

**WYRE FOREST DISTRICT COUNCIL**  
**AUDIT COMMITTEE**  
**THE EARL BALDWIN SUITE, DUKE HOUSE, CLENSMORE STREET,**  
**KIDDERMINSTER**  
**24TH APRIL 2007 (6.00PM)**

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**PRESENT:**

Councillors: H J Martin (Chairman), M A Salter (Vice-Chairman),  
G W Ballinger, J W Dudley, M A W Hazlewood, C D Nicholls,  
Mrs F M Oborski and J C Simmonds.

**Observer:**

Councillor J-P Campion, Cabinet Member for Finance and Corporate Affairs.

**AUD. 72    APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**AUD. 73    APPOINTMENT OF SUBSTITUTES**

No substitutes were appointed.

**AUD. 74    DECLARATION OF INTERESTS**

There were no declarations of interest.

**AUD. 75    MINUTES**

**AGREED:**

**The minutes of the meeting held on 27th March 2007 be confirmed as a correct record of the meeting and signed by the Chairman.**

**AUD. 76    AUDIT COMMISSION MATTERS**

The Chairman welcomed Ms. E Cave the Audit Commission's Relationship Manager and Mr I Skipp of KPMG, the Council's External Auditors, to the meeting, for the following Audit Commission matters:

### **a) Use of Resources Assessment**

The Committee considered a report from the Corporate Performance Advisor, which gave an overview of the Audit Commission's Key Lines of Enquiry for Use of Resources.

#### **DECISION:**

**The contents of the Audit Commission's Use of Resources Key Lines of Enquiry, as set out in the appendix to the report to the Audit Committee, be noted.**

### **AUD.77    b) Annual Inspection And Audit Letter**

The Committee considered a report from the Corporate Performance Advisor regarding the contents of the Audit Commission's Annual Audit and Inspection Letter. The Letter was presented by Ms E Cave, the Audit Commission's Relationship Manager and Mr I Skipp, of KPMG, the Council's external auditors.

Ms. Cave advised that the Direction of Travel report, included in the Letter, indicated that the Council had had a good year and could be pleased with the outcome. She took members through the report in detail.

It was noted, for example, that 64% of the Council's performance indicators had improved and this was just above the average improvement for other District Councils, with costs that were slightly above average. Ms. Cave reported that the Council had introduced a good performance management system, which needed to be embedded to become more effective.

She drew attention to the fact that the Council had a large number of priorities and targets within its Corporate Plan, Improvement Plan and Annual Priorities, as detailed in paragraph 18 of the Letter. She felt that this could be confusing for local people and difficult for Members to monitor. The Cabinet Member for Finance and Corporate Affairs advised that the Council was coming to the end of its current Corporate Plan and would take account of this comment when reviewing it.

Mr Skipp explained the basis of the assessment of the Council's use of resources, as set out in paragraph 34 of the Annual Audit and Inspection Letter, and took members through those findings.

He advised that the Council had scored two out of four for each of the five use of resources assessment areas except for financial reporting, for which it had scored three, due to improved arrangements. It was noted that the score achieved by Worcestershire District Councils was, predominantly, two out of four. At Members' request, Ms. Cave agreed to supply details of scores on a national basis.

In conclusion, Ms. Cave explained the action needed by the Council to address issues raised in the Audit and Inspection Letter, as set out on page 5 of the Letter. The Cabinet Member for Finance and Corporate Services informed the Committee that an action plan was being drawn up for this purpose and that these recommendations were helpful.

**DECISION;**

**A mid-year progress report, dealing with the issues arising from the Annual Audit and Inspection Letter (AAIL), be provided for the Committee at its meeting on 19<sup>th</sup> November 2007.**

**AUD. 78     c) Appointment of External Auditors**

Further to Minute No. AUD. 48 of the Committee's 29<sup>th</sup> January 2007 meeting, Ms. E Cave, the Audit Commission's Relationship Manager, presented a briefing paper on the criteria for the appointment of external auditors.

Members expressed concern that the Council had no control over the appointment of the external auditor, nor the fee charged. They felt that this could be reduced if the Council could put the service out to tender and make its own appointment. Ms Cave clarified that the Audit Commission made the appointment, as the external auditor had to be seen to be independent, so as to give assurance to both the public and Councillors. That was also the reason for rotating the auditor every five to seven years.

She explained that the fee charged to Councils varied according to the level of risk and that the fee charged to Wyre Forest was at about the mid point of the scale. She confirmed that the performance of the external auditor was audited. Members were advised also that the local authority audit regime had become far more complex and stringent than it used to be, with an increased amount of documentation. Hence, there could be no comparison with fees charged for audits in the private sector as much less work was involved.

**DECISION:**

**The information be noted.**

The Chairman thanked Ms. Cave and Mr Skipp for their informative contributions to the meeting.

**AUD. 79     WORK PROGRAMME**

As this was the last meeting of the municipal year, the Committee considered items that needed to be carried forward.

**DECISION:**

**The following items be carried forward to the 2007/08 municipal year:**

- **Internal Audit – Annual Outturn Report**

- **External Funding Strategy – Progress Report**
- **External Audit – Audit Plan 2007/08**
- **Risk Management**
- **Corporate Procurement Progress Report**

**AUD. 80     EXCLUSION OF THE PRESS AND PUBLIC**

**DECISION:**

**Under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business, on the grounds that they involve the likely disclosure of “exempt Information” as defined in paragraphs 2 and 3 of Part 1 of Schedule 12A of the Act.**

**AUD.81     SUMMARY OF MINUTES**

The following proceedings were considered after the press and public had been excluded from the meeting. A summary of the minutes relating to these items has been made as 'Exempt Information' would be disclosed if the minutes were published in full.

**AUD. 82     CORPORATE PROCUREMENT – POSITION STATEMENT**

The Committee noted a report from the Head of Financial Services, which gave a position statement on corporate procurement.

**AUD.83     INTERNAL AUDIT - FOLLOW UP REPORT ON OUTSTANDING ACTION  
REVIEW OF THE CONTROL OF WASPS, RATS AND OTHER PESTS AND  
DOGS**

Further to Minute Numbers AUD. 55 and AUD. 59 of its 29<sup>th</sup> January 2007 meeting, the Committee noted an additional follow up report giving updated responses to recommendations relating to Internal Audit’s review of the control of wasps, rats and dogs. This was further to the report in Section 1 of the Internal Audit Report for the Quarter ended 31st September 2006, submitted to the Committee’s 20th November 2006 meeting and the follow up review reported to the Committee’s 29th January 2007 meeting.

The meeting ended at 6.53 pm.