

AUD.13 Minutes

The Corporate Director for Resources highlighted a necessary change to the last sentence of the penultimate paragraph of AUD.7. The reference to Leader of the Council was amended to Cabinet Member.

Agreed: The minutes of the meeting held on 31st May 2017 be confirmed, subject to the change above, as a correct record of the meeting and signed by the Chairman.

AUD.14 Audit Findings Report for Wyre Forest District Council – 2016/17 Accounts

GT led Members through the report. It was recognised that the earlier deadline of the 31st July had been successfully met and this reflected the quality of the accounts and the support provided by the team.

Councillor Knowles asked for clarification regarding the “unqualified audit opinion”. GT confirmed that an unqualified opinion was a positive outcome as it meant no significant issues had been found.

Councillor Onslow asked what the difference was between a finance lease and an operational lease. GT explained that a finance lease usually results in the asset being transferred as the value of the asset is met by the payments that have been made. An operational lease is when payments are made (for example rent for access to facilities) but the ownership of the asset does not

change.

Councillor Onslow asked for further clarification about how this impacts with the lease on a property and how it would impact on a tenant. GT advised that tenancy agreements on property are handled differently to commercial leases.

Councillor Knowles raised concern about the 99 year lease and the finer details of the agreements. GT agreed that there is a level of complexity where a judgement call is required. GT did highlight that from their point of view, the issue of Kidderminster Town Council was that of an accounting judgement and will be less of a concern for the accounts in future years.

Councillor Knowles asked about the funding gap and asked GT if it was too early to start looking at changes to Business Rates. GT advised it is difficult to take anything into consideration until the policy regarding this is more apparent.

Councillor Onslow asked if the reference to a 'straight line approach to forecasting income' is the same as being risk averse. GT advised that this was not necessarily the case but it has been recognised that all possibilities need to be considered as this could impact positively on the overall forecast.

Councillor Hingley thanked GT for their detailed report.

The report was noted.

AUD.15 Statement of Accounts

The Corporate Director for Resources led Members through the report and advised them that it was a refreshed version the report that came to Committee in May. The Corporate Director for Resources thanked her team for their support in ensuring the 31st July deadline was met and was very pleased to have received an unqualified opinion.

The Corporate Director for Resources highlighted the performance indicator regarding prompt payment of invoices is lower than what would normally be expected. This is due to resources within the team but the indicator has now started to improve.

Councillor Onslow queried adjustments to figures and asked why the 'life' of an asset could not be determined more accurately. The Principal Accountant advised that the explanatory note regarding adjustment to figures was there to allow for any unforeseen changes in circumstances.

Councillor Knowles queried the level of reserves and whether we have to keep a certain percentage of the overall income/expenditure in reserves. GT advised that one of the reasons the reserves is there is to adequately finance the unforeseen. Therefore, there is no percentage set as it is a judgement call for each S151 officer to make.

Councillor Knowles also asked about the collection of Business Rates and what work is being undertaken to improve the collection rate. The Corporate Director for Resources advised that the collection of business rates is

something we aspire to improve but unfortunately there are restrictions on what can be done as we have to work within the boundaries of the legislation. The Corporate Director of Resources did assure the Committee that Business Rate debts are not written off until a very lengthy process to try and recover the money has been followed. Debts that have been written off can also still try to be recovered if circumstances with the business change.

GT reiterated that Business Rates is often about identifying risk within the Business Rate pool – relying on a small number of large businesses could be of higher risk than having lots of smaller businesses.

Agreed. The Audit Committee:

Approved the Revised Statement of Accounts for 2016/17

Approved the Letter of Representation for 2016/17as at Appendix 1

AUD.16 Internal Audit Monitoring Report Quarter Ended 30th June 2017

The Audit Manager led Members through the report which reflects on the first quarter of the 2017/18 Audit Plan.

Councillor Onlsow asked for assurance that no income had been lost as a result of the issues identified as part of the review for recording MOT income. The Audit Manager confirmed that no income was lost and the issues arising were more around housekeeping.

Councillor Miah asked for an explanation as to the difference between 'limited assurance' and 'some assurance'. The Audit Manager explained that originally the assurance level was given as 'limited' due to the lapse of controls but the assurance level was increased to 'some' after the relevant service team worked with the Audit team to address the issues

The report was noted.

AUD.17 Internal Audit Public Sector Internal Audit Standards

The Audit Manager provided an outline regarding the requirements of the Public Sector Internal Audit Standards, confirming that following the self assessment endorsed by the Audit Committee in June 2014, there was now a requirement for an external assessment of the service.

The Corporate Director; Resources advised that the option for a validation of the self assessment would be progressed, and this was in line with authorities of a similar size. The Audit Committee will be advised of the outcome of the external assessment in due course.

Councillor Hingley thanked the Audit Manager for keeping the Committee informed.

Agreed. The Committee:

Endorsed the preferred option of a validated self-assessment to fulfil the required external assessment of the Internal Audit Service in accordance with the UK Public Sector Internal Audit Standards at detailed at 4.8

AUD.18 Counter Fraud Arrangements 2017/18

The Audit Manager led Members through the report, particularly the details of the pro active anti fraud plan as at Appendix 1. The Audit Manager advised that in particular the review of the National Fraud Initiative and been resourced, that there were no significant issues arising, and any issues identified were more around housekeeping.

Councillor Miah asked why some actions were showing with a completed date of 2016 and whether these actions were off track or if the date needs to be revisited. The Audit Manager advised that the completed dates reflected the completion date of the initial piece of work but they have now evolved and continue to be a work in progress.

Councillor Onslow gave her appreciation to the team for all the work that has been undertaken regarding cyber crime as this continues to be a very high risk area and any training that is provided is invaluable.

Councillor Knowles queried the rationale the Audit team would use when potential fraud was highlighted. The Corporate Director for Resources advised that Members can always speak to the team privately if they have a particular area of concern regarding fraud.

The report was noted.

AUD.19 Any other business

Councillor Hingley advised the Committee that she was going to attend an Overview and Scrutiny Committee and that she had invited the Chair of Overview and Scrutiny to attend an Audit Committee in order to share learning. The Committee endorsed this.

The meeting ended at 7.15pm.