

**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE AUDIT BOARD**

**THURSDAY, 20TH SEPTEMBER 2012 AT 6.00 P.M.**

PRESENT: Councillors L. C. R. Mallett (Chairman), J. S. Brogan (Vice-Chairman), Ms. M. T. Buxton, Dr. B. T. Cooper, Miss P. A. Harrison (during Minute No's 16/12 to part of 22/12) and Mrs. H. J. Jones

Officers: Ms. J. Pickering, Mr. A. Bromage and Mrs. P. Ross

16/12 **APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor S. J. Dudley

17/12 **DECLARATIONS OF INTEREST**

The following declarations of interest were made:

**Item 7 – Audits in Progress as at 31st March 2012, Parks and Open Spaces (Fieldwork stage)**

Councillors L. C. R. Mallett and Ms. M. T. Buxton each declared an other disclosable interest as ward members for Whitford, ward area for Sanders Park and that Councillor L. C. R. Mallett had been involved in a number of projects for Sanders Park.

18/12 **MINUTES**

The Minutes of the meeting of the Audit Board held on 21st June 2012 were submitted.

**RESOLVED** that the minutes be approved as a correct record.

19/12 **CORPORATE RISK REGISTER**

The Board considered a report which detailed the Corporate Risk Register and the current arrangements for risk management within the Council.

The Executive Director, Finance and Corporate Resources introduced the report and in doing so informed Members that the Corporate Risk Register, as detailed at Appendix 1 to the report, had been developed and agreed by the Corporate Management Team following consideration of potential risks that could affect the Council.

Members were further informed that officers were currently developing Departmental Risk Registers and that key issues on the Corporate Risk Register and Departmental Risk Registers would be reported back to the Board on a quarterly basis. Following further discussion it was agreed that the high level actions on Departmental Risk Registers would be included within the quarterly reports for discussion, with the detailed Departmental Risk Registers provided for information periodically.

The Executive Director, Finance and Corporate Resources responded to Members' questions with regard to the six Corporate Risks identified and the scoring methodology. Following further discussion the Executive Director, Finance and Corporate Resources was tasked with taking the comments of the Board and the additional risks identified, to be included within the Corporate Risk Register back to the Corporate Management Team as follows:

- Members had expressed concern with regard to the Likelihood score of 1, Low, for the following:
  - Corporate Risk Reference 3 – Failure to realise the potential benefits of implementing shared services
  - Corporate Risk Reference 4 – Failure to develop a vibrant Town Centre
  - Corporate Risk Reference 5 – Impact on the Council of a change in political direction. Do ongoing and regular discussions with all members and more specifically Group Leaders take place?
- Include the following within the Corporate Risk Register:
  - Safeguarding the Council's reputation (reputational risk, treasury management, ombudsman and complaints)
  - Fraud
  - Further reduced funding from government

The Executive Director, Finance and Corporate Resources in response to Councillor Dr. B. T. Cooper confirmed that officers did undertake regular training to support future business continuity events.

**RESOLVED:**

- (a) that, subject to the comments and additional risks identified in the preamble above, the Corporate Risk Register be noted, and
- (b) that the Audit Board Work Programme be updated to include Corporate Risk Register and the high level actions from Departmental Risk Registers quarterly reports, with the Departmental Risk Registers to include a frontline service and a support service register. Detailed Departmental Risk Registers to be provided for information periodically.

20/12 **AUDIT BOARD WORK PROGRAMME 2012 / 2013**

The Board considered the Work Programme for 2012/2013.

It was noted that the Audit Board no longer received the Statement of Accounts. The Executive Director, Finance and Corporate Resources informed the Board that since 2010 / 2011 the Statement of Accounts were presented at Cabinet, but she considered it would be useful for the Board to receive the Audit Commission Annual Governance report at the next meeting of the Board.

**RESOLVED** that the Work Programme be updated to include the items discussed and agreed by the Board during the course of the meeting.

21/12 **EXCLUSION OF THE PUBLIC**

The Board considered whether or not to exclude the public from the meeting for the consideration of Agenda Item No. 7; The Internal Audit Monitoring Report of the Acting Shared Service Manager of the Worcestershire Internal Audit Shared Service. The Acting Shared Service Manager had provided a combined report and the Chairman advised that the Board had considered whether the public interest in maintaining the exemption outweighed the public interest in disclosing the information, which the Board agreed it did not.

**RESOLVED** that the public not be excluded from the meeting during the consideration of Agenda Item No. 7, Monitoring report of internal audit work and performance as at 31st August 2012, pages 13 to 20, and that this part of the report be placed in the public domain.

22/12 **INTERNAL AUDIT MONITORING REPORT (PAGES 13 TO 20)**

Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Acting Audit Manager presented the report and in doing so informed Members that individual reports would be presented to future meetings of the Board and as agreed, further completed audits would be presented to the next meeting of the Audit Board.

The Acting Audit Manager further informed Members that, as agreed at the meeting held on 21st June 2012, the Management of Data audit would be included in the 2012 / 2013 Audit Plan as part of the Governance audit.

**Audits in progress as at 31st August 2012**

The following audits had now been completed and would be presented to the next meeting of the Board:

- Asset Management 2011-12
- Street Scene
- Parks and Open Spaces

The Acting Audit Manager and the Executive Director, Finance and Corporate Resources responded to Members' questions with regard to the Asset Management 2011-2012 audit and the updating of acquisition and disposals on the Finance Asset Register.

Audit Days

The Acting Audit Manager responded to Members' concerns with regard to the total of 78 days that had been delivered against a target of 300 days for 2012 / 2013. He informed Members that work was still to be carried out for quarter 2 and as detailed at Appendix 1 to the report the Core Financial Systems would be audited in quarters 3 and 4 which would account for almost a third of the plan. Work was still continuing on quarter 2 so this would not be reflected in the figures.

The Acting Audit Manager responded to the Chairman with regard to the Lead Auditor leaving the service and the potential impact this would have on the service for Bromsgrove. The Acting Audit Manager informed Members that whenever there was a natural turnover the delivery of the service was re-assessed in respect of its effectiveness and efficiency. He reassured Members that the audit team were now essentially resourced in order to deliver the audit plan in full for this year, and that the service was currently delivering more in comparison to the previous year.

The Executive Director, Finance and Corporate Resources informed the Board that she had raised her concerns with the Acting Audit Manager in respect of the delivery of the audit plan 2012/2013 and that she now felt more assured with the delivery of the audit plan.

The Acting Audit Manager responded to Members' questions with regard to the potential of natural turnover and a possible shortage of staff. Members were informed that any staff shortage due to natural turnover would be covered with agency staff and that additional costs would be met within the overall budget already set; there would be no additional cost implications.

**RESOLVED** that the monitoring report of internal audit work and performance as at 31st August 2012 (pages 13 to 20), be noted.

**RECOMMENDATION** that Cabinet be made aware of the concerns raised by the Board in respect of the delivery of the Internal Audit Plan 2012 / 2013.

23/12 **LOCAL GOVERNMENT ACT 1972**

**“RESOLVED** that under Section 100 I of the Local Government Act 1972, as amended, the public be excluded from the meeting during the consideration of the following item of business of the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act, as amended, the relevant paragraph of that part being as set out below, and that it is in the public interest to do so:-

<u>Minute No.</u>	<u>Paragraph</u>	
24	7	
25	7	“

24/12 **INTERNAL AUDIT MONITORING REPORT (PAGES 21 TO 42)**

The Board considered a report which detailed the monitoring report of internal audit work and performance as at 31st March 2012, pages 21 to 42 and provided an update on Protecting the Public Purse checklist.

Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Acting Audit Manager presented the report and in doing so informed Members that individual reports would be presented to future meetings of the Board and as agreed, further completed audits would be presented at the next meeting of the Board.

The Acting Audit Manager further informed Members that, as agreed at the Audit Board meeting held on 21st June 2012, the Management of Data audit would be included in the 2012 / 2013 Audit Plan as part of the Governance audit.

Following further discussion on one of the audits being put on hold, Members requested that the Executive Director, Finance and Corporate Resources obtain further detailed information with regard to the reasons the audit was put on hold and report back to the Board.

The Acting Audit Manager responded to Members' questions with regard to the final Internal Audit Report for Worcestershire Regulatory Services and the Audit Opinion and Executive Summary as detailed in the report.

The Executive Director, Finance and Corporate Resources responded to Members' questions with regard to Performance Indicators and Contracts Register, as detailed at Appendix 4 to the report. Members were assured that each department were aware of contracts held and therefore there was no potential risk to budgets.

**Protecting the Public Purse**

The Acting Audit Manager presented the completed self assessment checklist as requested during the Audit Board meeting on 21st June 2012. The Acting Audit Manager informed Members that in order to provide assurance to the Board the checklist item was identified, a comment made and evidence shown in order to determine how the decision was determined. Members were informed that item 9 should show 'Yes' in column two.

**RESOLVED:**

- (a) the Executive Director, Finance and Corporate Resources be tasked to check that Managers follow the 'due process' with regard to contracts entered into and that the Legal Services Team see all contracts entered into. The findings to be reported back to a future meeting of the Audit Board; and
- (b) that the Executive Director, Finance and Corporate Resources and Acting Audit Manager be tasked to provide further clarification with Heads of Service on the questions raised with regard to the following items and report back to the next meeting of the Board:

- Item 17 – Housing Tenancy
  - Item 21 – Recruitment; and
- (c) that the monitoring report of internal audit work and performance as at 31st August 2012 (pages 21 to 42), be noted.

25/12 **FRAUD INVESTIGATION - VERBAL UPDATE**

(The Chairman agreed that this matter be raised as an urgent item, in light of further information received by the Executive Director, Finance and Corporate Resources).

The Executive Director, Finance and Corporate Resources provided Members with a further verbal update on the one case referred to in the Corporate Anti-Fraud Performance Report 2010/2011.

**RESOLVED:**

- (a) that the current and final position be noted and that the lessons learnt be noted by the Senior Management Team with regard to this investigation; and
- (b) that any future decisions with regard to potential Fraud Investigations be made by the Chief Executive, Bromsgrove District Council and Redditch Borough Council and the Section 151 Officer.

The meeting closed at 7.20 p.m.

Chairman