

**WYRE FOREST DISTRICT COUNCIL**  
**AUDIT COMMITTEE**  
**THE EARL BALDWIN SUITE, DUKE HOUSE, CLENSMORE STREET,**  
**KIDDERMINSTER**  
**17TH MARCH 2008 (6PM)**

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**PRESENT:**

Councillors: J Aston (Chairman), P B Harrison (Vice-Chairman), J Baker, M A W Hazlewood, M B Kelly, Mrs F M Oborski, D R Sheppard, J Thomas and G C Yarranton.

**Observer:** Councillor J-P Campion.

**AUD.43     APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors: G W Ballinger, D J Millis and C D Nicholls.

**AUD.44     APPOINTMENT OF SUBSTITUTES**

Councillor M B Kelly was appointed as a substitute for Councillor C D Nicholls. Councillor Mrs F M Oborski was appointed as a substitute for Councillor G W Ballinger. Councillor D R Sheppard was appointed as a substitute for Councillor D Millis.

**AUD.45     DECLARATION OF INTERESTS**

No declarations of interest were made.

**AUD.46     MINUTES**

**AGREED:**

**The minutes of the meeting held on 19th November 2007 be confirmed as a correct record of the meeting and signed by the Chairman.**

**AUD.47     KPMG - ANNUAL EXTERNAL AUDIT REPORT 2006/2007**

A report was considered from KPMG, the Council's former external auditors, regarding the annual external audit report for 2006/2007.

Mr Skipp told Members that the report contained details of KPMG's final output for 2006/2007 and would be passed to the Audit Commission. He then went through the report and highlighted the following points:

- Members' attention was drawn to page 7, which related to the use of

resources scored judgment of the authority. In the area of Internal Control he told Members that the Council's score had dropped from two to one. However he pointed out that this was because the criteria against which a Council was assessed was becoming tighter each year and more stringent. The areas covered were:-

- The importance of having a business continuity plan was stressed and the need for a robust risk management strategy.
- Formalisation of a data quality policy - it was understood that this had been formalised and was embedded throughout the authority.

A debate ensued and Members posed the following questions:

- Whether the Council's auditors would be changed again? It was noted that KPMG would no longer be the Council's auditors and that the Audit Commission would take over this brief. However Members were informed that this situation was not anticipated to change in the near future.
- When asked about a Business Continuity Plan it was confirmed that the Council was in the process of producing one for the end of March 2008.
- The possibility of raising the Council's score for internal control back to what it was in the previous financial year was discussed. However it was noted that the requirements on performance got more stringent each year and comparisons were made with other local authorities.
- Details regarding the handover of audit arrangements to the Audit Commission would be tabled at the next meeting of the Audit Committee in April 2008.

**DECISION:**

**The report be noted.**

**AUD.48      EXTERNAL AUDIT AND INSPECTION LETTER - PROGRESS REPORT**

**A report was considered from the Head of the Chief Executive's office which informed Members of progress with addressing recommendations contained in last year's Annual Audit and Inspection Letter.**

**DECISION:**

**Progress with action in response to recommendations in the 2007 Audit and Inspection Letter be noted.**

**AUD.49      REVIEW OF ARRANGEMENTS FOR PUBLICISING THE PRE-AUDIT COPY OF THE COUNCIL'S FINAL ACCOUNTS**

A report was considered from the Head of Financial Services which provided Members with details of the current arrangements for publishing the pre-audit copy of the Council's final accounts..

The Head of Financial Services told Members that the only occasion that a member of the public was likely to want to view the pre-audit copy of accounts was when they had an issue with the Council.

A discussion ensued on the merits of advertising in another newspaper such as the Chronicle as not all members of the public received copies of the Shuttle. It was also suggested that Wyre Forest could add the pre-audit accounts to the mystery shopper exercise which was tried out on customer service advisers at the Hub. It was also agreed that the internet notice could be more prominent and more user-friendly.

**DECISION:**

**The current arrangements for publishing the pre-audit copy of the Council's Final Accounts be noted.**

**AUD.50      INTERNAL AUDIT - COMPLIANCE WITH THE CIPFA CODE OF PRACTICE FOR INTERNAL AUDIT**

A report was considered from the Financial Services Manager that informed members of how the Internal Audit Section complied with the CIPFA Code of Practice for Internal Audit.

The Financial Services Manager explained that Appendix 1 of the report showed how the Section had complied with the Code of Practice which Members had received during Audit Training at the commencing of the Municipal Year.

The Leader of the Council stated that this document was a testament to the way how the Financial Services Manager and her team went about internal audit and he recognised her team's hard work and diligence and commended them.

**DECISION:**

**The completed checklist showing Internal Audit - Compliance with the CIPFA Code of Practice for Internal Audit be approved.**

**AUD.51      INTERNAL AUDIT - ANNUAL AUDIT PLAN 2008-2009**

A report was considered from the Financial Services Manager that informed Members of the Internal Audit - Annual Audit Plan 2008/09. The Financial Services Manager told Members that this Plan was prepared in order to give

direction to the work of the Internal Audit Section and it had been prepared taking into account the CIPFA Code for Good Practice, views from the Corporate Management Team, outputs from the external audits and the annual risk management exercise.

The Financial Services Manager went through the Plan and highlighted the fact that there were 889 days available for the work to be undertaken which gave a shortfall of 116 days. The shortfall was approximately equivalent to a 22.5 hour Senior Auditor Post.

**RECOMMENDED TO CABINET:**

- 1. Approval be given to the Internal Audit - Annual Audit Plan 2008 - 2009, attached as Appendix 1 to the report noting the shortfall in days available and REQUESTS that the Cabinet investigate ways of meeting the shortfall identified in the Annual Audit Plan 2008 - 2009.**
- 2. Approval be given for the Financial Services Manager to amend the plan in the light of developments arising during the year as described in paragraph 3.89 of the report to the Audit Committee and in accordance with paragraph 3.3(b) of the Approved Terms of Reference for Internal Audit.**

**AUD.52     UPDATES OF PROSECUTION POLICY & POLICY AND STRATEGY ON THEFT, FRAUD AND CORRUPTION**

A report was considered from the Head of Financial Services that informed Members of the results of a review of the Council's current Prosecution Policy, Policy on Theft, Fraud and Corruption, Strategy on Theft, Fraud and Corruption, the Fraud Response Plan and the Policy and Strategy on Fraud for Housing Benefit and Council Tax Benefit.

The Financial Services Manager explained that all these documents required reviewing in line with best practice to ensure that there had been no omissions. Currently the documents were considered to be in line with best practice however, it was noted that further guidance would be issued from the CIPFA Better Governance Forum and thus a further review of the documents would be required when this guidance became available.

**DECISION:**

- 1. It be noted that the current review had not identified any omissions in best practice within the current suite of documents as listed in the report to the Audit Committee.**
- 2. It be noted that the following documents : Prosecution Policy, Policy on Theft, Fraud and Corruption, Strategy for dealing with Theft, Fraud and Corruption, Fraud Response Plan, Policy and Strategy on Fraud for Housing Benefit and Council Tax Benefit were being updated.**

3. The documents as listed in (2) above, be further reviewed following the issue of guidance from CIPFA Better Governance Forum and that the review be reported back to the Audit Committee in accordance with due process.

#### **AUD.53 CORPORATE GOVERNANCE FRAMEWORK**

A report was considered from the Chief Executive that recommended to Council that an updated Corporate Governance Framework be adopted with effect from 1<sup>st</sup> April 2008.

The Head of the Chief Executive's Office went through the report and outlined the six core principles that should underpin the governance of each local government body. These were:

- (a) A clear definition of the Council's purpose and desired outcomes
- (b) Well-defined functions and responsibilities
- (c) An appropriate corporate culture and values
- (d) Transparent Decision-Making
- (e) A strong governance team
- (f) Real accountability to stakeholders.

One Member suggested that the reporting partnership on hate should be included in the list in 6(b) of the report. It was agreed that it would be added.

When asked whether the new framework was very different from the old framework, the Head of the Chief Executive's Office commented that there was more emphasis on partnership working, community engagement and equality and diversity. A mid year progress report would be produced on the processes and systems that were in place.

Members considered that the council had to choose between devoting resources to paperwork or focussing on service delivery. However, it was considered that the Council did devote enough resources to ensuring that all areas were covered. Considering the amount of resources, and officer time available, the Council was doing very well. Members did feel, however, that after a time efficiency savings would prove harder and harder to achieve without affecting service delivery.

#### **RECOMMENDED TO COUNCIL:**

1. The Corporate Governance Framework and 2008/09 Action Plan contained in Appendices 1 and 2 of the report to the Audit Committee be adopted with immediate effect.
2. The 2007/08 Progress Report in Appendix 3 of the report to the Audit Committee be noted.
3. A mid-year progress report on the 2008/09 Action Plan in Appendix 2 of the report to the Audit Committee be provided in October/November 2008.

**AUD.54     ANNUAL GOVERNANCE STATEMENT**

A report was considered from the Head of Financial Services that outlined the requirement to prepare an Annual Governance Statement.

**DECISION:**

**The requirements to prepare an Annual Governance Statement be noted.**

**AUD.55     CLOSURE OF ACCOUNTS TIMETABLE 2007/2008**

A report was considered from the Head of Financial Services that informed Members of the Closure of Accounts Timetable 2007/2008.

**DECISION:**

**The Closure of Accounts Timetable as detailed in the Appendix of the report to the Audit Committee be noted.**

**AUD.56     APPRAISAL OF APPOINTING AN INDEPENDENT MEMBER TO THE AUDIT COMMITTEE**

A report was considered from the Head of Financial Services that provided Members with an appraisal of appointing an independent member to the Audit Committee.

The Financial Services Manager commented that in June 2007 the committee had asked an appraisal to be prepared of the possibility of appointing an independent member to the committee. During the preparation of the appraisal, guidance from CIPFA had been considered. Other authorities had been consulted and no local authorities in the area had independent members.

Members deliberated the benefits of having co-opted members and recognised the difficulty in recruiting the right type of candidate and felt at the present time they did not wish to co-opt an independent member onto the committee.

**DECISION:**

**The Audit Committee does not wish to co-opt an independent member onto the committee at the present time.**

**AUD.57     WORK PROGRAMME**

**The Committee considered the work programme for the rest of the municipal year. The Financial Services Manager informed Members that an extra item had been added to the April 2008 meeting of the Committee which was - Position Statement on Corporate Risk Management, which would build on the report that had already been presented to a previous meeting of the Audit Committee in November 2007.**

**DECISION:**

The Work Programme be noted.

**AUD.58     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 the consideration of the following items of business on the grounds that they involve the likely disclosure of "exempt information" as defined in paragraphs 1 and 2 of Part 1 of Schedule 12A to the Act.

**AUD.59     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 had been made as "exempt information" would be disclosed if the minutes were published in full.

**AUD.60     MINUTES**

The exempt minutes of the meeting held on 17<sup>th</sup> March 2008 were confirmed as a correct record and signed by the Chairman.

**AUD.61     INTERNAL AUDIT REPORT - QUARTER ENDED 31<sup>ST</sup> DECEMBER 2007**

A report was considered from the Financial Services Manager that informs Members of the Internal Audit Report for the Quarter ended 31<sup>st</sup> December 2007. The report was noted.

The meeting ended at 7.03 pm.