

**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**

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

**27TH NOVEMBER 2017 (6PM)**

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**Present:**

Councillors: A T Hingley (Chairman), T L Onslow (Vice-Chairman), H E Dyke, J A Hart, J A Shaw and H S Williams.

Councillor N Knowles attended as an observer.

Councillor N J Desmond attended as an observer.

**AUD.20 Apologies for Absence**

Apologies for absence were received from Councillors: K Henderson and S Miah.

**AUD.21 Appointment of Substitutes**

Councillor H E Dyke was appointed as a substitute for Councillor Miah  
Councillor J A Hart was appointed as a substitute for Councillor Henderson.

**AUD.22 Declarations of Interests by Members**

No declarations of interest were made.

**AUD.23 Minutes**

**Agreed: The minutes of the meeting held on 31<sup>st</sup> July 2017 be confirmed as a correct record of the meeting and signed by the Chairman.**

**AUD.24 Audit Committee Update**

Grant Thornton (GT) led members through the report explaining that at this stage it is a plan and sets work for the coming year. GT highlighted the requirement for an earlier closedown of Accounts for this year although confirmed that Wyre Forest District Council achieved this earlier date for last year's accounts. GT made reference to the DCLG consultation regarding the Prudential Framework and Minimum Revenue Provision.

Councillor Onslow asked if Wyre Forest District Council were feeding in to the consultation.

The Corporate Director for Resources confirmed that the District Council was engaged with the consultation process as an individual district council, part of the treasurers group and the District Council's Network.

Councillor Hingley asked if a trend was developing for local authorities being

required to use their reserves. GT confirmed that this was the case and would expect this trend to continue over the next five years.

Councillor Onslow queried the amount of reserves being used by local authorities by the start of 2016/17 (6.2%) as it did not seem a particularly high figure given the budget pressures local authorities are under. GT advised that the expectation five years ago would have been that use of reserves would be much higher at this stage but there is the recognition that reserves will have to be used in a managed way in order to deliver the transformation programmes required at local authorities.

**The report was noted.**

**AUD.25 Annual Audit Letter – year ended 31<sup>st</sup> March 2017**

GT led members through the Audit letter and advised that it highlights issues already brought forward to the Audit Committee and summarises key messages.

Councillor Onslow queried why an identified significant risk does not affect the unqualified audit opinion. GT advised that this was how the process worked – GT highlight a potential risk and then are required to satisfy themselves that there are no defects to intensify to the risk.

Councillor Onslow asked how the lower threshold of £47,000 regarding materiality was reached. GT advised that this was, again, process driven. There is a set level of materiality with an absolute level of accuracy. GT are required to report to Audit Committee at a lower level – typically 5%.

Councillor Onslow asked for GT's opinion as to Wyre Forest District Council's risk appetite and whether it is too risk averse. GT advised that they would expect the Corporate Director for Resources to take a prudent approach with careful monitoring throughout the year. GT would expect necessary action to be taken as things change throughout the year. GT reiterated that this is an art rather than a science and would always advise proceeding with caution.

Councillor Shaw made an observation with reference to forecasting for the future of the budget. It may be that in the future more attention does need to be paid to demand led income generation although this will inevitably lead to greater uncertainty.

**AUD.26 Internal Audit Monitoring Report Quarter Ended 30<sup>th</sup> September 2017**

The Audit Manager led members through the report which highlights the work that is being undertaken by the Audit team at the moment.

Councillor Onslow asked for an explanation as to why requests for advice has dropped considerably from the 16/17 financial year. The Audit Manager advised that the types of queries have now changed – in the previous year a lot of queries were being received regarding payroll and income which have been resolved, with colleagues addressing as they arise.

**The report was noted.**

**AUD.27 Risk Management – Corporate Risk Register**

The Corporate Director for Resources led members through the report and advised that this was the half year report on the Corporate Risk Register although it is reviewed monthly.

Councillor Shaw asked for clarification regarding the symbols key and also expressed concern that there were 8 alerts on the risk register. The Corporate Director for Resources provided further information regarding the symbols key and assured Councillor Shaw that all alerts were assessed as part of the review of the register.

Councillor Hingley noted that it was good news to see the additional £900,000 collection of arrears.

Councillor Onslow was also pleased to see General Data Protection Regulations had been identified for the risk register.

Councillor Shaw commented that the risk register was a useful summary of the current position the Council is in and the challenges it faces.

**The report was noted.**

**AUD.28 External Audit Assessment**

The Corporate Director for Resources introduced the report written by the Audit Manager. The report updates Members on the arrangements for the external assessment of the Internal Audit service against the UK Public Sector Internal Audit Standards and advised that Tilia Solutions have been appointed.

Councillor Onslow asked if we were confident that the review would be thorough. The Audit Manager advised that quotes were invited from three external providers, of which only two responded, and their submissions were marked against the identified criteria with the award based only price. GT also gave assurance to Councillor Onslow as to the credentials of Tilia Solutions as GT have worked with them in the past.

**The report was noted.**

**AUD.29 Exclusion of the Press and Public**

**Decision: Under Section 100A(4) of the Local Government Act, 1972 the press and public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of “Exempt Information” as defined in paragraphs 7 of Part I of Schedule 12A of the Act.**

**AUD.30 Bewdley Medical Centre**

The Audit Manager led members through the report explaining the impartiality of the review that had been conducted. The Audit Manager confirmed that any key points from the Evidence File (appendix 4) were included in the report

together with learning points for the future.

Councillor Hingley thanked the Audit Manager for the time she had spent on this piece of work which had resulted in a very professional document being produced.

Councillor Williams asked if due regard had been given to the land value for this project. The Corporate Director for Economic Prosperity and Place confirmed that the land value was considered with all other financial information by Cabinet and Council.

Councillor Shaw commented that the role of the local authority often leads to decisions being taken with regard to the overall improvements for the district rather than just the financial elements of a project.

Councillor Knowles gave thanks to the Audit Manager for the report but advised that in his opinion the report did not provide sufficient explanation as to the current position of the project.

Councillor Hingley invited The Corporate Director for Economic Prosperity and Place to provide further information. The Corporate Director for Economic Prosperity and Place confirmed that the report did capture the details of the issues that arose as the project progressed.

Councillor Hart asked if multiple consultants were contacted in order to give their opinion on the project. The Corporate Director for Economic Prosperity and Place explained that the consultants were responsible for creating a specification based on the ground investigation and retaining wall surveys that could be used for the tender process – it was not an opinion based task.

Councillor Dyke asked for explanation as to how issues with the land were not known – either via plans or previous building work. The Corporate Director for Economic Prosperity and Place confirmed that issues with the land were not, and could not be, known until the original medical centre was demolished.

Councillor Shaw gave his thanks that this issue had been highlighted and also to officers for the work that had been undertaken and the learning points that had been put forward.

Councillor Desmond advised that the report was to assess processes and governance and the report confirms that they have all been adhered to.

Councillor Shaw asked what would happen with the Audit Advisory Recommendations. The Corporate Director for Resources suggested that the Audit Committee endorse the recommendations.

**It was agreed by the Audit Committee to:**

**Endorse the learning points for the future.**

**The meeting ended at 7.36pm**