

MEETING OF AUDIT COMMITTEE

Thursday, 21st July 2005 at 6.00 pm in Committee Room 3 at The
Council House, Dudley

PRESENT:-

Councillor Burston (Chairman)
Councillor Miss Nicholls (Vice Chairman)
Councillors Attwood, Crumpton, Donegan, Mrs Jordan, and Simms

Officers - Director of Finance, Director of Law and Property, Assistant Director of Legal and Democratic Services, Assistant Director of Social Services (Learning Disabilities and Mental Health), Service Manager for Transport (Directorate of Social Services), Head of Audit Services, and Mr J Jablonski (Directorate of Law and Property)

ALSO IN ATTENDANCE

Mr J Elsby – Audit Manager (Audit Commission – External Auditors)

1 MINUTES

RESOLVED

That the minutes of the Meeting of the Committee held on 26th April 2005, be approved as a correct record and signed.

2 DECLARATION 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.

3 APOLOGY FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Mrs Collins, J Davies, Knowles and Taylor.

4 SUBSTITUTE MEMBERS

It was reported that Councillors Donegan and Simms had been appointed as substitutes for Councillors Knowles and Taylor respectively for this meeting of the Committee only.

STATEMENT OF ACCOUNTS 2004/05

A report of the Director of Finance was submitted presenting the Statement of Accounts to the Committee for approval and informing them of the progress of the audit of the accounts. The Statement of Accounts were attached as Appendix F to the report submitted and was preceded by summaries, Appendices A to E setting out the main features.

In introducing this report, the Director of Finance explained that it had been necessary to make a number of amendments to the draft Accounts following further guidance from the Audit Commission and comments from the External Auditor in relation to the accounting treatment of the costs of premiums arising from debt restructuring. Overall the effects in 2004/05 were actually positive, but there would be extremely minor implications in future years. He also confirmed that there was absolutely no question that the financial arrangements under consideration had been entered into improperly or illegally.

Reference was then made to various aspects contained within the accounts, as amended, and questions asked by members were responded to.

RESOLVED

- (1) That approval be given to the Statement of Accounts, as tabled at the meeting, for the financial year 2004/05 and that the Chairman sign and date the accounts.
- (2) That the Statement on Internal Control, included with the Statement of Accounts, be approved.

INTERNAL AUDIT SERVICES ANNUAL REPORT 2004/05

A report of the Director of Finance was submitted on an overview of the performance of the Dudley Audit Services in the year to 31 March 2005, and to inform the Committee of the Head of Audit Services' opinion on the effectiveness of the Council's system of internal control.

The Head of Audit Services commented on and responded to questions asked by members on the content of the report with particular reference to the difference the work of Audit Services made to the functioning of the Council.

RESOLVED

- (1) That the information contained in the report, and Appendices to the report submitted on the performance of Internal Audit Services in 2004/05 be noted together with the opinion of the Head of Internal Audit on the effectiveness of the Council's system of internal control set out at Appendix A of the report.
- (2) That the Director of Finance be requested to submit a report to the next meeting of the Committee arising from comments made at the meeting regarding the value for money received from the work of internal audit and that the report include comparative data on the provision of such services by neighbouring authorities.

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ANNUAL STATEMENT OF INTERNAL CONTROL

A report of the Director of Finance was submitted on the Statement of Internal Control that was to be published with the accounts for the financial year 2004/2005. A copy of the Statement of Internal Control was attached as Appendix 1 to the report submitted.

The Director of Finance, as part of his introduction of the report, commented in particular on the three significant internal control issues referred to in Section 5 of Appendix 1 relating to risk management, anti-fraud and corruption strategy and corporate governance generally as areas in which further work needed to be done.

RESOLVED

- (1) That the Statement of Internal Control, attached as Appendix 1 to the report submitted, be approved.
- (2) That approval be given to the submission of the Statement of Internal Control for signature by the Chief Executive and the Leader of the Council.

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EXCLUSION OF THE PUBLIC

RESOLVED

That, under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve a likely disclosure of exempt information, as defined in Schedule 12A to that Act, in particular the paragraph of Part I of that Schedule indicated below:-

<u>Description of Item</u>	<u>Relevant Paragraph of Part I of Schedule 12A</u>
Social Services Transport	1
Annual Audit Report in relation to the Directorate of Finance ICT and Procurement	1
Annual Audit Report in relation to the Directorate of Law and Property	1

9 SOCIAL SERVICES TRANSPORT

A joint report of the Director of Finance and the Director of Social Services was submitted on the outcome of recent work by Internal Audit on the externally procured transport service operated by the Directorate of Social Services. The findings, arising from the work undertaken, had been accepted by the Director of Social Services and were being used as the basis for the improvement process. The report also contained the initial response of the Director of Social Services to the findings made.

The Assistant Director of Social Services (Learning Disabilities and Mental Health) together with the Service Manager for Transport (Directorate of Social Services) responded to questions asked by members on the content of the report submitted.

RESOLVED

That the information contained in the report submitted, on the outcome of recent work by internal audit on the externally procured transport service operated by the Directorate of Social Services and the outcomes, as detailed in the report submitted, be noted.

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

A report of the Director of Finance was submitted summarising the audit work undertaken in the Directorate of Finance, ICT and Procurement for the 2004/05 financial year and incorporating details of the more important findings.

RESOLVED

That the findings of the 2004/05 audit work be accepted.

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ANNUAL AUDIT REPORT IN RELATION TO THE DIRECTORATE OF
LAW AND PROPERTY

A report of the Director of Finance was submitted summarising the audit work undertaken in the Directorate of Law and Property for the 2004/05 financial year and incorporating details of the more important findings.

RESOLVED

That the findings of the 2004/05 audit work be accepted.

The meeting ended at 7.40 pm

CHAIRMAN