

**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE AUDIT BOARD**

**THURSDAY, 12TH DECEMBER 2013 AT 6.00 P.M.**

PRESENT: Councillors J. R. Boulter, M. T. Buxton, B. T. Cooper, S. J. Dudley (during Minute No's 17/13 to 28/13), P. A. Harrison, H. J. Jones (during Minute No's 23/13 to 33/13) and P. M. McDonald

Invitees: Mr. P. Jones (Engagement Lead) and Ms. Z. Thomas ( Audit Manager), Grant Thornton

Officers: Ms. J. Pickering, Mrs. R. Bamford, Mr. J. Godwin, Mr. A. Bromage and Mrs. P. Ross

17/13 **ELECTION OF CHAIRMAN**

In response to Councillor P. M. McDonald the Democratic Services Officer confirmed that both the previously elected Chairman and Vice-Chairman of the Audit Board had resigned.

**RESOLVED** that Councillor P. A. Harrison be elected as Chairman of the Board for the ensuing municipal year.

Councillor Harrison expressed her sincere thanks to Councillor L. C. R. Mallett, Chairman of the Audit Board for the municipal year 2012/2013.

18/13 **ELECTION OF VICE-CHAIRMAN**

**RESOLVED** that Councillor B. T. Cooper be elected as Vice-Chairman of the Board for the ensuing municipal year.

19/13 **APOLOGIES**

No apologies for absence were received. Councillor B. T. Cooper informed the Chairman that Councillor H. J. Jones would be attending the meeting but had been delayed whilst conducting her civic duties.

20/13 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

21/13 **MINUTES**

The minutes of the Audit Board meetings held on 14th March 2013 and 19th September were submitted.

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

22/13 **GRANT THORNTON PROGRESS REPORT**

The Chairman welcomed Mr. P. Jones (Engagement Lead) and Ms. Z. Thomas (Audit Manager) from Grant Thornton to the meeting.

The Board considered the progress report for the financial year 2013/2014 from Grant Thornton.

Mr. P. Jones introduced the report and in doing so informed the Board that Grant Thornton were required to issue a detailed accounts audit plan to the Council setting out their proposed approach in order to provide an opinion on the Council's 2013/2014 financial statements. The report included a summary of emerging national issues and developments that could be relevant as a District Council. The Executive Director, Finance and Corporate Resources had agreed to prepare an action plan that addressed the issues raised in the report. The action plan to be presented to the next meeting of the Audit Board for Members to consider.

Mr. P. Jones drew Members' attention to pages 27 - 29 of the report: Emerging issues and developments, local government guidance and Potential for procurement fraud. Highlighting that the Council needed to be vigilant in their processes against fraud.

In response to Councillor P. M. McDonald, Mr. P. Jones explained that the reduction in fees, compared to the previous years, was a cost reduction due to the restructure and reduction in overheads of the Audit Commission. It was not due to a reduction in audit days. Audit procedures had evolved with audit work being streamlined in order to be more efficient. This would not affect audit standards, audits would be carried out to the same high standards. There were inherent risks in any auditing process or methodology. Working in a more focussed and efficient way would lower risks.

**RESOLVED** that the Audit Board note the progress report for the financial year 2013/2014 and emerging issues as presented by Grant Thornton.

23/13 **GRANT THORNTON AUDIT FINDINGS 2013/2013**

The Board was asked to consider the Audit Findings report 2012/2013 from Grant Thornton.

Mr. P. Jones (Engagement Lead) Grant Thornton introduced the report and in doing so informed the Board that the report highlighted the key matters from their audit of Bromsgrove District Council financial statements for the year ended 31st March 2013. The audit findings were reported to management

and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA).

Ms. Z. Thomas (Audit Manager) Grant Thornton drew Members attention to page 41 of the report: Key issues arising from our audit, financial statements opinion – The accounts were well prepared with adequate supporting papers and officers were responsive to any questions raised. In addition to the work on the accounts preparation they assess their opinion on value for money. Their conclusion was that they were satisfied that the Council had put in place proper arrangements to secure economy, efficiency and effectiveness during 2012/2013.

There were two recommendations proposed by Grant Thornton, as detailed on page 36 of the report. The Financial Resilience report, as referred to in the second recommendations, to be presented to the next meeting of the Audit Board.

Further discussion followed on the Value for Money conclusion, more specifically the Medium Term Financial Plan (MTFP). The Executive Director, Finance and Corporate Resources and Mr. P. Jones responded to questions in respect of the MTFP and more detailed reporting of progress against savings plans. Mr. P. Jones highlighted that the Council had made savings, with good plans that looked forward and that the MTFP had that degree of rigour.

**RESOLVED** that the Grant Thornton Audit Findings Report for 2012/2013, as detailed as Appendix 1 to the report, be noted.

24/13 **HEAD OF LEISURE AND CULTURAL SERVICES - VERBAL UPDATE ON ISSUES RAISED WITH REGARD TO THE INTERNAL AUDIT MONITORING REPORT SEPTEMBER 2013**

Following on from the Audit Board meeting held on 19th September 2013, the Head of Leisure and Cultural Services provided Members with a verbal update on from the issues raised with regard to the Internal Audit Monitoring Report.

The Head of Leisure and Cultural Services informed the Board that the changes had been instigated. The banking float value had been increased and staff trained to ensure banking was carried out on a weekly basis. No low value items were purchased through petty cash anymore since the introduction of the Government Procurement Card (GPC).

With regard to the issues raised in respect of Disclosure and Barring Service (DBS), previously Criminal Records Bureau (CRB) checks. Members were informed that the requirement for a DBS check remained with the contractor. An employer must not apply for a DBS check unless the job or role is eligible for one. They must tell the applicant why they are being checked. The contractor and the Council could be challenged if DBS checks were applied for and the job or role was not an eligible one.

The Chairman thanked the Head of Leisure and Cultural Services.

25/13 **PRESENTATION FROM THE HEAD OF PLANNING AND REGENERATION**

The Chairman welcomed Mrs. R. Bamford, Head of Planning and Regeneration to the meeting.

Mrs. R. Bamford provided Members with a presentation detailing risk management for her service area. The presentation slides detailed information on the risk management principles and highlighted that good management required understanding of risks - health and safety; operational and exceptional (project related) and an on-going review of known operational risks through the Departmental Management Team. The slides detailed the three main risk areas:

- Fail to adopt a core strategy for planning policy processes at Bromsgrove
- Inability of Building Control to meet costs
  - Monitor staff workloads
  - Monitor economic recovery indicators
  - Increase market activity
- Fail to effectively manage the New Shop Front project/fund and Townscape initiative
  - Quarterly reports on expenditure to Heritage Lottery Fund

In response to Councillor P. M. McDonald, Mrs. R. Bamford agreed to provide Audit Board Members with further detail as to the market share North Worcestershire Building Control currently held. Mrs. R. Bamford further responded to Councillor P. M. McDonald and highlighted that whilst Bromsgrove District Council, Building Control Services offered surveyor, regulatory and structural advice to internal and external customers, there was no requirement for Bromsgrove District Council to regulate surveyor services offered by the private sector as they had their own regulatory body.

Mrs. R. Bamford provided Members with brief details of the specific criteria for the Heritage-led Regeneration Grant. The Bromsgrove Townscape Heritage Initiative scheme aimed to regenerate the town centre by repairing and enhancing historic properties on the High Street and Worcester Road.

The Chairman thanked the Head of Planning and Regeneration for her presentation.

26/13 **MARLBROOK TIP**

The Head of Planning and Regeneration provided Members with a verbal update with regard to Marlbrook Tip, as requested by Audit Board Members during the meeting held on 19th September 2013.

Members were informed that over tipping concerns had been raised and this was being monitored via satellite systems in order to understand the actual amount of over tipping. Public meetings had been held and minutes of those meetings were available on Bromsgrove District Council's website. Mrs. R. Bamford had met with residents with regard to the view from their properties.

Members were advised that officers would have to follow legal guidance in respect of any enforcement action and once an enforcement notice was issued the public would be kept informed. In response to Councillor B. T. Cooper, Mrs. R. Bamford explained that any similar future applications received would be determined by Worcestershire County Council using the skills, expertise and legal guidance of officers at Worcestershire County Council.

**27/13 FINANCE MONITORING REPORT**

The Board were asked to consider the Finance Monitoring Report for the period April to September 2013.

The Executive Director, Finance and Corporate Resources presented the report and in doing so asked Members if they required any revisions to the format of the report. Members agreed that individual savings should be included in future reports.

The report provided details of the financial information across the Council. The aim was to ensure that savings identified had been delivered as recommended by the Council's External Auditors, Grant Thornton.

The table as detailed on page 74 of the report showed the position for the Council for the period April to September 2013 (Quarter 2, 2013/2014). The majority of services showed slight variances to budget. This demonstrated that identified savings had been delivered across the Council. It was proposed that for future reports the corporate savings would be allocated across the services to enable a clearer position statement. This would be actioned for April – December 2013, Quarter 3 and a report to be presented to the next meeting of the Board.

The Executive Director, Finance and Corporate Resources responded to Councillor P. M. McDonald with regard to the concerns he had highlighted in respect of the level of service and an unawareness of local knowledge or previous history of areas within the district from Worcestershire Regulatory Services (WRS) officers. The Executive Director, Finance and Corporate Resources stated that as a member of the WRS Management Board she would be interested to hear his concerns in more specific detail and would then raise his concerns with WRS Management Board members. Councillor B. T. Cooper informed the Board that the Overview & Scrutiny Board has recently established a WRS Joint Scrutiny Task Group.

**RESOLVED:**

- (a) that the current financial position on revenue and service underspends be used to offset the savings requirements in Corporate Services, be noted; and
- (b) that as detailed in the preamble above individual savings be incorporated into future Finance Monitoring Reports to the Board.

28/13 **INTERNAL AUDIT MONITORING REPORT**

The Board considered a report which detailed the monitoring report on internal audit work and performance as at 31st October 2013.

Mr. A. Bromage, Service Manager, Worcestershire Internal Audit Shared Service introduced the report and in doing so drew Members' attention to Appendix 3 of the report - 'High' and 'Medium' Priority Recommendations Summary. The Executive Director, Finance and Corporate Resources informed Members that the error with regard to the audit accounts not being requested, as detailed on page 87 of Appendix 3, had now been highlighted to the Acting Head of Community Services and the audit accounts had now been requested.

The Service Manager informed Members that as detailed at Appendix 1 to the report, a significant amount of days would be allocated to the Core Financial Systems to be audited in quarters 3 and 4 in order to maximise the assurance provided for the Annual Governance Statement and Statement of Accounts. Members were assured that Internal Audit was on target to deliver the Audit Plan by March 2014.

**RESOLVED** that the monitoring report of internal audit work and performance as at 31st October 2013 be noted.

29/13 **PROVISIONAL INTERNAL AUDIT PLAN 2014/2015**

The Board considered a report which detailed the Internal Audit Operational Provisional Plan and the key performance indicators for the Worcestershire Internal Audit Shared Service for 2014/2015.

Mr. A. Bromage, Service Manager, Worcestershire Internal Audit Shared Service introduced the report and in doing so informed Members that the Internal Audit Plan for 2014/2015 was a risk based plan which took into account the adequacy of the Council's risk management, performance management and other assurance processes. At the request of the Audit Board a provisional plan of work was therefore provided to Audit Board Members to enable Members to have a positive input into the audit work programme for 2014/2015.

**RESOLVED:**

- (a) that the Internal Audit Operational Provisional Plan for 2014/2015 be noted; and
- (b) that the key performance indicators for the Worcestershire Internal Audit Shared Service for 2014/2015 be noted.

30/13 **BENEFITS FRAUD UPDATE - QUARTERS 1 AND 2 2013/2014**

The Board considered a report which detailed the performance of the Benefits Services Fraud Investigation service for the period 1st April to 30th September 2013, quarters 1 and 2, 2013/2014.

The Executive Director, Finance and Corporate Resources informed Members that the Head of Customer Access and Financial Support had been unable to attend the meeting due to illness, so she would present the report in her absence.

The Executive Director, Finance and Corporate Resources highlighted that report provided performance information for the team from 1st April to 30th September 2013. The Fraud Team comprised a manager, two investigation officers and a support officer. All of the team had completed the nationally recognised best practice qualifications in Professionalism in Security (Pins) appropriate to their role.

The report detailed that 77 fraud referrals were received and considered for investigation by the team during quarters 1 and 2. 24 of the referrals had come from data-matching. 44 investigations were closed during the period and fraud or error was established in 31 of these. The Executive Director, Finance and Corporate Resources responded to Members' questions with regard to sanctions and explained that the team would always look at the recovery costs associated with prosecutions and that individual circumstances had to be taken into account prior to a decision being made on the most appropriate sanction.

**RESOLVED** that the Benefits Services Fraud Investigation report for the period 1st April to 30th September 2013 be noted.

31/13 **CORPORATE FRAUD - STAFF SURVEY RESULTS - WHISTLEBLOWING PROCEDURE - VERBAL UPDATE**

Following on from the Audit Board meeting held on 14th March 2013, the Executive Director, Finance and Corporate Resources provided Members with a verbal update on the staff survey and the results of the staff survey, in respect of the specific questions asked on the Council's whistleblowing procedure.

The Executive Director, Finance and Corporate Resources provided Members with a brief update, highlighting that the full results of the staff survey were not yet available.

Over 800 individual comments in addition to the tick box and rating responses had been received.

The staff survey highlighted the following:

- Approximately 40% of staff polled responded to the survey.
- 78% felt that they were able to meet the needs of the customers (both internal and external) on a daily basis.
- 76% of the respondents felt that they had the opportunity to do what they do best on a daily basis.
- 50% said that they did not get regular feedback from their manager about how they were doing.
- 45% of respondents said that they did not have regular team meeting.

Following on from the staff survey a steering group, consisting of staff and union representatives, had been set up to look at the following main themes:

- Communication
- Management
- ICT
- Working Environment

The Executive Director, Finance and Corporate Resources responded to Councillor M. T. Buxton and explained that there was a framework in place with regard to staff supervision, which included regular team meetings and regular one-two-one staff meetings. Managers were aware of this framework.

In response to Members it was

**RESOLVED** that written detailed reports be presented to future meetings of the Board.

32/13 **RISK MANAGEMENT MONITORING GROUP - VERBAL UPDATE**

The Executive Director, Finance and Corporate Resources provided Members with a brief verbal update with regard to the recent Risk Management Monitoring Group. The Executive Director, Finance and Corporate Resources informed Members that she was now responsible for developing Risk Management with support from the Financial Services Manager. The Terms of Reference had been agreed and Insurance Claim statistics were looked at during the Risk Management Monitoring Group meeting on 10th October 2013. The Corporate Risk Register was closely monitored by the Corporate Management Team (CMT).

In response to Members it was

**RESOLVED** that written detailed reports be presented to future meetings of the Board.

33/13 **AUDIT BOARD WORK PROGRAMME 2013/2014**

The Board considered the Work Programme for 2013/2014.

**RESOLVED** that the Work Programme be updated to include the items discussed and agreed by the Board during the course of the meeting.

The meeting closed at 8.10 p.m.

Chairman