

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

THURSDAY, 19TH SEPTEMBER 2013 AT 6.00 P.M.

PRESENT: Councillors J. R. Boulter, M. T. Buxton, H. J. Jones, R. J. Laight (substituting for S. J. Dudley), P. Lammas (substituting for B. T. Cooper), P. M. McDonald and C. J. Spencer (substituting for P. A. Harrison)

Observers: Councillor C. J. Bloore and Ms. A. Scarce

Invitees: L. Jones, Customer Services Manager

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

1/13 **ELECTION OF CHAIRMAN**

Members agreed that the meeting be adjourned to allow officers time to seek legal advice on a Constitutional issue that had been raised with regard to the nomination of Chairman.

Accordingly the meeting stood adjourned from 6.10pm to 6:16pm and 6:21pm to 6.30pm.

Having reconvened, the Board then considered nominations for Chairman.

RESOLVED that Councillor J. R. Boulter be elected as Chairman of the Board for the ensuing municipal year.

2/13 **ELECTION OF VICE-CHAIRMAN**

RESOLVED that Councillor H. J. Jones be elected as Vice-Chairman of the Board for the ensuing municipal year.

3/13 **APOLOGIES**

Apologies for absence were received from Councillors B. T. Cooper, S. J. Dudley and P. A. Harrison.

4/13 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

5/13 **MINUTES**

The minutes of the meeting of the Audit Board held on 14th March 2013 to be considered at the next meeting of the Board.

6/13 **PRESENTATION FROM THE CUSTOMER SERVICES MANAGER**

The Chairman welcomed Lynn Jones, Customer Services Manager to the meeting.

The Customer Services Manager provided the Board with a presentation detailing risk management for her service area. The presentation slides covered key operational risks and current projects with associated risks. The presentation highlighted that Risk Management was a continuous and developing process within Customer Services.

The Executive Director, Finance and Corporate Resources responded to Councillor P. M. McDonald in respect of the risk management undertaken and the decision made to close the Bromsgrove Customer Service Centre on a Saturday morning. The Executive Director, Finance and Corporate Resources explained that the recent review of the Bromsgrove Customer Service Centre had highlighted that the vast majority of customer demand was received Monday to Friday. A report had been presented to Cabinet on 4th September 2013 which had proposed that the opening hours of the Bromsgrove Customer Service Centre were changed to reflect the reduced demand and changes to service delivery, and that staffing resources were realigned to when they were most needed. The data collected throughout 2012/2013 detailed the average customer numbers and total enquiries received. The report highlighted that the overall number of enquiries received on Saturday mornings was too low to warrant having expert staff available. Therefore a high percentage of customer demand could not be dealt with due to the unavailability of a variety of service experts on a Saturday morning.

The Chairman thanked the Customer Services Manager for her presentation.

7/13 **AUDIT COMMISSION ANNUAL GOVERNANCE REPORT 2011/2012 –
PROGRESS MADE ON ACTIONS**

Further to the meeting of the Audit Board held on 20th September 2012, Members considered a report which provided an update on actions relating to the five recommendations made by the Audit Commission in their Annual Governance Report 2011/2012.

The Executive Director, Finance and Corporate Resources presented the report and in doing so informed Members that as part of the process for auditing the final accounts for 2011/2012 the Audit Commission had reviewed the Council's processes and procedures and had made recommendations that they felt might improve the Council's future service and accounting.

There were five recommendations proposed by the Audit Commission that had been agreed by officers and reported to Audit Board Members in

September 2012. Pages 11 and 12 of the report detailed the five recommendations and provided an update on the actions.

The Executive Director, Finance and Corporate Resources drew Members' attention to the recommendation and update - 'Review the format of the monitoring savings as presented to officers and Members'. The financial monitoring reports for 2013/2014 would show detailed information in relation to the savings to be delivered. The format of these reports would show the savings generated as a separate table to ensure Members could see the savings that have been realised. The Executive Director, Finance and Corporate Resources informed the Board that a detailed report would be presented to the next meeting of the Audit Board.

RESOLVED:

- (a) that, as set out in the preamble above, a detailed report be presented to the next meeting of the Audit Board, and
- (b) that the updates to the actions relating to the Audit Commission, Annual Governance Report 2011/2012 be noted.

8/13 **GRANT THORNTON UPDATE - RESPONSES TO THE CHALLENGE QUESTIONS**

The Board was asked to consider the responses to the challenge questions raised by the Council's external auditors Grant Thornton during the last Audit Board meeting.

The Executive Director, Finance and Corporate Resources introduced the report and in doing so informed Members that Grant Thornton had presented an update report to the Board on the 14th March 2013 which had included a number of questions that they had asked the Council in relation to a number of financial issues. Members had requested that officers considered the questions in order to present the responses to a future meeting of the Board.

RESOLVED that the responses, as detailed in the report, to the challenge questions raised by Grant Thornton and presented to Members on the 14th March 2013 be agreed.

9/13 **VERBAL UPDATE FROM THE EXECUTIVE DIRECTOR, FINANCE AND CORPORATE RESOURCES:-**

Following on from the Audit Board meeting held on 14th March 2013 Members had requested that further information be provided to a future meeting of the Board on:-

- Closed Landfill Sites
- Reserves

The Executive Director, Finance and Corporate Resources informed Members that the Council did not have any closed landfill sites. With regards to reserves, quarterly reports were presented to both Overview and Scrutiny Board and Cabinet meetings, with an annual report presented to Full Council.

The Executive Director, Finance and Corporate Resources responded to questions from Councillor P. M. McDonald with regard to Marlbrook Tip and agreed to provide a further update in respect of Marlbrook Tip to the next meeting of the Board.

RESOLVED that an update on Marlbrook Tip be included on the Audit Board Work Programme for December 2013.

10/13 **BENEFITS INVESTIGATIONS**

The Board considered a report detailing the performance of the Benefits Services Fraud Investigation service.

The Head of Finance and Resources presented the report and in doing so informed Members that the report gave performance information from 1st October 2012 to 31st March 2013, during this period 76 fraud referrals had been received. 27 of the referrals had come from data-matching through the Housing Benefit Matching Service (HBMS), 30 of the referrals were from official sources; the remaining 19 referrals had come from other sources, as detailed in section 3.9 in the report.

The Head of Finance and Resources responded to Councillor P. M. McDonald who had expressed his concerns with regard to the cases where fraud had been proven but a sanction was not considered appropriate. The Head of Finance and Resources informed Members that where fraud referrals related to benefits paid by both Bromsgrove District Council and the Department for Works and Pensions a joint approach was taken to ensure that the full extent of offending was uncovered and that appropriate action was taken by both bodies and that individual personal circumstances had to be taken into account prior to a decision being made on the most appropriate sanction. The Head of Finance and Resources highlighted that offenders would be prosecuted for any further offences.

RESOLVED that the Benefits Investigations report for the period 1st October 2012 to 31st March 2013 be noted.

11/13 **INTERNAL AUDIT MONITORING REPORT**

The Board considered a report which detailed the monitoring report of internal audit work and performance as at 31st August 2013.

Mr. A. Bromage, Service Manager, Worcestershire Internal Audit Shared Service introduced the report and in doing so informed Members that the report provided commentary on Internal Audit's performance against the performance indicators agreed for the service. The report also detailed the completion and reporting of 2012/2013 audits for information.

The Service Manager responded to Councillor P. M. McDonald with regard to the audit report for ICT, as detailed on pages 55 and 56 of the report, items 1 and 2. The Service Manager informed Members that the management of the

inventory, the stock replacement and disposals programme was considered satisfactory for the needs of the organisation, although the ICT equipment records should be checked on an annual basis and that, as detailed in the report, a procedure document for the disposing of equipment would be written.

The Executive Director, Finance and Corporate Resources further responded that the audit team had identified both items as a medium priority. The audit had identified that there was no formal process or procedure in place but the system of control that was in place was generally sound.

The Executive Director, Finance and Corporate Resources responded to Councillor P. M. McDonald with regard to the full system audit for Cemeteries – Bereavement Services, fees and charges. The audit had identified that the incorrect fees and charges (as at April 2011) had been displayed on the Council's web site. The Executive Director, Finance and Corporate Resources informed the Board that all fees and charges were agreed at Cabinet and placed on the Council's web site. She would therefore need to seek clarification from the Head of Environment as to why the incorrect fees and charges had been displayed on the Council's website and would provide Members with an update on this issue.

The Executive Director, Finance and Corporate Resources responded to Members questions with regard to the audit report for Parks and Open Spaces (Sanders Park). Councillor P. M. McDonald raised concerns with officers with regard to Internal Check – Banking and Contractor Check. The Executive Director, Finance and Corporate Resources informed Members that with regard to Internal Check – Banking, as detailed in the report, some weeks the takings were nominal and therefore staff may not bank the income until the following week. With regard to Contractor Check the Executive Director, Finance and Corporate Resources informed Members that she would raise Councillor P. M. McDonald's concerns with the Head of Service and request that he attended the next meeting of the Audit Board to address the concerns highlighted.

The Executive Director, Finance and Corporate Resources responded to Councillor P. M. McDonald with regard to the audit of the Markets and in particular cash collection. The Executive Director, Finance and Corporate Resources informed Members that the market was managed as part of the shared service and hosted by Wyre Forest District Council. A Service Level Agreement (SLA) was in place between Bromsgrove District Council and Wyre Forest District Council for the services provided and the inconsistencies, as detailed in the report, had been raised with officers at Wyre Forest District Council.

Councillor P. M. McDonald emphasised that a further review should be carried out on all three areas, as detailed in the preamble above. Having been put to the vote it was agreed that a further review would not be carried out.

RESOLVED:

- (a) that the Head of Leisure and Cultural Services be requested to attend the next meeting of the Audit Board with regard to the issues raised, as detailed in the preamble above; and
- (b) that the monitoring report of internal audit work and performance as at 31st August 2013 be noted.

12/13 INTERNAL AUDIT ANNUAL REPORT 2012 / 2013

The Board considered the 2012/2013 Internal Audit Annual Report for the period 1st April 2012 to 31st March 2013.

Mr. A. Bromage, Service Manager, Worcestershire Internal Audit Shared Service introduced the report and in doing so informed Members that Appendix 2 to the report provided a breakdown of the audits completed and the overall assurance. 76% of the audits undertaken for 2012/2013 which had received an assurance allocated returned an assurance of 'moderate' or above.

RESOLVED that the 2012/2013 Internal Audit Annual Report for the period 1st April 2012 to 31st March 2013 be noted.

13/13 DRAFT INTERNAL AUDIT MANAGERS AUDIT OPINION 2012 / 2013

The Board considered the draft 2012/2013 Worcestershire Internal Audit Shared Services Manager's Opinion.

Mr. A. Bromage, Service Manager, Worcestershire Internal Audit Shared Service introduced the report and in doing drew Members' attention to section 3.4 in the report.

RESOLVED that the draft 2012/2013 Worcestershire Internal Audit Shared Services Manager's Opinion for inclusion in the Annual Governance Statement be noted.

14/13 RISK MANAGEMENT MONITORING GROUP

Following on from the Audit Board meeting held on 14th March 2013 and at the request of the Chairman, Members were asked to nominate a Member of the Board to attend future meetings of the Risk Management Monitoring Group, who would attend meetings as a representative of the Board.

RESOLVED that Councillor H. J. Jones be nominated as a representative of the Board to attend future meetings of the Risk Management Board.

15/13 AUDIT BOARD DRAFT END OF YEAR REPORT 2012 / 2013

Members considered the draft Audit Board End of Year Report 2012/2013. The report was a factual report with input from Board Members for the municipal year 2012/2013.

RESOLVED that the draft Audit Board Annual Report 2012/2013 be presented as the final report to the next meeting of Council for information.

16/13 **AUDIT BOARD WORK PROGRAMME 2013 / 2014**

The Board considered the Work Programme for 2013/2014.

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

The meeting closed at 7.40 p.m.

Chairman