

# **Audit & Governance Committee**

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26th September 2011

## **MINUTES**

### **Present:**

Councillor Bill Hartnett (Chair), Councillor Rebecca Blake (Vice-Chair) and Councillors Peter Anderson, Michael Braley, Andrew Brazier, Malcolm Hall, William Norton and Luke Stephens

### **Also Present:**

E Cave and D Evans (Audit Commission)

### **Officers:**

T Kristunas, S Morgan and Jayne Pickering  
A Bromage and G Tanfield (Worcestershire Internal Audit Shared Services)

### **Committee Services Officer:**

D Sunman

## **9. APOLOGIES**

There were no apologies for absence.

## **10. DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **11. MINUTES**

### **RESOLVED that**

**The minutes of the meeting of the Committee held on 29th June 2011 be confirmed as a correct record and signed by the Chair.**

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Chair

### 12. ANNUAL GOVERNANCE REPORT 2010/11

The District Auditor presented her Annual Governance Report 2010/11 that summarised the findings from the 2010/11 audit.

She confirmed that the accounts were free from material errors and concluded that an unqualified opinion on the accounts would be issued together with an unqualified Value for Money by the statutory deadline on 30th September 2011.

She outlined a number of errors in the financial statements, all of which had been amended except one. This error had occurred in applying rent increases for 2010/11.

Members were informed that although this had been a small amount for each tenant it had meant that the rent disclosed as income in the Housing Revenue Account (HRA) had been overstated for the year. They were also informed that the impact on tenants had been corrected in 2011/12 but the overstatement in the financial statements remained, although she was satisfied that it did not materially misstate the position.

The Committee discussed whether tenants should be informed of the error but agreed unanimously that, on this occasion, as it had been caused by a system failure and following the advice of the District Auditor it was not necessary to do so.

#### **RESOLVED that**

- 1) **the Annual Governance Report 2010/11 be considered and noted; and**
- 2) **the draft letter of representation be approved on behalf of the Council and include the following paragraph:**

***“I have considered the error which overstates HRA income by £241k and do not consider it is material to the accounts. The marginal error in rent increases which gave rise to this error has already been amended.”***

### 13. STATEMENT OF ACCOUNTS 2010/11

The Committee received the Council's Statement of Accounts 2010/11 for approval.

Officers explained changes in the format of the Statement of Accounts from previous years, which had been made to comply with the International Financial Reporting Standards (IFRS).

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### **RESOLVED that**

- 1) the amendments to the Statement of Accounts be noted;**
- 2) the 2010/11 Statement of Accounts, as attached to the report be approved: and**
- 3) a copy of the Statement be signed at the meeting by the Chair (or in his absence, the Vice-Chair, or other Member presiding).**

#### **14. ACTION PLAN - ANNUAL AUDIT LETTER**

Members considered a report on the actions taken in response to recommendations made in the Audit Commission's Annual Audit Letter 2009/10, which was considered by this Committee on 24th January 2011.

### **RESOLVED that**

- 1) the actions of officers in response to the Audit Commission's recommendations, attached at Appendix 1 of the report, be noted; and**
- 2) an update report on the Council's progress on the National Fraud Initiative be submitted to the next meeting of the Committee.**

#### **15. INTERNAL AUDIT - INTERIM MONITORING REPORT 2011/12**

The Committee considered the Internal Audit Monitoring report for the period 1st April to 31st July 2011.

Members were informed that the report provided an overview of the utilisation of Internal Audit resources during the first quarter of the financial year 2011/12 as specified in the Annual Audit Plan, which had been approved by this Committee on 18th April 2011.

Officers reported that the Worcestershire Internal Audit Shared Service (WIASS) had become operational from 1st June 2011 and that, as part of the transfer process, productive and non-productive time had been reclassified in accordance with the shared service definition of chargeable and non-chargeable activities.

With reference to Appendix 2 of the report, members were informed that some of the results were below target as at 31st July 2011. However, additional resources had been made available from another site to assist with the delivery of the Audit Plan.

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Members expressed their concerns that historically the service had been under-resourced to meet the targets set out in the Audit Plan, which had been exacerbated by sickness levels in the team. They had been assured that the new shared service would provide a solution to the problem and were concerned that targets were still not being met and that this would continue to be so.

The Audit and Governance Committee was not scheduled to meet again until January 2012 and members felt that the issue of missed targets, and the underlying reasons, needed to be addressed sooner.

Officers agreed to meet in October, once half yearly performance figures were available to identify what resources would be required, if any, to meet the targets set out in the Audit Plan by the end of the financial year.

### **RESOLVED that**

- 1) **the report be noted; and**
- 2) **Members be notified of the use of resources following the Officers' meeting in October;**
- 3) **In future the Appendix listing 'High' and 'Medium Priority' Recommendations be amended to use '*must*' or '*be*' rather than '*should*'.**

### **16. INTERNAL AUDIT - STATEMENT OF INTERNAL CONTROL RETURNS AND GARAGES - UPDATE**

Members received an update as requested by the Chair at the meeting of this Committee on 29th June 2011 as follows:

- a) Statement of Internal Control Returns.

Members were informed that all outstanding statements had been completed by the end of July and that the Chair advised. Officers reported that the reasons for late returns had included omission by a Service Manager, work load and staff turnover.

- b) Garages

Officers reported that work had been continuing to provide an accurate reflection of stock provision using the Council's Saffron database. Internal Audit was satisfied that the database provided satisfactory / resilient records. Further

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checks would take place in the near future to obtain evidence that the records were correct.

**RESOLVED that**

**the report be noted.**

### **17. MARKET SERVICE INCOME RECORDING SYSTEM**

Members received an oral update regarding the Market Service Income Recording System that had been requested by this Committee at their meeting on 18th April 2011.

Officers reported that all recommendations had now been implemented and would be monitored in future to ensure compliance.

Officers agreed to check, and advise members, whether cash collected from Market Traders could be deposited at Cashiers in the Town Hall.

**RESOLVED that**

**the report be noted.**

### **18. STORES AUDIT**

Members received an oral update regarding the Stores Audit that had been requested by this Committee at their meeting on 18th April 2011.

Officers reported the following:

- a) All stock records showing nil balances have been marked as discontinued;
- b) Investigating ways to dispose of dormant /redundant stock, possibly through ORB or E-bay;
- c) Independent Stock taking now taking place;
- d) Write-off provision has been increased to £1,800; and
- e) Purchasing – investigating Framework Agreements.

**RESOLVED that**

**the report be noted.**

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## **19. COMMITTEE WORK PROGRAMME 2011/12**

Members considered the Audit and Governance Committee's rolling Work Programme for 2010/12.

**RESOLVED that**

**subject to the addition to the Programme of the item detailed at Minute 14 above, the report be noted.**

The Meeting commenced at 7.00 pm  
and closed at 9.00 pm

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Chair