

AUDIT COMMITTEE

Thursday 12th February, 2009 at 6pm
in Committee Room 3 at the Council House, Dudley

PRESENT:-

Councillor Taylor (Chairman)
Councillor Kettle (Vice Chairman)
Councillors Ahmed, Ali, Attwood, J D Davies, J R Davies, Mrs D Harley
and Ms Nicholls.

Officers:-

The Interim Chief Executive, Director of Finance, Director of the Urban Environment, Director of Adult, Community and Housing Services, Assistant Director of the Urban Environment, Senior Assistant Director of Finance, Head of Audit Services, Principal Project Officer and Policy Manager, (Both Directorate of Adult, Community and Housing Services), Executive Support Manager, (Directorate of the Urban Environment), Ms J McGregor, (Senior Accountant), Ms A Evans and Ms Sharon Downen (Principal Auditors), Mr G Harrison and Mr S Potter (Audit Managers) and Miss K Fellows (Directorate of Law and Property)

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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.

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MINUTES

RESOLVED

That the minutes of the meeting of the Committee held on 25th September, 2008 be approved as a correct record and signed.

The Head of Audit also referred to Minute 24(2) and provided a verbal update in relation to the high recommendations, referred to in the Annual Audit Report in relation to the Directorate of Finance, ICT and Procurement, confirming that all had been implemented. In respect of additional reporting on unimplemented recommendations, following discussions with the Chairman, it had been agreed that reports in future would include:-

- (a) Specific reference to the percentage of recommendations implemented.

- (b) The results of the 5% check on recommendations.
- (c) An additional column to indicate the overall assurance level of each report.
- (d) Details of follow up checks on those reports that had an overall level of assurance of “nil” or “minimal”.

The Director of Finance referred to Minute no. 24(3) advised that the value of unrepresented cheques over the preceding six months had been £25,000, and that there were no cheques older than six months as all had been written back. It was reported that a system had been re-introduced in order to prompt follow up action relating to unrepresented cheques.

TREASURY MANAGEMENT

A report of the Director of Finance was submitted on outlining treasury activity in the year 2008/09 up to the end of December and on the Treasury Strategy Statement 2009/10 a copy of which was attached as Appendix 1 to the report submitted.

Arising from the presentation of the Report, and appendix submitted by the Director of Finance, Members asked a number of questions and made comments relating in particular to:-

- the speed at which monies could be released in order that the Council may return to the financial market place;
- should early repayment of a loan take place, would it be straight forward for the Council to obtain further finance;
- in financial terms how had the Council benefited from early repayment of the proportion of the Public Works Loan Board Loans;
- the approximate level of the Council's investments.

The Director of Finance responded to the questions raised, stating that the Constitution made provision for delegated authority as far as finances were concerned, which would enable the Council to make a speedy return to the market place, should they wish to do so; the Public Works Loan would be effectively borrowing from the Government, and the monies would be available as and when agreed; the interest rate payable on that part of the Public Works Loan that had been repaid had been at a rate of 3%, which had generated a net saving of approximately £500,000, and the level of the total investment fund was approximately £57 million, with this figure fluctuating dependant upon cash flow requirements and the length of time of investments.

The Chairman paid tribute to the Director of Finance and the officers concerned with the Council's investments on their astuteness and good management as far as these investments were concerned.

RESOLVED

That, subject to the approval of Council:-

- (1) Treasury activities in 2008/9 as outlined in the report submitted be noted;
 - (2) Approval be given to the Treasury Strategy 2009/10 attached as Appendix 1 to the report submitted; and
 - (3) The Director of Finance be authorised to effect such borrowings, repayments and investments as were appropriate and consistent with the approved Treasury Strategy and relevant guidance.
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RISK MANAGEMENT STRATEGY FOR 2009/10

A report of the Director of Finance was submitted on key developments in the Council's risk management programme in the last twelve months and on the Council's Risk Management Strategy for the period April, 2009 to March, 2010, a copy of which was attached as Appendix 1 to the report submitted.

Arising from the presentation of the report, members agreed that there was a good framework for the Council to manage risks, and risk management should remain part of day-to-day business within the organisation.

The Chairman remarked upon attendance at the risk awareness session and encouraged other members to attend future sessions.

RESOLVED

That the information contained in the report submitted, on key developments in the Council's risk management programme in the last twelve months, be noted and that the Council's Risk Management Strategy for the period April, 2009 to March, 2010, attached as Appendix 1 to the report submitted, be approved.

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SCHOOL FINANCIAL REGULATIONS.

A report of the Director of Finance was submitted on proposals for a revision to School Financial Regulations, as set out in Appendix A to the report submitted.

In presenting the report and arising from a question from Councillor Attwood, the Head of Audit Services advised that Schools must follow Financial Regulations, for example they have to use corporate contracts.

The Director of Finance indicated that the council were ultimately accountable for the funding of schools, and although fundamentally

schools had autonomy and independence, the Council had both statutory and public responsibilities to look after their finances and ensure they were appropriately expended.

RESOLVED

That approval be given to the revised School Financial Regulations as set out in appendix A to the report submitted.

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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 the Urban Environment.	2 and 7
Annual Audit Report in Relation to the Directorate of Adult Community and Housing Services.	2 and 7
Report Required under Standing Orders 3.2 and 9.8.	2 and 7
Leaps and Bounds	3

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ANNUAL AUDIT REPORT IN RELATION TO THE DIRECTORATE OF THE URBAN ENVIRONMENT.

A report of the Director of Finance was submitted on audit work undertaken in the Directorate of the Urban Environment for the 2007/2008 financial year and incorporating details of the more important findings.

Arising from the presentation of the report and Appendices to the report submitted, the Head of Audit Services responded to a question from Councillor Attwood with regard to the number of recommendations that related to VAT, stating that audit services had and would continue monitoring VAT accounting and recommending the provision of VAT training to all appropriate staff members.

The Director of the Urban Environment advised that the twenty nine unimplemented recommendations referred to in the report had all now been implemented.

RESOLVED

That the findings of the 2007/08 audit work be accepted.

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

A report of the Director of Finance was submitted on the audit work undertaken in the Directorate of Adult, Community and Housing Services for the 2007/08 financial year and incorporating details of the more important findings.

Arising from the presentation of the report, and Appendices to the report submitted, members made a number of comments and queries and arising from these the position in relation to home care was noted. It was also noted that the Assistant Director for Libraries, Archives and Adult Learning would continue to work with Audit Services in order to provide dedicated support to libraries and that this had involved an initial training session with library staff and management.

In responding to a question from Councillor Kettle, the Director of Adult, Community and Housing Services advised that charges were reviewed each year across the directorate, however it had been considered that an increase in library charges would result in a disincentive to people who wished to utilise library services.

Following a query relating to the review of deceased client balances, the reasons why increased timescales for dealing with legacies could occur were reported on.

In responding to a query relating to safes, it had been determined that the possibility of providing each team with their own safe would be investigated.

RESOLVED

That the findings of the 2007/08 audit work be accepted.

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REPORT REQUIRED UNDER STANDING ORDERS 3.2 AND 9.8

A report of the Director of Finance was submitted on the cases arising under Standing Orders 3.2 and 9.8 for the period May 2008 to November 2008 inclusive.

RESOLVED

That the findings of the report be noted and accepted.

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LEAPS AND BOUNDS

A joint report of the Interim Chief Executive and Director of Finance was submitted on the investigation into the Leaps and Bounds project. The Director of Finance outlined the background to the investigation and the resulting action taken by the Council.

In responding to questions from Members, the Director of Finance reported that:-

- (a) the External Auditor had been fully consulted throughout the investigation and subsequently was content with the outcome and would make appropriate reference in the Annual Governance Letter;
- (b) it was extremely unlikely that any further retrospective external income for the project would be forthcoming;
- (c) there was now no direct relationship between the Council and the Leaps and Bounds Charity and the current Trustees of the Charity would be asked to remove any references to the Council from their website.

RESOLVED

- (1) That the contents of the report be noted.
- (2) That the requirements of the Council's Standing Orders, Financial Regulations and the Financial Management Regime should be strictly observed by all Members and officers at all times.

- (3) That Responsible Officers and Cabinet Members be reminded of the need to undertake appropriate risk assessment when bidding for external funding and not to commit significant expenditure before formal approvals to external funding have been received.
 - (4) That the Trustees of Leaps and Bounds be asked to remove any reference to the Council from their website.
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MIKE WILLIAMS – DIRECTOR OF FINANCE

Best wishes were expressed to Mike in his retirement and members also expressed their appreciation for his help and assistance.

The meeting ended at 8.35pm

CHAIRMAN