

**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE AUDIT BOARD**

**MONDAY, 13TH DECEMBER 2010 AT 6.00 P.M.**

PRESENT: Councillors S. R. Peters (Chairman), B. Lewis F.CMI (Vice-Chairman), J. T. Duddy, Ms. H. J. Jones and C. R. Scurrall (during Minute No's 32/10 to 38/10 and part of 39/10)

Also in attendance: Ms. J. Hill, Audit Commission (during Minute No's 32/10 to 36/10)

Observers: Councillor G. N. Denaro, Portfolio Holder for Resources

Officers: Ms. J. Pickering, Ms. G. Tanfield, Ms. M. Wall, Mr. A. Bromage and Ms. A. Scarce

32/10 **APOLOGIES**

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

33/10 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

34/10 **MINUTES**

The minutes of the meeting of the Audit Board held on 27th September 2010 were submitted.

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

Ms. J. Hill from the Audit Commission asked that it be noted at Minute No. 21/10 that "It was proposed that an unqualified opinion on the financial statements would be issued" as this was not issued until 30th September 2010.

35/10 **AUDIT COMMISSION ANNUAL AUDIT LETTER 2009/2010**

A copy of the Annual Audit Letter for 2009/2010 was considered. The Chairman welcomed Ms. J. Hill from the Audit Commission to the meeting. Ms. J. Hill informed Members that she would present the report in the absence of Ms. L. Cave, District Auditor, who had submitted her apologies.

Ms. J. Hill highlighted the following areas which were covered by the report and discussed these in detail with Members.

- Key messages (including the Council's release from the formal engagement process and Shared Services).
- Financial statements and annual governance statement (including the National Fraud Initiative and the estimated savings identified).
- Value for money
- Future challenges
- Action Plan

Ms. J. Hill informed Members that since the preparation of the Audit Letter a review of the Housing Benefit and Council Tax benefit had been concluded. Some errors had been highlighted from the initial sampling and additional work and amendments had been required. A qualification letter had been issued and a detailed report would be issued by February 2011.

Members were advised that the Audit Commission had made 3 recommendations in the Audit Letter. These had been considered by Officers and actions had been agreed to address the issues raised. These were:

- To implement all Annual Governance recommendations within the agreed timescale.
- To implement the Shared Service report recommendations
- To consider the liability arrangements to ensure services were delivered in a compliant way to both Councils.

Ms. J. Hill drew attention to Paragraph 63 of the Annual Audit Letter and reassured Members that following the Government's announcement of the abolition of the Audit Commission they would continue to deliver the Council's 2010/2011 and 2011/2012 audit.

After further discussion it was

**RESOLVED** that the recommendations included in the Annual Audit Letter 2009/2010 be noted.

36/10 **AUDIT COMMISSION - VALUE FOR MONEY CONCLUSION 2009/2010**

A copy of the Audit Commission Value for Money Conclusion for 2009/2010 was considered.

Ms. J. Hill advised Members this report formed part of the Use of Resources judgement for 2009/2010 and that the Audit Commission were still required to provide this despite the Use of Resources judgement ceasing with immediate effect.

Members were informed that the Audit Commission recognised that the Council had improved its arrangements in several areas and that the improvements would put the Council in a good position moving forward in realising efficiencies for the future funding limitations.

Members requested that the Executive Director Finance and Corporate Resources passed on the Board's thanks to staff for the work that had been done. The Executive Director Finance and Corporate Resources informed Members that, from January 2011, Mr. D. Evans would be the Audit Manager for the Council. Mr. Evans was also the Audit Manager for Redditch Borough Council.

**RESOLVED** that the Value for Money Conclusion Report for 2009/2010 be noted.

37/10 **PROTECTING THE PUBLIC PURSE - LOCAL GOVERNMENT**

The Chairman welcomed Ms. M. Wall, Bromsgrove District Council's Fraud Services Manager to the meeting.

The Fraud Services Manager explained the background of the report to Members and confirmed that it was an accepted fact that fraud would increase because of the current economic climate and that fraud clearly had an adverse impact on the economy and the services which the Council provided to its residents.

The Fraud Services Manager highlighted the high risk areas which had been identified and discussed these in detail with Members:

- Housing Tenancy Fraud
- Single Person Discount Fraud and other Council Tax discounts and exemptions
- Recruitment Fraud
- Procurement
- Blue Badge Fraud

The Fraud Services Manager informed Members that she would be providing Fraud Awareness training for Bromsgrove District Housing Trust Homeless Housing Team and the Council's Housing Strategy staff.

It was also acknowledged that Recruitment Fraud was an area, where without adequate vetting procedures, was easy to manipulate and was an area within the Council which needed to be addressed. The Fraud Services Manager explained that Human Resources were currently undergoing a shared service arrangement and it was difficult to put procedures and training in place. However it had been agreed that this would be a priority when the shared service was finalised. It had also been agreed that Anti Fraud training would be included within the Corporate Induction programme with effect from April 2011.

The Fraud Services Manager also drew Members' attention to the results of the Fraud Survey which had been carried out in October 2010 and highlighted areas of concern. After further discussion it was

**RESOLVED:**

- (a) that the Audit Commission's Checklist as set out in Appendix 1 to the report be undertaken, to provide a baseline of where we are and to ensure sound governance and counter fraud arrangements are working as intended;
- (b) that the review of the outcomes of the Fraud Survey as shown at Appendix 2 to the report be noted;
- (c) that the review of outcomes of Investigations undertaken by the Corporate Anti-Fraud Team during 2009/2010 and the first 6 months of 2010/2011 be noted;
- (d) that the targeting of the risks identified in the report as raised nationally be approved.

**RECOMMENDED** that the Cabinet continue to undertake a commitment to fight possible fraud and corruption against the Council, by initially using the Audit Commission's self assessment Checklist at Appendix 1 of the report and to consider potential risks to the Council by utilising the Corporate Anti-Fraud Team (CAFT) to identify and prevent such risks.

38/10 **RISK MANAGEMENT TRACKER - QUARTER 2**

The Chairman welcomed Ms. G. Tanfield, Internal Audit Shared Service Manager to the meeting. Ms. G. Tanfield gave an update on progress of the development of the Internal Audit Shared Service and introduced her colleague, Mr. A. Bromage, Audit Manager, Worcestershire Internal Audit Shared Service, who would be managing the Internal Audit Team at Bromsgrove District Council. Mr. Bromage then presented the Risk Management Tracker report for the period 1st April 2010 to 30th September 2010, Quarter 2.

Members considered a report which presented an overview of the current progress in relation to Actions/Improvements (actions) as detailed in the service area risk registers for the period 1st April 2010 to 30th September 2010. Members were asked to note that Regulatory Services were currently not included within the risk management process to allow for the shared service to be fully embedded and that, with the agreement of the Executive Director Finance and Corporate Resources, the Corporate Risk register would not be presented to the meeting due to it still being developed by officers.

Mr. Bromage informed Members that for those risk registers where an update had not been provided, Internal Audit had been unable to verify the progress towards the completion of actions. The Executive Director Finance and Corporate Resources informed Members that she would be raising this with the Corporate Management Team

Mr. Bromage informed Members there were a total of 39 actions that had been allocated a behind target position rating. Review had verified that these actions were in relation to ongoing projects to ensure improvements were being achieved rather than fundamental problems with processes. The Executive Director Finance and Corporate Resources informed Members that the Risk Management Steering Group met monthly to review departmental registers and to highlight any concerns with the Head of Service.

**RESOLVED** that the progress to date against all service area risk register actions for 1st April 2010 to 30th September 2010, Quarter 2, be noted.

39/10 **INTERNAL AUDIT PERFORMANCE AND WORKLOAD 2010/2011**

Consideration was given to a report that provided a summary of the current performance and workload of the Internal Audit Section. The Internal Audit Shared Service Manager informed Members that the 3 outstanding audits from the 2009/2010 Audit Plan had been completed since the last meeting of the Audit Board.

The Internal Audit Shared Service Manager informed Members that a further revision of the plan was required in order to reflect the changes in circumstances as detailed in paragraph 4.5 of the report.

**RESOLVED:**

- (a) that the work completed and the progress against the 2010/2011 plan to 31st October 2010 be approved;
- (b) that the revised Internal Audit Plan for 2010/2011 be approved;
- (c) that the work regarding any investigations be noted;
- (d) that the Current Performance Indicator Statistics be noted; and
- (e) that amendments to the section's standard documentation be noted.

40/10 **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 on 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, as being as set out below, and that it is in the public interest to do so:-

<u>Minute No.</u>	<u>Paragraphs</u>
41/10	3 and 7

41/10 **RECOMMENDATION TRACKER - QUARTER 2**

Members considered a report that presented a summary of progress to date against audit report 'priority one' and key 'priority two' findings and agreed actions. The Executive Director Finance and Corporate Resources provided Members with an update for each 'priority one' and key 'priority two' findings and agreed actions.

**RESOLVED:**

- (a) that the "priority one" and key "priority two" findings and agreed actions as set out in Appendices 1 and 2 to the report be noted; and
- (b) that any necessary action and reporting process be agreed.

The meeting closed at 7.42 p.m.

Chairman