

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

MONDAY, 17TH SEPTEMBER 2007 AT 6.00 PM

PRESENT: Councillors C. J. K. Wilson (Chairman), S. R. Colella (Vice-Chairman),
Mrs. H. J. Jones, D. McGrath, Mrs. C. J. Spencer and E. C. Tibby

Officers: Ms. J. Pickering, Mr. N. Shovell and Ms. D. Parker-Jones

13/07 **APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor C. R. Scurrell.

14/07 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

15/07 **MINUTES**

The minutes of the meeting of the Audit Board held on 25th June 2007 were submitted.

RESOLVED that the minutes be approved as a correct record.

16/07 **EXTERNAL AUDIT REPORT TO THOSE CHARGED WITH GOVERNANCE
- STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH
2007**

In view of the urgent need for Members to have sight of the report from KPMG LLP (UK), the Council's external auditor, which was necessary in order for an opinion to be issued on the Council's accounts, the Chairman agreed that consideration be given to the draft report which was tabled at the meeting.

The report, which summarised the auditors findings and conclusions on the Council's Accounts and Statement on Internal Control, together with its Use of Resources, and which also contained the draft Management Representation Letter, for the year ended 31st March 2007, was required in order to comply with the requirements of International Standard on Auditing (UK and Ireland) 260 ("ISA260") - *Communication of Audit Matters to Those Charged with Governance* and the Audit Commission's *Code of Audit Practice*.

The Chairman introduced Mr John Gorrie and Mr Tim Pearce, Director and Audit Manager respectively at KPMG LLP (UK). Mr Gorrie introduced the report and Mr Pearce spoke on the report contents. It was noted that the auditors proposed to issue an unqualified audit opinion on 24th September 2007 and that the Head of Financial Services would be speaking with the auditors regarding certain aspects of the report's supporting commentary.

RESOLVED that the "External audit: Report to those charged with Governance", including the draft Management Representation Letter at Appendix 6 to the Report, be noted.

17/07 **INTERNAL AUDIT PERFORMANCE AND WORKLOAD**

Members considered a report which gave a summary of the current performance and workload of the Internal Audit Section for the first five months of the year.

The Audit Services Manager advised the Board of staffing issues within the Internal Audit Section, which it was noted had had an affect on some of the planned audits. A meeting had taken place with the Audit Commission in this regard and a revised approach agreed, which it was noted would meet the minimum requirements as laid down by the Commission.

RESOLVED:

- (a) that the current status and work completed on the 2007/08 Audit Plan be noted and approved;
- (b) that the work completed by the Internal Audit Section during the first five months on 2007/08 be noted;
- (c) that the work regarding ongoing investigations be noted; and
- (d) that the current Performance Indicator statistics be noted.

18/07 **RECOMMENDATION TRACKER**

Consideration was given to a report which provided a summary of audit report "priority one" recommendations. The Committee was asked to review the recommendations, to highlight those that it felt required following up and to agree any necessary action and reporting process.

The Audit Services Manager advised that the Recommendation Tracker would be a rolling programme, with those recommendations which were subsequently implemented by Heads of Service and Managers being removed from this and new priorities added. Members noted that within the Audit Board's Procedure Rules the Board could require any senior officer to appear before it to provide an explanation on a matter within their remit, which might ultimately prove necessary where an officer had delayed implementation of a recommendation which the Board felt would improve control within any systems and processes.

RESOLVED that the "priority one" recommendations detailed at Appendix A to the report be noted and that an update report detailing the current positions in relation to all of the recommendations be provided at the next meeting of the Board.

19/07 **CORPORATE RISK REGISTER**

Members were presented with the Corporate Risk Register which had been drawn up following the Cabinet's approval, on 7th March 2007, of the Council's

Risk Management Strategy. The Register, which detailed all of the Council's key objectives, was being presented to the Board as part of the Board's Terms of Reference for risk management of the Authority.

The Head of Financial Services advised that, in future, only an exceptions report would be referred to the Board.

RECOMMENDED that the Cabinet approve the Corporate Risk Register.

20/07 **USE OF RESOURCES FEEDBACK 2006 AND SELF ASSESSMENT 2007**

A report which provided feedback from KPMG LLP (UK), the Council's external auditors, in relation to the Use of Resources formal judgement for 2006, and which also presented the updated self assessment submitted to KPMG in July 2007 was considered.

RESOLVED:

- (a) that the 2006 Use of Resources feedback and recommendations received from KPMG, as detailed at Appendix 1 to the report, be noted;
- (b) that the 2007 Use of Resources Self Assessment Exceptions Report submitted to KPMG for a formal judgement to be made, as detailed at Appendix 2 to the report, be noted; and
- (c) that the Use of Resources Self Assessment for Value for Money, as detailed at Appendix 3 to the report, be noted.

21/07 **ADDITIONAL MEETING OF THE AUDIT BOARD**

It was agreed that an additional meeting of the Audit Board would take place at 6.00 pm on Monday, 15th October 2007. The agenda for the meeting would consist of a presentation from Ms Liz Cave of the Audit Commission on the Audit and Inspection Plan and a report on the Council's Ethical and Social Policy - Banking.

The meeting closed at 7.39 pm

Chairman