

AUDIT COMMITTEE

Thursday 23rd September, 2010 at 6pm
in Committee Room 3 at the Council House, Dudley

PRESENT:-

Councillor Taylor (Chairman)
Councillor Kettle (Vice Chairman)
Councillors Ahmed, J D Davies, Hill (for part of the meeting only), Lowe,
Ms Nicholls, Ms Partridge and Vickers.

Officers:-

Treasurer, Director of the Urban Environment and Executive Support
Manager (Directorate of the Urban Environment) Interim Director of
Finance, Interim Assistant Director of Finance (ICT & Business
Transformation), Head of Audit Services, Mr M Grainger (Fraud Manager),
Mrs J Uff (Financial Accountant), Mr A Uppal (Group Accountant), Mr G
Harrison and Mr Shaun Potter (Audit Managers), Ms A Evans (Principal
Auditor) (Directorate of Finance, ICT and Procurement) and Mrs K Taylor
(Directorate of Law, Property and Human Resources).

Also in attendance:-

Mr T Corcoran (District Auditor) and Mr S Turner (Audit Manager) (Audit
Commission)

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CHAIRMANS REMARKS

The Chairman welcomed the representatives from the Audit Commission
to the meeting who were in attendance for Agenda Item numbers 6 and 7.

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APOLOGIES FOR ABSENCE

Apologies for absence from the meeting were submitted on behalf of
Councillor Burston, and Councillor Hill for part of the meeting only.

20

APPOINTMENT OF SUBSTITUTE MEMBER

It was reported that Councillor Vickers had been appointed as a substitute
member for Councillor Burston for this meeting of the Committee only.

21

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.

22

MINUTES

RESOLVED

That the Minutes of the Committee held on 29th June, 2010 be approved as a correct record and signed, subject to an amendment to the preamble to minute 14 by the deletion of the second paragraph and substitution of the following wording therefore :-

It was noted that detailed audit reports would be made available to Members should a request be made.

23

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 Nos. 6, 7, 5, 8, 9, 13, 14, 15 and 16

24

AUDITOR'S ANNUAL GOVERNANCE REPORT 2009/10

A report of the Treasurer was submitted on the auditor's Annual Governance Report 2009/10, together with the formal Management Representation Letter to the Auditor. A copy of the Annual Governance Report and letter was appended to the report submitted.

Mr T Corcoran, the District Auditor, and Mr S Turner, Audit Manager, were in attendance at the meeting and commented in particular on the very good report that had been submitted, and the Council's arrangements for securing value for money and financial statements.

Following a brief discussion it was

RESOLVED

- (1) That the information contained in the report, and Appendices to the Report, submitted on the Auditor's Annual Governance Report 2009/10 be accepted.
 - (2) That approval be given to the Letter of Representation as attached to the report submitted and that the Chairman sign and date the letter so as to give evidence of the approval given.
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25

AMENDMENTS TO STATEMENT OF ACCOUNTS 2009/10

A report of the Treasurer was submitted on amendments made to the Statement of Accounts for 2009/10 since the initial presentation to the June meeting of the Committee.

RESOLVED

That approval be given to the changes to the Statement of Accounts for 2009/10, as set out in the report submitted, and that the Chairman sign and date the accounts, so as to give evidence of the approval given.

26

BENEFIT FRAUD TRAINING AND FRAUD AWARENESS TRAINING.

Mr M. Grainger, Fraud Manager, was in attendance to present a training session to Members in relation to benefit fraud. The Head of Audit Services also provided training on fraud awareness.

At this juncture, Councillor Hill entered the meeting.

Arising from the training sessions given, Mr Grainger responded to questions asked by Members in relation to: -

- If cautions or probations are recorded on Criminal Record Bureau following fraud investigations.
- Monies that have been reclaimed through prosecutions.
- The number of referrals from anonymous sources.
- The length of investigation cases
- The processes in place to identify individuals from those with the same name.

Following a brief discussion, the Chairman thanked Mr Grainger and the Head of Audit Services for the training session given.

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TREASURY MANAGEMENT

A report of the Treasurer was submitted outlining treasury activity for 2009/10, and in the current financial year up to August.

Arising from the presentation of the report, the Treasurer referred to paragraph 11 of the report submitted and stated that the Treasury Statement 2010/11 was approved in February 2010 and not August as stated.

RESOLVED

That the treasury management activity as set out in the report, be noted and referred to the Council in accordance with the Treasury Policy Statement and Treasury Management Practices.

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TERMS OF REFERENCE OF THE AUDIT COMMITTEE

A report of the Treasurer was submitted on the amendments made to the Terms of Reference of the Committee to ensure that the Council has a designated Committee dealing with corporate governance.

RESOLVED

That the information contained in the report submitted be noted.

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 the Urban Environment | 2 and 7 |
| Annual Audit Report in Relation to the Directorate of the Finance, ICT and Procurement | 2 and 7 |
| Exceptions to Standing Orders (December 2009 and to June 2010) | 2 and 7 |
| Interim Audit Performance Report | 2 and 7 |

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

A report of the Treasurer was submitted on the audit work undertaken in the Directorate of the Urban Environment for the financial year 2009/10 and incorporating details of the more important findings as indicated in Appendices 2 and 3 to the report submitted.

Arising from consideration of the report, and Appendices to the report submitted, the Chairman expressed concern in relation to the number of unimplemented recommendations.

In responding to a query from a Member in relation to a security review undertaken during the audit, the Director of the Urban Environment stated that approval had been given by Cabinet for a sum of money to undertake fire risk work and that health and safety had always been and would remain a priority.

The Director of the Urban Environment gave his personal thanks to the Head of Audit Services and his audit team for the professional manner they continue to adopt in carrying out DUE audits.

Following a discussion in relation to the recommendations as indicated in Appendices 2, 3 and 4 to the report submitted, it was

RESOLVED

That the findings of the 2009/10 audit work be accepted.

31 ANNUAL AUDIT REPORT IN RELATION TO THE DIRECTORATE OF THE FINANCE, ICT AND PROCUREMENT

A report of the Treasurer was submitted on the audit work undertaken in the Directorate of the Finance, ICT and Procurement for the financial year 2009/10 and incorporating details of the more important findings as indicated in Appendices 2 and 3 to the report submitted.

Arising from consideration of the report, and Appendices to the report submitted, the Chairman expressed concern in relation to the number of unimplemented recommendations. The Interim Director of Finance acknowledged the Chairman's concern and assured the Committee that priority would be given to the recommendations made.

In responding to a query from a Member in relation to the follow-up report, the Head of Audit Services agreed to forward a copy to the Member in question.

Following a discussion in relation to the recommendations as indicated in Appendices 2, 3 and 4 to the report submitted, it was

RESOLVED

That the findings of the 2009/10 audit work be accepted.

32 EXCEPTIONS TO STANDING ORDERS (DECEMBER 2009 TO JUNE 2010).

A report of the Treasurer was submitted on cases arising under Standing Orders 3.2 and 9.8 for the period December 2009 to June 2010 inclusive.

RESOLVED

That the information contained in the report submitted be accepted.

33

AUDIT SERVICES INTERIM PERFORMANCE REPORT

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

RESOLVED

That the content of the Interim Audit Services Performance report be accepted.

The meeting ended at 8.07pm

CHAIRMAN