

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

MONDAY, 11TH APRIL 2011 AT 4.00 P.M.

PRESENT: Councillors S. R. Peters (Chairman), B. Lewis F.CMI (Vice-Chairman),
Ms. H. J. Jones and C. R. Scurrall

Also in attendance: Mr. D. Evans, Audit Commission (during Minute No's
42/10 to 51/10)

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

42/10 **APOLOGIES**

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

43/10 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

44/10 **MINUTES**

The minutes of the meeting of the Audit Board held on 13th December 2010
were submitted.

RESOLVED that the minutes be approved as a correct record.

45/10 **AUDIT COMMISSION CERTIFICATION OF CLAIMS AND RETURNS -
ANNUAL REPORT 2009/2010**

The Chairman welcomed Mr. D. Evans from the Audit Commission to the
meeting.

Mr. D. Evans presented the Audit Commission Certification of Claims and
Returns Annual Report undertaken during 2009/2010. He informed Members
that grant paying Government Departments attached conditions to grants and
that the Council had to show that it had met those conditions. The certification
work carried out by the Audit Commission involved applying prescribed tests
designed to give reasonable assurance that claims and returns were fairly
stated and followed specified terms and conditions. The following three claims
had been certified:

- Housing Benefit and Council Tax Benefit
- National non domestic rates
- Disabled Facilities grants

The Chairman and Portfolio Holder for Resources expressed concern that a further 20 housing benefit cases had had to be tested, after the initial 20 housing benefit cases had identified an error, an overpayment of benefit of 33 pence. The Chairman and Portfolio Holder for Resources had been surprised that a de minimis had not been set and that due to this error being identified, the Audit Commission had submitted a qualification letter to the Department for Work and Pensions (DWP).

Members noted that the fees charged for grant certification work in 2009/2010 for the three claims had significantly reduced. This had been due to the Council's quality of working papers being improved in all areas.

RESOLVED:

- (a) that the Certification of Claims and Returns – Annual Report be noted;
- (b) that officers respond to the Recommendations as set out in the report; and
- (c) that the Portfolio Holder for Resources to correspond with the DWP regards no de minimis being set for the testing of claims.

46/10 **UNIVERSAL CREDIT AND ITS IMPACT ON LOCAL AUTHORITIES**

Members considered a report which provided details of the latest proposals concerning Universal Credit and the creation of a Single Investigation Service by the Department for Work and Pensions (DWP).

RESOLVED that Members review the contents of the report and the likely impact to local authority benefits and benefit fraud work.

47/10 **TREASURY MANAGEMENT STRATEGY STATEMENT & INVESTMENT STRATEGY 2011/2012 - 2013/2014**

Consideration was given to a report on the Treasury Management Strategy Statement and Investment in relation to Bromsgrove District Council which had been prepared to comply with the Local Government Act 2003 and to ensure that the Council demonstrated accountability and effectiveness in the management of its funds.

Members noted that to comply with Treasury Management Best Practice, the Performance Indicators included in the report had previously been reported to Cabinet on 23rd February 2011.

RESOLVED:

- (a) that the Audit Board undertake additional scrutiny of the Strategy during 2011/2012 to ensure the Council's investments were being managed in a risk free environment;
- (b) that the Authorised Limit for borrowing at £3,500,000 if required be noted;
- (c) that the maximum level of investment to be held within each organisation (i.e. bank or building society) at £1m subject to market conditions as detailed at Appendix D to the report be noted; and

- (d) that it be noted that a need for training for Treasury management had been identified and would be incorporated within the Modern Councillor Programme (Training and Development Events for Members).

RECOMMENDED:

- (a) that the Council approves the Treasury Management Strategy Statement and Investment Strategy 2011-2012 to 2013-2014 as detailed at Appendix 1 to the report; and
- (b) that the Council approves the unlimited level for investment in Debt Management Account Deposit Facility (DMADF)

48/10 **INTERNAL AUDIT DRAFT OPERATIONAL PLAN 2010/2011**

Members considered a report which presented the Bromsgrove District Council's Internal Audit Draft Operation Plan 2011/2012 and the Internal Audit Shared Service's set of key performance indicators for 2011/2012.

Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Audit Manager presented the report and informed Members of the objectives of the Worcestershire Internal Audit Shared Service. The Audit Manager and the Executive Director Finance and Corporate Resources responded to Members' questions regards the reduced resource allocation for 2011/2012.

The Audit Manager informed Members that the Service Manager of the Worcestershire Internal Audit Shared Service was confident that she could provide management and those charged with governance with the assurances and coverage that they required over the system of internal control within the reduced resource allocation. The introduction of a consistent audit methodology and computerised audit software for 2011/2012 would result in a more efficient way of undertaking, documenting and managing work. This would lead to a reduction in the number of days required for audit reviews without a proportionate reduction in the assurances and coverage provided to management as more audits would be covered within a given resource allocation than would have been the case in previous years.

The Audit Manager informed Members that operational progress against the Internal Audit Plan for 2011/2012 would be closely monitored by the Service Manager of the Worcestershire Internal Audit Shared Service. The success or otherwise of the Internal Audit Shared Service would be measured against the agreed set of Key Performance Indicators (KPIs) for 2011/2012. These KPIs would be reported, on a monthly basis, to the Shared Service's Client Officer Group, which comprised of the section 151 officers from client organisations and on a quarterly basis to the Audit Board.

RESOLVED:

- (a) that the Internal Audit Draft Operational Plan 2011/2012 as detailed in Appendix A to the report be approved; and
- (b) that the Internal Audit Shared Service's set of key performance indicators for 2011/2012 as detailed in Appendix B to the report be approved.

49/10 **INTERNAL AUDIT PERFORMANCE AND WORKLOAD**

Consideration was given to a report that provided a summary of the current performance and workload of the Internal Audit Section.

RESOLVED:

- (a) that the current status and work completed in the Audit Plan up to 28th February 2011 be approved;
- (b) that the Current Performance Indicator statistics be noted; and
- (c) that amendments to the section's standard documentation be noted.

50/10 **RISK MANAGEMENT TRACKER - QUARTER 3**

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 December 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.

The Executive Director Finance and Corporate Resources informed Members that a full review of risk management was being undertaken. Currently the focus had been on departmental risk registers and she thought that Audit Board Members should be provided with a higher level of review and that a more strategic corporate risk register should be developed to include the transformation process and shared services. Members were asked to note that as from April 2011 Regulatory Services would be included within the newly developed corporate risk register.

RESOLVED that the progress to date against all service area risk register actions for 1st April 2010 to 30th December 2010, Quarter 3, be noted.

51/10 **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 I of Schedule 12A to the Act, as amended, the relevant paragraphs of that part, as set out below, and that it is in the public interest to do so:-

<u>Minute No.</u>	<u>Paragraphs</u>
52	3 and 7

52/10 **RECOMMENDATION TRACKER**

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 Audit Manager presented the report and referred to Appendices 1 and 2 of the report. The Audit Manager responded to the Chairman with regard to the lack of update information provided by management for any of the “priority one” and for 2 of the “priority two” findings.

Members agreed that as no update had been provided and no input had been received from management, the information presented had been virtually the same information presented during the December 2010 Audit Board meeting and therefore no further discussion was required.

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.

RECOMMENDED that the Portfolio Holder for Resources be requested to determine if the findings had been a “priority one” or “priority two” finding and managers be informed that it was imperative that they provided an update on all “priority one” and “priority two” findings to future meetings of the Audit Board.

The meeting closed at 4.44 p.m.

Chairman