

**WYRE FOREST DISTRICT COUNCIL**  
**AUDIT COMMITTEE**  
**THE EARL BALDWIN SUITE, DUKE HOUSE, CLENSMORE STREET,**  
**KIDDERMINSTER**  
**17TH SEPTEMBER 2007 (6.00PM)**

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**PRESENT:**

Councillors: J Aston (Chairman), P B Harrison (Vice-Chairman), J Baker, G W Ballinger, M A W Hazlewood, D J Millis, J Thomas and G C Yarranton.

**OBSERVER:**

Councillor J-P Campion, Leader of the Council.

**AUD. 15    APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor C D Nicholls.

**AUD. 16    APPOINTMENT OF SUBSTITUTES**

No substitutes were appointed.

**AUD. 17    DECLARATION OF INTERESTS**

No declarations of interest were made.

**AUD. 18    MINUTES**

**AGREED:**

**The minutes of the meeting held on 25th June 2007 be confirmed as a correct record of the meeting and signed by the Chairman.**

**AUD. 19    EXTERNAL AUDIT AND INSPECTION PLAN 2007-2008**

The Committee considered the External Audit and Inspection Plan 2007-2008 from the Audit Commission. This was presented by Elizabeth Cave, the Audit Commission's Relationship Manager, who was accompanied by David Evans, Audit Manager, also from the Audit Commission.

Ms Cave explained that, as the Audit Commission was taking over the role of the Council's external auditor from KPMG, the report had been based, largely, on information supplied by KPMG. She advised that the Inspection Plan, detailed in the report, set out the audit and inspection work that the Audit Commission intended to carry out in the current financial year. She pointed out that no inspection was planned for this year as a number of inspections had been carried out recently.

Members noted that the work under the Audit Code of Practice involved an audit of the Council's financial statements and a value for money assessment, based on the Council's use of resources. Ms Cave also described the risk assessment process and drew attention to the initial risk assessment for the use of resources work, included at Appendix 1 of the report. She advised that the Audit Commission would look more closely at risks when the 2006/07 audit had been completed by KPMG.

Ms Cave reported that the Audit Commission would be assisting with the development of a new Corporate Plan, including the identification of a reduced number of priorities to facilitate a streamlined performance management system.

Members expressed concern about the level of the fee payable to the external auditor, over which the Council had no control. They were informed that other authorities were charged on the same basis and that the work of the external auditor had increased significantly over recent years to cover issues, such as, use of resources and performance management. In addition, Ms Cave pointed out that risk assessments were not based solely on financial statements and that the external auditor also looked at projects such as the single site and the Worcestershire Hub.

A question was raised as to the independence of the Audit Commission to undertake local authority audit work when the Commission was appointed by the government. Ms Cave reassured members that no one influenced her judgement as an auditor and that her audits were signed in her own name .

At the conclusion of the discussion, the Chairman thanked Ms Cave for her informative presentation.

**AGREED:**

**The report be noted.**

**AUD. 20     EXTERNAL AUDIT KPMG – AUDIT MEMORANDUM REPORT TO THOSE CHARGED WITH GOVERNANCE 2006/07**

The Committee considered a draft of the External Audit: Audit Memorandum – Report to Those Charged with Governance 2006/07. This was presented by Mr Ian Skipp of KPMG, who explained that the report was in draft as a number of minor amendments were needed, following discussions with officers.

Mr Skipp advised that the report addressed two key elements, use of resources; and accounts / statement on internal control. He explained the use of resources scores, as detailed in section two of the report, and members noted that there was evidence of improvement. As a result, Mr Skipp was pleased to report that KPMG had concluded that the Council had satisfactory arrangements in place for the use of its resources. In addition, KPMG proposed to issue an unqualified audit opinion on 30th September 2007 as it had concluded that the Council's financial statements reflected an accurate

view of the authority's finances as at 31st March 2007.

With reference to Appendix 4, entitled "Accounts performance improvement observations" Mr Skipp reported that recommendation number two, relating to regular production of creditors' exception reports, would be deleted following the receipt of further information from the Council. He also needed to agree revised wording for recommendations one and three with officers, as the current wording could give a detrimental impression, particularly in relation to the annual review by Internal Audit of all high level control systems.

At the conclusion of the discussion, the Chairman thanked Mr Skipp for his informative presentation.

**AUD. 21    WORK PROGRAMME**

The Committee considered its work programme for the 2007/2008 municipal year with regard to the Community Strategy, Corporate Plan and Annual Priorities.

**AGREED:**

**The work programme be approved subject to the addition of an item for the Committee's November 2007 meeting to consider the final External Audit: Audit Memorandum – Report to Those Charged with Governance 2006/07.**

**AUD. 22    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. 23    MINUTES**

The exempt minutes of the Audit Committee held on 25th June 2007 were agreed as a correct record and signed by the Chairman.

**AUD. 24    INTERNAL AUDIT REPORT - QUARTER ENDED 30TH JUNE 2007**

A report was considered from the Head of Financial Services regarding the Internal Audit Report for the Quarter ended 30th June 2007. Members also referred to a copy of the Internal Audit - annual Audit plan 2007/08 when considering the quarterly report.

The meeting ended at 6.57 p.m.