

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

MONDAY, 7TH JUNE 2010

AT 6.00 P.M.

PRESENT: Councillors J. T. Duddy, D. Hancox, B. Lewis F.CMI, S. R. Peters and C. R. Scurrall (during Minute Nos. 1/10 to (part) 13/10)

Also in attendance: Ms. J. Matheson and Ms. J. Hill, from the Audit Commission (during Minute Nos. 1/10 to 8/10)

Observers: Councillor G. N. Denaro (Portfolio Holder for Resources)

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

1/10 **ELECTION OF CHAIRMAN**

RESOLVED that Councillor S. R. Peters be elected as Chairman of the Board for the ensuing municipal year.

2/10 **ELECTION OF VICE-CHAIRMAN**

RESOLVED that Councillor B. Lewis F.CMI be elected as Vice-Chairman of the Board for the ensuing municipal year.

3/10 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Ms. H. J. Jones. It was noted that a nomination to the Board had not yet been received from the Labour Group.

4/10 **DECLARATIONS OF INTEREST**

No interests or whipping arrangements were declared.

5/10 **MINUTES**

The minutes of the meeting of the Audit Board held on 15th March 2010 were submitted.

RESOLVED that the minutes be approved as a correct record.

6/10 **AUDIT COMMISSION LETTER REGARDING COMPREHENSIVE AREA ASSESSMENT - CAA**

(The Chairman agreed to the consideration of this item as a matter of urgency to be considered, to inform those charged with Governance and to ensure that the Audit Board was aware of the contents of the letter from the Audit Commission.)

The Chairman welcomed Ms. J. Hill and Ms. J. Matheson, from the Audit Commission, to the meeting.

Ms. Hill thanked Members for the inclusion of the item. She then informed Members that the letter highlighted how the Audit Commission proposed to bring work on Comprehensive Area Assessment (CAA) to a conclusion in light of the new government's recent announcement. Members were advised that all work on updating the area assessment and organisational assessment would cease with immediate effect. The Audit Commission would not issue new scores for the use of resources assessments, the managing performance assessments or the overall organisational assessments for 2010. Ms. Hill highlighted that the Audit Commission Fees Letter would be revised to reflect the cessation of CAA and would be presented to the next Audit Board meeting.

RESOLVED that the contents of the Audit Commission letter regarding the cessation of Comprehensive Area Assessment and the notification of the revised Audit Commission Fees Letter be noted.

7/10

AUDIT COMMISSION SHARED SERVICES REVIEW

A copy of the Audit Commission Shared Service Review February 2010 was considered. Ms. J. Matheson presented the report on doing so she requested that Members note her thanks to all the staff for their help and openness towards her whilst completing the report. She explained that staff had shown an overwhelming desire to make Shared Services work and had displayed a huge amount of commitment.

Ms. Matheson informed Members that the Audit Commission Shared Services Review was a very positive report and had been issued to Redditch Borough Council, Audit and Governance Committee and the Shared Services Board. Ms. Matheson briefly explained 'Why Shared Services' and that '*The Communities and Local Government Department takes the view that local government must always look for ways to improve what it does. It must offer better services in a way that fits modern lifestyles, and it must deliver what matters to people in local communities*'.

Councillor Denaro responded to questions from Members regarding the Chief Executive's Performance Matrix now in place and the Comprehensive Performance Management currently being worked on. Members were informed that the Shared Services Board would give consideration to the risks and reality of having a fall back position or exit strategy as noted in the Shared Service Review.

RESOLVED that the Audit Commission Shared Services Review February 2010 be noted.

8/10 **AUDIT COMMISSION ANNUAL REPORT - CERTIFICATION OF CLAIMS**

Ms. J. Hill presented the Board with the Audit Commission Annual Report - Certification of Claims and Returns and Members were asked to note the Council's response to the improvements identified.

Ms. J. Hill presented the report and in doing so she summarised the findings from the certification of 2008/2009 claims including the significant findings as detailed in the report.

The Executive Director of Finance and Corporate Resources responded to questions from Members regarding the date stamping of documents received at the Council's main offices in Burcot Lane, Bromsgrove. Following further discussion it was

RESOLVED:

- (a) that the Certification of Claims and Returns - Annual Report and the Council's response to the improvements identified be noted; and
- (b) that the recommendations as set out in Appendix 2 to the report be noted.

9/10 **RISK MANAGEMENT TRACKER - QUARTER 4**

Members considered a report which presented an end of year overview of the current progress in relation to Actions/Improvements as detailed in the Corporate and service area risk registers for the period 1st April 2009 to 31st March 2010.

The Executive Director of Finance and Corporate Resources informed Members that a significant amount of actions had been completed during Quarter 4 and that this together with a number of actions excluded from reporting had ensured that the majority of actions had been completed showing a significant improvement from the 2008/2009 financial year.

The Executive Director of Finance and Corporate Resources requested that Members noted that the risks associated with the non delivery of the current actions was not deemed as high as the delayed actions were in relation to ongoing projects to ensure improvements were being achieved rather than fundamental problems with processes across the Council.

The Executive Director of Finance and Corporate Resources responded to questions from Members regarding Internal Audit monitoring target / extended target dates, the validation of completed targets and the end of year position rating.

RESOLVED that the progress to date against the Corporate and all service area risk register actions for the 1st April 2009 to 31st March 2010, Quarter 4, be noted.

10/10 **PROTECTING THE PUBLIC PURSE - LOCAL GOVERNMENT**

The Chairman welcomed Ms. M. Wall, Bromsgrove District Council's Fraud Services Manager, to the meeting.

Ms. Wall presented the report which provided advice to the Board regarding possible fraud and corruption against the Council as raised by the Audit Commission.

Ms. Wall informed Members of the high risk areas currently identified -

- Tenancy Fraud
- Single Person Discount Fraud
- Recruitment Fraud

Ms. Wall responded to questions from Members regarding the costs of identifying, investigating and recovery of fraud. The Executive Director of Finance and Corporate Resources advised Members that it was a statutory responsibility to recover debts and identify fraud.

RECOMMENDED:

- (a) that the Audit Commission's Self-Assessment Checklist as set out in Appendix 1 to the report be undertaken, to provide a baseline of where we are and to ensure sound governance and counter fraud arrangements are working as intended;
- (b) to approve the targeting of the risks identified as detailed in the report, as raised nationally. The implementation of this work would assist the Council to do all it can to address fraud and corruption that may be affecting it/or may affect it in the future;
- (c) to ensure that current arrangements are sufficiently robust to reduce the risk of procurement fraud, following the latest Office of Fair Trading guidance to lessen the risk of unlawful practices affecting the award and allocation of contracts;
- (d) to authorise and endorse the issue of a survey to all staff to test their perception of fraud issues and whistle-blowing arrangements, how to report issues and how they feel the Council reacts to the threat of fraud. This would be done on an annual basis, with the first survey providing a baseline of data which could be used to establish knowledge across the Council, but also provide indications of work that may need to be undertaken as a result; and
- (e) that the Cabinet recommend to Council to undertake a commitment to fight possible fraud and corruption against the Council, by initially using the Audit Commission's Self assessment Checklist as set out in Appendix 1 to the report and to consider potential risks to the Council by utilising the Corporate Anti-Fraud Team (CAFT) to identify and prevent such risks.

11/10 **SHARED INTERNAL AUDIT SERVICE - VERBAL UPDATE**

The Executive Director of Finance and Corporate Resources provided Members with a brief update on the Shared Internal Audit Service.

12/10 **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 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 as set out below and that it is in the public interest to do so:-

<u>Minute No.</u>	<u>Paragraphs</u>
13	3 and 7

13/10 **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 of Finance and Corporate Resources responded to questions from Members regarding information on Appendices 1 and 2 to the report.

RESOLVED:

- (a) that the 'priority one' and 'priority two' findings and agreed actions as set out in Appendices 1 and 2 to the report be noted;
- (b) that any necessary action and reporting process be agreed; and
- (c) that where targets are identified as 'red' (behind target) the Executive Director of Finance and Corporate Resources be tasked to invite the relevant Head of Service to attend future Audit Board meetings to discuss.

The meeting closed at 7.16 p.m.

Chairman