

**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE AUDIT BOARD**

**MONDAY, 28TH SEPTEMBER 2009**  
**AT 5.00 P.M.**

PRESENT: Councillors S. R. Peters (Chairman), B. Lewis F.CMI (Vice-Chairman), D. Hancox, Ms. H. J. Jones, C. R. Scurrall (during Minute No's 12/09 to 21/09) and E. C. Tibby

Also in attendance: Ms. L. Cave, District Auditor and Ms. J. Hill, Audit Commission (during Minute No. 22/09)

Observers: Councillor G. N. Denaro (Portfolio Holder for Resources)

Officers: Ms. J. Pickering and Ms. P. Ross

12/09 **APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor D. McGrath.

13/09 **DECLARATIONS OF INTEREST**

No declarations of interests were received.

14/09 **MINUTES**

The Minutes of the meeting of the Audit Board held on 29th June 2009 were submitted.

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

15/09 **INTERNAL AUDIT RECOMMENDATION TRACKER**

Consideration was given to a report detailing the new enhanced process to monitor progress to date against audit report 'priority one' and key 'priority two' findings and agreed actions. The Head of Financial Services provided Members with details of the three priorities - fundamental, important and desirable with the reason for prioritising recommendations. The proposed guidance enabled stricter control and monitoring of Target Completion and Revised Target Completion Dates.

**RESOLVED** that the guidance and example recommendation tracker as detailed in Appendix A to the report be approved and that this be implemented from quarter 2 2009/2010.

16/09 **RISK MANAGEMENT TRACKER - QUARTER 1**

Members considered a report which presented an overview of the current progress in relation to Actions/Improvements as detailed in the service risk registers for the period 1st April 2009 to 30th June 2009. The Head of Financial Services responded to questions from Members on the high number of actions (112 of 312) in Quarter 4, Members were informed that the Corporate Management Team (CMT) would monitor these. Members agreed to monitor the Risk Management Tracker, Quarter 4 during future Audit Board Meetings.

**RESOLVED** that the progress to date against all business area risk register actions for the period 1st April 2009 to 30th June 2009, Quarter 1, be noted.

17/09 **PREPARING FOR INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

Consideration was given to a report which informed Members of the impending introduction of International Financial Reporting Standards to Local Authorities. The report highlighted the likely timeframes for introduction and the possible impact this may have on resources.

**RESOLVED:**

- (a) that the Council's preparations for the introduction of International Financial Reporting Standards be noted; and
- (b) that the proposed approach to progress the introduction of International Financial Reporting Standards as detailed in Appendix A of the report be approved.

18/09 **INTERNAL AUDIT 3 YEAR PLAN 2009/2010 - 2011/2012**

Members considered a report which presented the revised Internal Audit 3-Year Plan for the period 2009/2010 to 2011/2012 with the detailed Internal Audit Plan for 2009/2010.

**RESOLVED** that the revised Internal Audit 3-Year Plan for 2009/2010 to 2011/2012 with the detailed Internal Audit Plan for 2009/2010 as detailed in the report be approved.

19/09 **INTERNAL AUDIT PERFORMANCE AND WORKLOAD - QUARTER 1**

Consideration was given to a report that provided a summary of the current performance and workload of the Internal Audit Section. The Head of Financial Services provided updates on the current status to date and responded to questions from Members regarding Licensing and Refuse Collection and Recycling audit reviews not completed in 2008/2009.

**RESOLVED:**

- (a) that the Head of Financial Services be tasked to clarify that Licensing and Refuse Collection and Recycling be included in the 2009/2010 Audit Plan;

- (b) that the Head of Financial Services be tasked to present the following completed Audit Reviews to the Audit Board meeting in December 2009:
  - Travel Concessions
  - Car Parks
- (b) that the current status and work completed on the 2008/2009 and 2009/2010 Audit Plan be noted and approved:
- (c) that the work completed by the Internal Audit Section between April 2009 and June 2010 be noted and approved;
- (d) that the work regarding any investigations be noted and approved;
- (e) that the Current Performance Indicator statistics be noted and approved; and
- (f) that the amendments to the section's standard documentation be noted and approved.

20/09 **CORPORATE RISK REGISTER 2009 - 2010**

Consideration was given to a report which presented the Corporate Risk Register 2009/2010.

**RESOLVED** that the Corporate risk register objectives as set out in Appendix A of the report be approved.

21/09 **PROJECT MANAGEMENT EXTERNAL AUDIT**

Consideration was given to a report that set out the external audit report on the Council's project management arrangements completed by the Audit Commission. Councillor E. C. Tibby requested that the Assistant Chief Executive be complimented on the positive report presented to Members.

**RESOLVED:**

- (a) that the report be noted;
- (b) that the positive report and progress made be noted; and
- (c) that the Council's response to the recommendations made by the Audit Commission be noted.

22/09 **AUDIT COMMISSION ANNUAL GOVERNANCE REPORT - DRAFT**

A copy of the Annual Governance Report 2008/2009 - Draft was considered. The Chairman welcomed Ms. L. Cave, District Auditor and Ms. J. Hill, Audit Commission to the meeting. Ms. L. Cave presented the report and thanked Members for their co-operation with regards to the meeting time and extended an apology to Members on the late receipt of the report and acknowledged that Members would not have had sufficient time to fully read the report.

It was noted that a qualified audit opinion had been issued in relation to the Authority's accounts in respect of the capital expenditure relating to the Spatial project and the evidence available to support the capital nature of this expenditure being limited because the supporting papers relating to those amounts were not available at the time of the audit. Members were formally asked to amend the accounts and note that 'this error is greater than the

materiality level and is therefore a material misstatement in the financial statements’.

The Head of Financial Services responded to questions from Members and informed Members that external advice was being sought on a capitalisation directive. Management had declined to adjust the errors in the financial statements for the reasons identified and those reasons would be included in the letter of representation to be signed by the Section 151 Officer and returned to the Audit Commission by close of play Wednesday 30th September 2009.

The Head of Financial Services confirmed that the Executive Director (Services) had delegated powers to sign the relevant Audit Commission documents in absence of the Joint Chief Executive.

The Chairman requested that Ms. L. Cave, District Auditor, Audit Commission provide detailed information to the Head of Financial Services on the current estimate for the additional Audit Commission charge.

**RESOLVED:**

- (a) that having considered the matters raised in the report (pages 4 to 13), the financial statements be approved subject to resolutions (b) and (c) below;
- (b) that the adjustments to the financial statements as set out in Appendix 2 of the report be noted;
- (c) that the errors in the financial statements identified, which management had declined to amend be noted and that the reasons for not amending the errors as set out in Appendix 3 of the report be included in the letter of representation referred to in the preamble above;
- (d) that the signed Statement of Accounts be sent to the Audit Commission on 30th September 2009 with the delegated officer to sign on behalf of the Joint Chief Executive who was currently on leave;
- (e) that the qualified value for money (VFM) conclusion be noted;
- (f) that the letter of representation on behalf of the Council be approved; and
- (g) that the response to the proposed action plan be agreed.

23/09 **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 items of business the subject of the following minutes on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Act, as amended, the relevant paragraph of that part, in each case, being as set out below and that it is in the public interest to do so:-

<u>Item No.</u>	<u>Paragraph(s)</u>
24	4
25	4

24/09    **INTERNAL AUDIT PAYROLL REVIEW 2008/2009**

Members considered a report that had been requested during the Audit Board meeting held on 8th December 2008 on the completed 2008/2009 audit review for Payroll. The review had been carried out by auditors from Worcester City Council on behalf on Bromsgrove District Council. The Head of Financial Services responded to questions from Members and informed Members that officers would continue to monitor the current Service Level Agreement (SLA).

**RESOLVED** that the results of the audit review of Payroll and the response of the Head of Human Resources and Organisational Development be noted.

25/09    **INTERNAL AUDIT ICT SERVICES REVIEW 2008/2009**

Members considered a report that had been requested during the Audit Board meeting held on 8th December 2008 on the completed 2008/2009 Information Communication Technology Services (ICT) review (including Helpdesk).

**RESOLVED** that the results of the audit review of ICT Services (including Helpdesk) and the response of the ICT Manager be noted.

The meeting closed at 7.06 p.m.

Chairman