

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT BOARD

MONDAY, 27TH SEPTEMBER 2010 AT 6.00 P.M.

PRESENT: Councillors S. R. Peters (Chairman), B. Lewis F.CMI (Vice-Chairman), J. T. Duddy, Ms. H. J. Jones (during Minute No's 21/10 to 31/10) and C. R. Scurrall

Also in attendance: Ms. J. Hill, Audit Commission (during Minute No. 21/10)

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

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

18/10 **APOLOGIES**

An apology for absence was received from Councillor D. Hancox.

19/10 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

20/10 **MINUTES**

The minutes of the meeting of the Audit Board held on 28th June 2010 were submitted.

RESOLVED that the minutes be approved as a correct record.

21/10 **AUDIT COMMISSION ANNUAL GOVERNANCE REPORT & STATEMENT OF ACCOUNTS 2009/2010**

A copy of the Annual Governance Report for 2009/2010 was considered. The Chairman welcomed Ms. J. Hill from the Audit Commission to the meeting. Ms. J. Hill informed Members she would present the report in the absence of Ms. L. Cave, District Auditor, who had submitted her apologies.

The Executive Director Finance and Corporate Resources informed Members that, following the External Audit of the Accounts for 2009/2010, a number of minor issues and amendments had been raised by the Audit Commission. Officers had accepted these minor revisions and the revisions to the Statement of Accounts.

Ms. J. Hill asked the Board to consider the matters raised in the report before approving the financial statements, the letter of representation on behalf of the Council and the response to the proposed action plan.

Ms. J. Hill highlighted that Ms. L. Cave had expressed her gratitude in the report for the co-operation and good working papers she had received from officers which had allowed her to substantially complete the report. It was noted that an unqualified opinion on the financial statements had been issued.

Councillor C. R. Scurrell requested that the Executive Director, Finance and Corporate Resources thanked officers for their hard work and the co-operation given to the Audit Commission.

RESOLVED:

- (a) that the recommendations included in the Annual Governance Report 2009/2010 be noted;
- (b) that the revised Statement of Accounts 2009/2010 be approved;
- (c) that having considered the matters raised in the report the financial statements be approved;
- (c) that the letter of representation on behalf of the Council be approved; and
- (c) that the response to the proposed action plan be agreed.

22/10 **CORPORATE PROSECUTION AND SANCTION POLICY REPORT**

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

Ms. Wall presented the report which provided details of the revisions to the Corporate Prosecution and Sanction Policy as part of the annual review. The policy was a public policy for the information of residents. The Policy had been updated to include the following:

- explanations of prosecution factors
- changes to the Department for Work and Pensions (DWP) financial limits set, for joint working purposes (benefit fraud)
- Post Investigation considerations
- Single Person Discount (Council Tax) explanations
- Other cases of fraud, bribery or corruption

Ms. Wall responded to questions from Members regarding data protection protocols and agencies sharing information.

RESOLVED that the Corporate Prosecution and Sanction Policy as set out in Appendix 1 to the report be approved.

23/10 **CORPORATE ANTI FRAUD AND CORRUPTION STRATEGY REPORT**

Consideration was given to a report which presented the revisions to the Corporate Anti-Fraud and Corruption Strategy as part of the annual review of the policy.

Ms. M. Wall, Bromsgrove District Councils Fraud Services Manager, presented the report. The Strategy had been updated to include additional principles of public life (Respect for Others & Duty to uphold the law) and to include changes to the Section 151 officer as a result of the recent management restructure. The Strategy provided a commitment to fighting fraud and corruption that affected the Council and arrangements for the prevention, detection and investigation of such activities.

RESOLVED that the Corporate Anti-Fraud and Corruption Strategy as set out in Appendix 1 to the report be approved.

24/10 **WHISTLE-BLOWING - CONFIDENTIAL REPORTING CODE REPORT**

Consideration was given to a report which presented the revisions to the Confidential Reporting Code (Whistleblowing) as part of the annual review of the policy.

Ms. M. Wall, Bromsgrove District Councils Fraud Services Manager, presented the report which had been updated to include changes to job titles as a result of the recent management restructure and arrangements for the reporting of fraud.

RESOLVED that the Confidential Reporting Code (Whistleblowing) Policy as set out in Appendix 1 to the report be approved.

25/10 **RISK MANAGEMENT TRACKER - QUARTER 1**

The Chairman welcomed Ms. G. Tanfield, Internal Audit Shared Service Manager to the meeting. Ms. Tanfield provided Members with a brief synopsis of her previous employment history and her current role.

Members considered a report which presented an overview of the current progress in relation to Actions/Improvements as detailed in the service area risk registers for the period 1st April 2010 to 30th June 2010. Members were asked to note that Regulatory Services had not been included within the risk management process to allow for the shared service to be fully embedded.

RESOLVED that the progress to date against all service area risk register actions for 1st April 2010 to 30th June 2010, Quarter 1, be noted.

26/10 **INTERNAL AUDIT PERFORMANCE AND WORKLOAD 2010/2011**

Consideration was given to a report that provided a summary of the current performance and workload of the Internal Audit Section. The Internal Audit Shared Service Manager informed Members that an interim review of the plan with the Section 151 officer had taken into consideration a number of factors that had impacted on 2010/11 and referred Members to the revised 2010/11 Internal Audit Plan as set out in Appendix A to the report.

The Internal Audit Shared Service Manager informed Members that the three audits (Procurement, Asset Management and Payroll) from the 2009/10 Audit Plan where draft reports had been issued had now been agreed and the final reports would be issued.

RESOLVED:

- (a) that the current status and work completed on the 2009/10 and 2010/11 Audit Plans be noted and approved;
- (b) that the work completed by the Internal Audit Section during the first quarter of the year to the end of June 2010 be noted;
- (c) that the revised 2010/11 Internal Audit Plan as set out in Appendix A to the report be noted; and
- (d) that the Current Performance Indicator Statistics be noted.

27/10 **INTERNATIONAL FINANCIAL REPORTING STANDARDS - UPDATE**

Consideration was given to a report which informed Members of the progress made for the transition to International Financial Reporting Standards. The report highlighted that key staff who had an input into the transition had been identified and, where required, guidance/support had been sought from outside the Council. Where possible this had been done through the Hereford and Worcester Finance Managers Group and in addition KPMG had offered advice through a joint purchasing arrangement with Redditch Borough Council.

RESOLVED:

- (a) that the Council's preparations for the introduction of International Financial Reporting Standards be noted; and
- (b) that the progress made to date for the introduction for compliance with the International Financial Reporting Standards as set out in Appendix 1 to the report be noted.

28/10 **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 following items of business on the grounds that they involve 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, in each case, as being as set out below, and that it is in the public interest to do so:-

<u>Minute No.</u>	<u>Paragraphs</u>
29/10	7
30/10	7
31/10	3 and 7

29/10 **BENEFIT FRAUD STRATEGY REPORT**

Consideration was given to a report which presented the revisions to the Benefit Fraud Strategy as part of an automatic review to reflect the recent management restructure and current procedures within Bromsgrove District

Council with the inclusion of procedures in relation to QB50 pocketbook procedures.

RESOLVED that the Benefit Fraud Strategy as set out in Appendix 1 to the report be approved.

30/10 **PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY REPORT**

Consideration was given to a report which presented the updates to the Proceeds of Crime and Anti-Money Laundering Policy to reflect the changes in titles/positions due to the recent management restructure and to reflect current procedures within Bromsgrove District Council.

RESOLVED that the Proceeds of Crime and Anti-Money Laundering Policy as set out in Appendix 1 to the report be approved.

31/10 **RECOMMENDATION TRACKER - QUARTER 1**

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 Internal Audit Shared Service Manager informed Members that now in post she would review the Recommendation Tracker to determine if all 'priority one' and key 'priority two' findings were actually fundamental risks to the Council. The Internal Audit Shared Service Manager responded to questions from Members with regard to Portfolio Holders being made aware of 'priority one' and key 'priority two' findings and the relevant officers being requested to attend Audit Board meetings where 'priority one' and key 'priority two' findings were shown as 'red' behind target.

RESOLVED:

- (a) that the 'priority one' and key '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;
- (c) that the Internal Audit Shared Service Manager be tasked to provide a summary of all audits to the next meeting of the Audit Board; and
- (d) that where 'priority one' and key 'priority two' findings are shown as 'red' behind target, the relevant officer be requested to attend future Audit Board meetings.

The meeting closed at 7.21 p.m.

Chairman