

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

MONDAY, 15TH MARCH 2010 AT 6.00 P.M.

PRESENT: Councillors S. R. Peters (Chairman), D. Hancox, D. McGrath,
C. R. Scurrall (during Minute Nos. 35/09 to 43/09) and E. C. Tibby

Also in attendance: Ms. L. Cave, Audit Commission (during Minute Nos. 35/09 to 39/09), Ms. J. Hill, Audit Commission (during Minutes Nos. 35/09 to 45/09)

Observers: Councillor G. N. Denaro, Portfolio Holder for Resources

Officers: Ms. J. Pickering, Mrs. D. Randall, Ms. M. Wall and Ms. P. Ross

35/09 **APOLOGIES**

Apologies for absence were received from Councillors B. Lewis F.CMI and Ms. H. J. Jones.

36/09 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

37/09 **MINUTES**

The minutes of the meeting of the Audit Board held on 14th December 2009 were submitted.

RESOLVED that the minutes be approved as a correct record.

38/09 **ANNUAL AUDIT AND INSPECTION LETTER 2008/2009**

The Chairman welcomed Ms. L. Cave, District Auditor and Ms. J. Hill, Audit Manager with the Audit Commission. Ms. L. Cave presented the Annual Audit and Inspection letter 2008/2009.

On presenting the report Ms. Cave included an overall summary of the Audit Commission's assessment of the Council, highlighting that it was the first year the Council had been assessed using the more demanding and more outcome focused approach to Use of Resources. The report drew from information contained within the recent Comprehensive Area Assessment (CAA) together with the findings of other inspections undertaken since the previous letter in 2009.

The findings of the report recognised that the Council had made significant progress in improving service delivery and performance management over the last few years and that the formal engagement process that had been in place was no longer necessary.

Ms. L. Cave referred to the retrospective capitalisation directive that the Executive Director, Finance and Corporate Resources was seeking from Central Government, the Department of Communities and Local Government (DCLG). Ms. L. Cave had requested that the Executive Director, Finance and Corporate Resources liaised with the Audit Commission with regards to the specific wording of the directive that the funds were carried forward from the Financial Statements for 2008/2009 to 2009/2010.

In addition the report stated that the Council was progressing with shared services, had utilised funds to help provide housing and that Bromsgrove was a safer place to live.

RESOLVED the Annual Audit and Inspection Letter for 2008/2009 be accepted.

39/09 **EXTERNAL AUDIT OPINION PLAN 2009/2010**

A copy of the draft Audit Opinion Plan 2009/2010 was considered. Ms. J. Hill presented the report. The Plan set out work that the Audit Commission proposed to undertake in 2009/2010 in relation to the following specific risks which had been identified:

- Determination of Accounting treatment of the spatial project
- Review the treatment of bad debtors
- Shared Service arrangements

Ms. L. Cave responded to questions from Members regarding other matters to be monitored during the course of the audit, namely the monitoring of redundancies arising from the creation of a Joint Management Team with Redditch Borough Council.

RESOLVED that the Audit Commission's 2009/2010 Audit Opinion Plan as set out in Appendix 1 to the report be noted and agreed.

40/09 **RISK MANAGEMENT TRACKER QUARTER 3**

Members considered a report which presented an overview of the current progress in relation to Actions/Improvements as detailed in the business area risk registers for the period 1st April 2009 to 31st December 2009. The Accountancy Services Manager responded to questions from Members on the high proportion of actions due to be completed in Quarter 4. Members were informed that the new Heads of Service would review where necessary and take remedial action and that the Corporate Management Team would continue to monitor these.

RESOLVED that the progress to date against all business area risk register actions for the period 1st April 2009 to 31st December 2009, Quarter 3, be noted.

41/09 **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. Members were informed that the work regarding investigations had transferred to the Corporate Anti Fraud Team (CAFT) and that Members would receive verbal updates on any investigations. The Accountancy Services Manager and Executive Director, Finance and Corporate Resources provided a number of updates on the current status to date and informed Members of the factors impacting on the percentage of productive time figure of 57%.

RESOLVED

- (a) that the current status and work completed on the 2009/2010 Audit Plan be noted and approved;
- (b) that the work completed by the Internal Audit during the first three quarters of the year to the end of December 2009 be noted;
- (c) that the Current Performance Indicators statistics be noted; and
- (d) that it be noted that there are no new or updated amendments to the Section's standard documentation.

42/09 **INTERNAL AUDIT ANNUAL PLAN 2010/2011**

Consideration was given to the Council's Internal Audit Plan for 2010/2011. The Council was required under Regulation 6 of the Accounts and Audit Regulations 2003, (as amended 2006), to "maintain an adequate and effective system of internal control in accordance with the proper practices in relation to internal control". The Executive Director, Finance and Corporate Resources responded to questions from Members and provided some background information on the Worcestershire Enhanced Two Tier (WETT) Internal Audit Shared Service. Members were informed that, during the period of transition to the Shared Management Team, officers would review the plan to ensure it met the objectives of the improvements across the Council with any revisions to the plan being reported to Members when finalised.

RESOLVED that the Internal Audit Plan for 2010/2011, as set out in the report, be approved.

43/09 **INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

Consideration was given to a report which informed Members of the current position of the Council regarding the transition to International Financial Reporting Standards (IFRS). The report highlighted the benefits in consistency and comparability between financial reports in the global economy and to follow private sector best practice. Members were informed that it was important throughout the transition period to engage with the Council's external auditors, the Audit Commission.

RESOLVED that the Council's preparations for the introduction of International Financial Reporting Standards be noted.

44/09 **INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - TRAINING UPDATE VERBAL DISCUSSION**

The Executive Director, Finance and Corporate Resources briefly informed Members that she would notify them with details of specific training on International Financial Reporting Standards (IFRS).

45/09 **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 the subject of the following minute 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 being as set out below, and that it is in the public interest to do so:-

<u>Minute No.</u>	<u>Paragraphs</u>
46/09	3 and 7

46/09 **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 Executive Director, Finance and Corporate Resources responded to questions from Members on information contained within the report.

RESOLVED

- (a) that the 'priority one' and key 'priority two' findings and agreed actions as set out in Appendices 1 and 2 of the report be noted; and
- (b) that any necessary action and reporting process be agreed.

The meeting closed at 7.34 p.m.

Chairman