

# MINUTES

meeting: **AUDIT COMMITTEE**

date: **19 DECEMBER 2011**

**PRESENT:-**

Councillor Inston (Chair);  
Councillors Dr Hardacre, Mrs Keirle, Mrs Mills,  
Simkins and Mrs Thompson

**OFFICERS IN ATTENDANCE:-**

Delivery

P Main	-	Assistant Director - Corporate Services
B Burgess	-	Head of Audit Services – Internal Audit
P Farrow	-	Senior Audit Manager
M James	-	Benefit Fraud Manager
D Johnston	-	Head of Risk Management and Insurance – Corporate Services
S Kembrey	-	Assistant Director - Governance
S Martin	-	Head of Revenues and Benefits
R Morgan	-	Senior Audit Manager – Internal Audit
M Taylor	-	Financial Controller – Corporate Services (Part)
M Fox	-	Democratic Support Officer

**PRESENT BY INVITATION:-**

J Howse	-	PricewaterhouseCoopers – External Auditors
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**PART I - OPEN ITEMS**  
**(Open to Press and Public)**

**Apologies for Absence**

52 Apologies for absence had been received from Councillors Claymore and Leach.

**Declarations of Interest**

53 No declarations were received.

**Minutes**

54 Resolved:-  
(a) That the minutes of the meeting of the Audit Committee held on 7 November 2011 be confirmed as a correct record.

(b) That the minutes of the meeting of the Audit (Final Accounts Monitoring and Review) Sub-Committee held on 5 December 2011 be noted.

**Audit Work Management Arrangements (Audit Committee – Resolution 51)**

55 Responding to a question, the Assistant Director – Corporate Services indicated that the new management arrangements which commence in January 2012 would be reviewed after a six month period.

**Budget Risks Update and Review (Audit Final Accounts Monitoring and Review Sub-Committee – Resolution 19)**

56 Members requested that the briefing notes referred to in resolution 19, which would include information about the Integrated Transport Levy and precepts for the West Midlands Fire and Rescue Authority and West Midlands Police Authority, be circulated to all Audit Committee Members.

**Schedule of Outstanding Minutes (Appendix 33)**

The Committee received a report which gave an indication of dates on which reports on individual items would be submitted for consideration.

- 57 Resolved:-  
That the report be received.

**Work Programme 2011/12 (Appendix 34)**

The updated work programme had been circulated for information.

- 58 Resolved:-  
That the work programme be received.

**EXTERNAL AUDIT REPORTS AND INSPECTION:-**

**External Audit - Annual Audit Letter 2010/11 (Appendix 35)**

The Annual Audit Letter 2010/11 from the Council's External Auditor, PricewaterhouseCoopers, was submitted for information. Councillor Mrs Keirle commented on the recommendations from the Axon Review and asked whether the External Auditor would be making any further recommendations. Councillor Mrs Thompson felt reassured by the recommendations arising from the Axon Review but joined with Councillor Keirle in expressing concern about the increased fees for additional audit work carried out by the External Auditor in respect of the extended final accounts audit timetable.

James Howse (PricewaterhouseCoopers) responded that the External Auditor would need time to consider the Axon recommendations before deciding whether any further action would be necessary. He added that every effort would be made not to add to audit fees in future years and that PwC had not passed on all of the additional costs. He confirmed that audit fees are submitted to the Audit Committee for approval each year along with the external auditor's Audit Plan.

- 59 Resolved:-  
That the Annual Audit Letter 2010/11 be noted.

**FINAL ACCOUNTS:-**

**2010/2011 Statement of Accounts Lessons Learnt (Appendix 36)**

A report was submitted which advised of progress in planning and delivering the Statement of Accounts for 2011/12 and recommended that the Audit (Final Accounts and Monitoring and Review) Sub – Committee receive regular reports providing updates on progress over coming months. Councillor Mrs Keirle was relieved to note that additional resources had been proposed to achieve the challenging timetable for the 2011/12 Statement of Accounts. Councillor Dr Hardacre thanked the Assistant Director – Corporate Services and her staff for responding to the issues arising from the 2010/11 Statement of Accounts process.

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Resolved:-

(a) That progress on planning and delivering the Statement of Accounts for 2011/12 in light of the recommendations in the 2010/11 Annual Report to Those Charged with Governance be noted.

(b) That it be agreed that Audit (Final Accounts Monitoring and Review) Sub – Committee receive regular reports providing updates on progress with the planning and delivery of the Statement of Accounts for 2011/12, with additional meetings of the Sub – Committee being arranged for April and May 2012.

(c) That the risks associated with the successful production and audit of the 2011/2012 Statement of Accounts, which at this stage is considered to be “Amber”, be noted.

(d) That it be noted that the Assistant Director – Corporate Services is currently of the opinion that the Council has provided sufficient resources to allow the statutory responsibilities in relation to the statement of accounts to be fulfilled, but that this will be kept under review over coming months.

(e) That appreciation to officers in responding to the issues arising from the Statement of Accounts 2010/11 process be placed on record.

**RISK MANAGEMENT/ASSURANCE ON SERVICE RISKS  
REPORTS:-**

**Corporate Risks Update - Risk Management Policy and  
Strategy (Appendix 37)**

This report set out the outcome of the review of the Risk Management Policy and Strategy and the position on the development of the Corporate Risks Profile and asked Members to approve the revised Policy and Strategy 2011/12.

Councillor Mrs Keirle mentioned that some of the recommendations from the Axon review were of a corporate nature and she expressed the hope that they would be taken on board immediately. Councillor Mrs Thompson asked a question about major corporate risks and the Head of Risk Management and Insurance responded that these would emerge from the updated corporate plan that is scheduled to be published early in 2012; he added that there was also a requirement for this Committee to ensure that relevant information on the associated risks is reported in a timely manner. He commented that the recommendations from the Axon review would be helpful and provide a sharper focus in future work on corporate risks.

Councillor Simkins referred to an issue which had been raised previously about essential car users within the Authority, but to which he had not received a response.

61 Resolved:-

(a) That the outcome of review of Risk Management Policy and Strategy be noted.

(b) That the revised Policy and Strategy for 2011/12 be approved.

(c) That the position regarding the development of the Corporate Risks Profile be noted.

(d) That the previously raised issues about essential car users be clarified by means of a briefing note to Members.

**OTHER GOVERNANCE ISSUES:-**

**Benefit Fraud Sanctions Report 2010-2011 (Appendix 38)**

The report provided an update on sanction results for the Benefit Fraud Investigation Team.

62 Resolved:-

That the report be noted.

**INTERNAL AUDIT REPORTS :-**

**PwC Review of Effectiveness of Internal Audit – Progress Report (Appendix 39)**

An Action Plan was submitted, which formed the second progress report following the recent review by PwC of the effectiveness of Internal Audit.

63 Resolved:-

That the Action Plan be received and noted.

**Exclusion of Press and Public**

64 Resolved:-

That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from consideration of the item of business in Part II of the agenda on the grounds that, in view of the nature of the business to be transacted or the nature of the proceedings, exempt information falling within paragraph 1, 2 & 3 of Schedule 12A of the Act is likely to be disclosed.

**PART II – EXEMPT ITEMS**  
**(Press and Public Excluded)**

**INTERNAL AUDIT REPORTS: -**

**Audit Plan 2011/12 – Outturn to 30 September 2011 & Audit Work Update (Appendix 40)**

A report was submitted which updated Members on progress against the Audit Plan for 2011/12, informed them of the results of the high level review of planned work for the remainder of the current financial year and provided information on recent work that has been completed. Councillor Mrs Thompson expressed the hope that there would not be any further reduction in levels of audit staff as they provide a valued service to the Authority. Councillor Dr Hardacre was concerned that the “indirect” employment of redundant staff within a given timeframe should not occur and the Assistant Director – Corporate Services indicated that assurances had been given on this issue.

65 Resolved:-

That the outturn position as at 30 September 2011 and information relating to current audit work be noted.

**Retirement of Head of Audit Services**

The Chair referred to the impending retirement of Brian Burgess, Head of Audit Services and thanked him for his service to the Authority over a period of many years. Brian responded and thanked Members for their support.

66 Resolved:-

That the appreciation of the Committee to the Head of Audit Services, in recognition of his excellent service to the Authority, be placed on record, coupled with their good wishes for a happy retirement.

**Season’s Greetings**

67 The Chair extended Christmas greetings to all those present at the meeting.