

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

THURSDAY, 21ST JUNE 2012 AT 6.00 P.M.

PRESENT: Councillors J. S. Brogan, Ms. M. T. Buxton, Dr. B. T. Cooper,
Miss P. A. Harrison (during Minute No's 1/12 to 8/12), Mrs. H. J. Jones
and L. C. R. Mallett

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

1/12 **ELECTION OF CHAIRMAN**

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

2/12 **ELECTION OF VICE-CHAIRMAN**

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

3/12 **APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor S. J. Dudley.

4/12 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

5/12 **MINUTES**

The minutes of the meeting of the Audit Board held on 29th March 2012 were submitted.

RESOLVED that the minutes be approved as a correct record.

6/12 **BENEFITS INVESTIGATIONS APRIL 2011 - MARCH 2012**

The Board considered a report which detailed the performance of the Benefits Services Fraud Investigation service.

The Head of Finance and Resources introduced the main points within the report and in doing so responded to Members' questions with regard to

administrative penalties being accepted as detailed at section 3.14 to the report and prosecution costs incurred by the Council. Members were informed that a caution was an alternative to a prosecution. If reoffending occurred within a certain period of time a caution would not be an option and those reoffending would be prosecuted. Following further discussion it was agreed that the Head of Finance and Resources would look at the specific policies and procedures followed within the dedicated counter fraud team in order to prevent and deter fraud. Members requested that specific dates and not quarters (e.g. Q1) be used in future reports together with the actual referrals figures and not percentages as shown. The Board thanked officers for the case studies provided which had proved useful to the Board.

RESOLVED that subject to the comments in the preamble above being incorporated into future reports, the report be noted.

7/12 **INTERNAL AUDIT MANAGER'S - DRAFT AUDIT OPINION 2011/2012**

Members considered a report which detailed the Acting Worcestershire Internal Audit Shared Services Manager's draft Audit Opinion 2011/2012 to be included as part of the Annual Governance Statement.

Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Acting Audit Manager presented the report and in doing so informed Members that the internal audit of Bromsgrove District Council's systems and operations during 2011/2012 had been conducted in accordance with the Internal Audit Annual Plan which had been approved by the Audit Board on 11th April 2011. A revised plan had been necessary as planned targets had not been met due to the impact on the service from long term sickness. The revised plan was considered by the Section 151 (S151) officer and was compiled to reflect the requirements of the remainder of the year and to ensure that the 'high' and 'medium' priority audits were delivered. Mr. Bromage drew Members' attention to Appendix 1 to the report and specifically section 1.7 highlighting that no areas of significant risk had been identified and any concerns raised by managers would be assessed and addressed by the Authorities Corporate Management Team.

The Executive Director, Finance and Corporate Resources responded to Councillor Mrs. H. J. Jones with regard to the Risk Management Steering Group being postponed or cancelled on a number of occasions, as detailed in Appendix 1 to the report section 1.6.

RESOLVED that the Internal Audit Opinion 2011/2012, as set out at Appendix 1 to the report, be noted and included in the Annual Governance Statement.

8/12 **ANNUAL GOVERNANCE STATEMENT**

The Board considered a report which detailed the Annual Governance Statement for inclusion in the Statement of Accounts 2011 / 2012.

The Executive Director, Finance and Corporate Resources introduced the report and in doing so highlighted the six core principles within the draft

Annual Governance Statement 2011 / 2012 as detailed at Appendix 1 to the report.

Further discussion followed specifically on Core Principal 2: 'The roles and responsibilities of Councillors are underpinned by an extensive Member Development Programme to include both mandatory and discretionary training', as detailed at Appendix 1 to the report. Councillor Ms. M. T. Buxton expressed concerns that decisions (Planning decisions) were not always made in accordance with the specific training and guidelines given to Members. The Executive Director, Finance and Corporate Resources agreed to discuss the concerns raised with the Monitoring Officer.

The Chairman raised the question 'How do we measure the core principles within the Annual Governance Statement, how well are we performing against the core principles'. The Executive Director, Finance and Corporate Resources agreed to discuss this with the Monitoring Officer with regard to preparing a report on 'how do we measure the effectiveness of our governance' to be presented to a future meeting of the Audit Board. Members agreed that it would have proved useful if the actual number of member complaints had been included within the Appendix.

RESOLVED that subject to the comments, as detailed in the preamble above, being raised with the Monitoring Officer, the Annual Governance Statement be included in the Statement of Accounts 2011 / 2012.

9/12 **INTERNAL AUDIT ANNUAL REPORT 2011/2012**

Consideration was given to a report which detailed the Internal Audit Annual Report for the period 1st April 2011 to 31st March 2012.

Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Acting Audit Manager presented the report and in doing so informed Members that 2011/2012 had been a demanding year for the Worcestershire Internal Audit Shared Service team with the reasons as detailed in section 3.6 of the report.

The Internal Audit Plan for 2011/2012 was risk based:

- assessing audit and assurance factors
- materiality risk
- impact of failure
- system risk
- resource risk
- fraud risk
- external risk

The Internal Audit section had achieved the majority of what was required according to the 2011/2012 audit plan. Due to the impact of long-term sickness within the Internal Audit team and the need to share financial and operational impact of this between the participating councils within the Internal Audit Shared Service, a small number of the audits were not delivered in 2011/2012 but had either been brought forward to the 2012/2013 audit plan or as part of the risk based assessment had been classified as 'low' priority. This

decision had been taken with the agreement of the Council's Section 151 officer. The overall conclusions showed that 72% of the audits undertaken for 2011/2012 which had received an assurance, returned an assurance of 'moderate' or above. From the data received clients were satisfied with the audit process and service.

Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Acting Audit Manager responded to Members' questions with regard to what assurances were in place with the shortfall in audits that had not been delivered and the impact this could have on the 2012/2013 delivery against plan and the current staff resources. Further discussion followed on Appendix 2 to the report it was agreed that individual reports for completed audits would be presented to future meetings of the Board and Heads of Service be invited to the meeting to discuss the completed audits. Details of completed audits to be included on the Work Programme 2012/2013.

RESOLVED:

- (a) that the Worcestershire Internal Audit Shared Service, Acting Audit Manager be tasked to provide individual reports for completed audits to future meetings of the Board and to liaise with the Democratic Services Officer to include the details on the Audit Board Work Programme 2012/2013;
- (b) The Executive Director, Finance and Corporate Resources be tasked to invite Heads of Service to future Audit Board meetings to discuss any completed audits for their service area; and
- (c) that the Internal Audit Annual Report for the period 1st April 2011 to 31st March 2012, be noted.

10/12 **AUDIT BOARD WORK PROGRAMME 2012/2013**

The Board considered the Work Programme for 2012/2013.

The Executive Director, Finance and Corporate Resources informed Members that the Work Programme had been based on the standard reports to be presented to the Board. Following further discussion it was agreed that the following be included on the Work Programme:

- Benefits Investigations reports to be presented to the Board on a six monthly basis
- December 2012 – Working session / discussion on the Internal Audit Plan - Look at the risk calculation
 - Value for money
 - Were service areas working / impact on customers, had services improved for customers following transformation and shared services
- Individual reports for completed audits
- End of Year Review to be changed to End of Year Report from the Chairman
- Review of effectiveness of the Audit Board to be included as a reflective view of the Audit Board within the End of Year Report from the Chairman

RESOLVED that the Work Programme for 2012/2013 be updated to include the items, as detailed in the preamble above, and that the Work Programme, be noted.

11/12 **LOCAL GOVERNMENT ACT 1972**

RESOLVED that under Section 100 of the Local Government Act 1972, as amended, the public be excluded from the meeting during the consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I 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>Minute No's</u>	<u>Paragraphs</u>
12/12	7
13/12	2 and 7
14/12	7
15/12	7

12/12 **PROTECTING THE PUBLIC PURSE - VERBAL UPDATE**

Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Acting Audit Manager provided Members with a verbal update on the recently issued Audit Commission publication 'Protecting the Public Purse 2011: Fighting Fraud against Local Government'. Members were reminded that officers had been tasked to provide an updated report on the self assessment checklist during the Audit Board meeting on 29th March 2012. Members were informed that due to recent changes within the Council's Corporate Fraud Team work on the self assessment checklist had been passed to Internal Audit. Internal Audit had planned to look at the actual checklist to identify what was already in place and existed in order to ensure there was no duplication of work. It was agreed that the completed self assessment checklist be presented to the next meeting of the Audit Board.

RESOLVED that the completed self assessment checklist be presented to the next meeting of the Audit Board.

13/12 **FRAUD INVESTIGATION - VERBAL UPDATE**

The Executive Director, Finance and Corporate Resources provided Members with a further verbal update on the one case referred to in the Corporate Anti-Fraud Performance Report 2010/2011 as agreed during the Board meeting on 29th March 2012.

RESOLVED that the current position be noted and that a further update be provided to the next meeting of the Audit Board.

14/12 **INTERNAL AUDIT MONITORING REPORT MARLBROOK TIP - VERBAL UPDATE**

The Executive Director, Finance and Corporate Resources provided Members with a verbal update in relation to any potential loss of revenue and cost to the Council with regard to Marlbrook Tip as agreed during the Audit Board on 29th March 2012.

RESOLVED that the verbal update be noted.

15/12 **INTERNAL AUDIT MONITORING REPORT**

Members considered a report which detailed the monitoring report of the internal audit work as at 11th June 2012.

Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Acting Audit Manager presented the report and in doing so informed Members that this was the first report of the 2012/2013 internal audit plan.

The Head of Finance and Resources responded to Members' questions with regard to software issues identified as detailed at Appendix 3, page 71 to the report. Mr. A. Bromage, Worcestershire Internal Audit Shared Service, Acting Audit Manager responded to the Chairman with regard to the recommendation as detailed at Appendix 3, page 71 to the report and in doing so informed Members that regular risk based quality checks were being undertaken. Members agreed that this item be removed from the 'High' and 'Medium' priority recommendations following an assurance from officers that regular risk based quality checks were being undertaken.

A brief discussion took place with regard to a recent complaint discussed during the meeting of the Overview & Scrutiny Board on 18th June 2012.

RESOLVED:

- (a) that The Worcestershire Internal Audit Shared Service, Acting Audit Manager be tasked to remove the recommendation, as detailed in the preamble above, from the 'High' and 'Medium' priority recommendations;
- (b) that The Worcestershire Internal Audit Shared Service, Acting Audit Manager be tasked to ensure that, as part of the internal audit process, regular risk based quality checks are being undertaken; and
- (c) that, as detailed in the preamble above, and following the Overview and Scrutiny Board meeting on 18th June 2012, The Worcestershire Internal Audit Shared Service, Acting Audit Manager be tasked to include on the internal audit plan an item on data management within the authority.

The meeting closed at 7.47 p.m.

Chairman