

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

THURSDAY, 9TH JUNE 2011 AT 6.00 P.M.

PRESENT: Councillors J. S. Brogan, S. Dudley, Miss P. A. Harrison and L. Mallett

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

1/11 **ELECTION OF CHAIRMAN**

RESOLVED that Councillor L. Mallett be elected Chairman of the Board for the ensuing municipal year.

2/11 **ELECTION OF VICE-CHAIRMAN**

RESOLVED that Councillor J. S. Brogan be elected Vice-Chairman of the Board for the ensuing municipal year.

3/11 **APOLOGIES**

Apologies for absence were received from Councillors Ms. M. T. Buxton, Dr. B. T. Cooper, Mrs. H. J. Jones and R. Hollingworth, Portfolio Holder for Finance, Partnerships and Economic Development.

4/11 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

5/11 **MINUTES**

The minutes of the meeting of the Audit Board held on 11th April 2011 were submitted.

RESOLVED that the minutes be approved as a correct record.

6/11 **BRIBERY ACT 2010**

Members considered a report that provided the information necessary to prepare the Council to implement processes and procedures to ensure compliance with the Bribery Act 2010 that would come into effect on 1st July 2011.

The Fraud Services Manager presented the report and informed Members that Local Authorities were not exempt from the Bribery Act 2003, as they were 'formed' within the United Kingdom and conducted business. She informed Members of 'The Six Principles' that the Council should comply with in order to have a level of defence:

- Proportionality
- Top Level Commitment
- Risk Assessment
- Due Diligence
- Communication
- Monitoring and Review

The Fraud Services Manager responded to Councillor J. S. Brogan and confirmed that the 3 month implementation period was from 31st March 2011 to 30th June 2011 and not 31st March 2011 to 30th June 2010 as shown in section 2.1 of the report.

RESOLVED that the information as set out in Appendix A to the report be noted and that the implications of the Bribery Act 2010 be included in future Council strategies.

RECOMMENDED that procedures be put in place to avert any possible actions against the Council, in relation to Bribery actions and in relation to potential legal actions that could be taken against the Council for not having 'adequate' procedures in place.

7/11

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) UPDATE AND DRAFT ACCOUNTING STANDARDS

Consideration was given to a report which requested Members to note progress made in the implementation of the new International Financial Reporting Standards (IFRS) and to approve the proposed draft Accounting Standards in preparation for the 2010/2011 Accounts.

The Executive Director Finance and Corporate Resources presented the report and informed Members that officers had completed the following work; reinstatement of the 2008/2009 balance sheet and the 2009/2010 accounting statements. This had included a review of all Asset Categories and the production of a new Asset Register on the IFRS basis.

RECOMMENDED:

- (a) that the current position with regard to the implementation of International Financial Reporting Standards (IFRS), be noted; and
- (b) that the Accounting Policies as set out in Appendix 1 to the report, be approved.

8/11 **INTERNAL AUDIT MANAGER'S - DRAFT AUDIT OPINION 2010/2011**

Members considered a report which detailed the draft 2010/2011 Acting Worcestershire Internal Audit Shared Services Manager's Opinion to be included as part of the Annual Governance Statement and included with the Statement of Accounts for 2010/2011.

Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Audit Manager presented the report and informed Members that based on the audits performed in accordance with the approved revised plan, he had concluded that the internal control arrangements during 2010/2011 effectively managed the principal risks identified in the audit plan and could be reasonably relied upon to ensure that the Council's corporate objectives had been met. He informed Members that all of the completed audits had been allocated an opinion of either 'Full' or 'Significant' Assurance which meant that there was a generally sound system of internal control in place, no significant control issues had been encountered and no material losses had been identified during a time of significant transformation and change.

RESOLVED that the Internal Audit Opinion to be included in the Annual Governance Statement as set out in Appendix 1 to the report, be noted.

9/11 **INTERNAL AUDIT PERFORMANCE AND WORKLOAD 2010/2011**

Consideration was given to a report that provided the Internal Audit Out-turn statement for the period 1st April 2010 to 31st March 2011.

The Executive Director Finance and Corporate Resources and Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Audit Manager responded to Members' questions regarding the significant time placed in the 'management' budget.

RESOLVED:

- (a) that the revised Internal Audit Plan 2011/2012 approved by the Audit Board during its meeting held on 11th April 2011 be presented to the next meeting of the Audit Board; and
- (b) that the Internal Audit Out-turn Statement for the period 1st April 2010 to 31st March 2011 be noted.

10/11 **RISK MANAGEMENT TRACKER - QUARTER 4**

Members considered a report which presented an end of year overview in relation to Actions/Improvements (actions) as detailed in the service area risk registers for the period 1st April 2010 to 31st March 2011. 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 and Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Audit Manager

responded to Members' questions regarding the 46 actions excluded during the course of the year, as detailed in section 4.4 of the report.

RESOLVED:

- (a) that the Worcestershire Internal Audit Shared Service, Audit Manager be tasked to provide details of the 46 actions excluded during the course of the year to the next meeting of the Audit Board; and
- (b) that the end of year position for all service area risk registers for 1st April 2010 to 31st March 2011, be noted.

11/11 **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 paragraph of that part, being as set out below, and that it is in the public interest to do so:-

<u>Item No.</u>	<u>Paragraphs</u>
12	3

12/11 **RECOMMENDATION TRACKER**

Members considered a report presenting a summary of progress to date against audit report "priority one" and key "priority two" findings and agreed actions.

Members were asked to note that for the audits completed as part of the 2010/2011 Annual Audit Plan there were no "priority one" or key "priority two" actions to report.

The Executive Director Finance and Corporate Resources and Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Audit Manager responded to Members' questions regarding the revised target completion dates.

RESOLVED:

- (a) that officers provide feedback to the Audit Board with regards to any future slippage on revised target completion dates; and
- (b) that the "priority one" and key "priority two" findings and agreed actions as set out in Appendix 1 to the report be noted; and
- (c) that any necessary action and reporting process be agreed.

The meeting closed at 6.58 p.m.

Chairman