

AUDIT COMMITTEE

Thursday, 9th February, 2012 at 6.00pm
in Committee Room 3 at the Council House, Dudley

PRESENT:-

Councillor Taylor (Chairman)
Councillor Hill (Vice Chairman)
Councillors Ahmed, Burston, Miss Cowell, Lowe, Ms Partridge and Mrs Westwood.

Officers:-

Treasurer, Head of Audit Services, Head of Accountancy and Audit Managers, (all Directorate of Corporate Resources) Director of Adult, Community and Housing Services, Assistant Director of Older People and Physical Disabilities and Review and Improvement Consultant (Directorate of Adult, Community and Housing Services) Assistant Director, Quality and Partnership and Assistant Director Education, Play and Learning (Directorate of Children's Services) and Miss K Fellows (Directorate of Corporate Resources)

Also in attendance:-

Mr S Turner (Audit Commission), Ms S Downen, Principal Auditor and Ms H Bassey, Senior Auditor.

25. DECLARATIONS OF INTEREST

No member made a declaration of interest, in accordance with the Members' Code of Conduct, in respect of any matter to be considered at this meeting.

26. MINUTES

RESOLVED

That the minutes of the meeting of the Committee held on 22nd September, 2012 be approved as a correct record and signed.

27. ANNUAL AUDIT LETTER 2011

A joint report of the Chief Executive and the Treasurer was submitted on the Audit Commission's Annual Audit Letter 2011. A copy of the letter was appended to the report submitted.

Mr S Turner representative from the Audit Commission was in attendance at the meeting and presented the report and appendices to the report submitted.

Arising from the presentation of the report submitted, the Treasurer thanked the external auditors for the positive Annual Audit Letter.

RESOLVED

That the information contained in the report, and Appendices to the Report, submitted on the Annual Audit Letter 2011 be noted.

28. CHANGE IN ORDER OF BUSINESS

Pursuant to Council Procedure Rule 13(c) it was:-

RESOLVED

That the remaining items of business be considered in the following order:-

Agenda item numbers 9 – 12 followed by the remaining Agenda items.

29. EXCLUSION OF THE PUBLIC

That the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Local Government Act, 1972, as indicated below, and that in all the circumstances, the public interest in disclosing the information is outweighed by the public interest in maintaining the exemption from disclosure.

<u>Item</u>	<u>Paragraph Numbers</u>
Annual Audit Report in relation to the Directorate of Children's Services	2 and 7
Annual Audit Report in relation to the Directorate of Adult, Community and Housing Services	2 and 7
Audit Services Interim Performance Report	2 and 7

30. ANNUAL AUDIT REPORT IN RELATION TO THE DIRECTORATE OF CHILDREN'S SERVICES

A report of the Treasurer was submitted on the audit work undertaken in the Directorate of Children's Services for the financial year 2010/11 and incorporating details of the more important findings.

Arising from the presentation of the report submitted, Members asked questions and raised concerns and the Head of Audit Services and the Assistant Director for Quality and Partnership responded to those concerns.

RESOLVED

That the findings of the 2010/11 audit work be accepted.

31. ANNUAL AUDIT REPORT IN RELATION TO THE DIRECTORATE OF ADULT, COMMUNITY AND HOUSING SERVICES

A report of the Treasurer was submitted on the audit work undertaken in the Directorate of Adult, Community and Housing Services for the financial year 2010/11 and incorporating details of the more important findings.

Arising from the presentation of the report submitted Members asked a number of questions and made comments which were responded to.

RESOLVED

That the findings of the 2010/11 audit work be accepted.

32. AUDIT SERVICES INTERIM PERFORMANCE REPORT

A report of the Treasurer was submitted on an update on Audit Services performance and other related information.

RESOLVED

That the information contained in the report, and Appendix A to the report, submitted be noted.

33. TREASURY MANAGEMENT

A report of the Treasurer was submitted on treasury activity during the financial year 2011/12, and in the current financial year up to December, seeking approval of the Treasury Strategy Statement 2012/13, and on a proposed amendment to the Council's Treasury Policy Statement.

In presenting the report submitted the Treasurer updated the Committee in relation to the payment to be made on 28th March in respect of self-financing for the Housing Revenue Account stating that this had decreased to £335.6m.

The Treasurer responded to questions in relation to the Housing Revenue Account, advising that arrangements for the Right To Buy Scheme were subject to consultation but it was likely that the sale proceeds would have to be set aside to purchase further housing stock. He also stated that borrowing interest rates would continue to be monitored.

In responding to further questions from Members the Treasurer advised that in relation to the average long term borrowings up to the end of December 2011, £127m related to housing and as some of the loans matured they would be replaced.

He also advised that in relation to future borrowing loans would almost certainly be fixed rate loans, however maturity terms would vary.

The Treasurer confirmed the rental income and the amount of interest payable on new loans. He also advised on the approximate amount of expenditure available for housing repairs per annum.

RESOLVED

That, subject to the approval of Council:-

1. (a) Treasury management activities in 2011/12, as outlined in the report submitted be noted.
- (b) The Treasury Strategy 2012/13, attached as Appendix 2 to the report submitted, be approved.
- (c) The Treasurer be authorised to effect such borrowings, repayments and investments as were appropriate and consistent with the approved Treasury Strategy and relevant guidance.
- (d) The Treasury Policy Statement, attached as Appendix 3 to the report submitted, be approved.

34. REVIEW OF RISK MANAGEMENT ACTIVITIES 2011 AND PRIORITIES FOR 2012/13

A report of the Treasurer was submitted on the key developments in the Council's risk management activities in the preceding 12 months and the key priorities for 2012/13.

In presenting the report submitted the Head of Accountancy indicated that the risk management awareness session for Members had not taken place on 31st January, 2012 and was due to be re-scheduled.

In responding to a question from a Member the Head of Audit Services advised that the Council did not audit academies however they had offered their services to academies as a commercial contract.

In relation to the Corporate Risks as set out in Appendix A to the report submitted, the Head of Accountancy confirmed that the risk rating status was calculated taking into account the likely impact on the Council and the probability of those risks occurring.

He also confirmed that employers were under a duty to carry out Bureau checks on some jobs, especially those jobs working with vulnerable groups such as children and vulnerable adults and where there was a serious risk of fraud.

The Treasurer further advised that the position in relation to Criminal Records Bureau checks was currently being reviewed in relation to all posts where such a check was required.

In responding to a further question from a Member, the Treasurer advised that in relation to corporate risks relating to carbon reduction targets, those were a significant risk rating as there was an issue of a carbon reduction levy which would result in fines and penalties for non-compliance should the reduction in targets not be achieved.

RESOLVED

That the information contained in the report submitted, be noted.

The meeting ended at 7.50pm

CHAIRMAN