

AUDIT COMMITTEE

Thursday 15th April, 2010 at 6pm
in Committee Room 3 at the Council House, Dudley

PRESENT: -

Councillor Taylor (Chairman)
Councillor Kettle (Vice Chairman)
Councillors Ahmed, Ali, Burston, J D Davies, Hill and Ms Nicholls.

Officers: -

Interim Director of Finance and Head of Audit Services, (Directorate of Finance, ICT and Procurement) Assistant Director of Adult, Community and Human Resources (Housing Management), Assistant Director of the Urban Environment (Economic Regeneration and Transportation), Head of Economic Regeneration Strategy (Directorate of the Urban Environment) D. Farnell (Childcare and Quality Manager) (Directorate of Children's Services) Ms A Evans (Principal Auditor) and Mr S Potter (Audit Manager) and Miss K Wilson (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 5, 6 and 7.

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APOLOGY FOR ABSENCE

An apology for absence from the meeting was submitted on behalf of Councillor J R Davies.

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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 Committee held on 11th February, 2010 be approved as a correct record and signed.

AUDIT COMMISSION ANNUAL REPORT ON CERTIFICATION OF CLAIMS AND RETURNS 2008/09

A report of the Interim Director of Finance was submitted on the Audit Commission's Annual Report on Certification of Claims and Returns for 2008/09. A copy of the annual report was appended to the report submitted.

Mr Tony Corcoran, the District Auditor, and Mr Simon Turner, Audit Manager, were in attendance at the meeting and commented in particular on the 16 claims that had been certified. It was noted that 9 out of 12 claims had been amended for errors.

Arising from the presentation of the report, and Appendix submitted to the report, the District Auditor and Audit Manager responded to questions asked by the Committee relating in particular to: -

- The delays in receiving responses from officers to queries raised.
- The lack of adequate control environments within Directorates.
- The importance of compiling and submitting tenders correctly
- The need to simplify forms for complex grants.

It was acknowledged that the control environment references only related to specific areas of the grant and not the overall control environment for all aspects of any grant funded project.

The Interim Director of Finance gave assurance to the Committee that controlled measures had been implemented to address significant findings.

RESOLVED

That the information contained in the report, and the appendix to the report, submitted, on the Audit Commission's Annual Report on Certification of Claims and Returns for 2008/09, be accepted.

AUDIT COMMISSION FEE LETTERS 2010/11

A report of the Interim Director of Finance was submitted on the Audit Commission's Fee Letters for 2010/11. Copies of the Letters were appended to the report submitted.

RESOLVED

That the information contained in the report, and Appendices to the report, submitted, on the Audit Commission Fee Letters for 2010/11, be accepted.

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AUDIT COMMISSION AUDIT OPINION PLAN 2009/10

A report of the Interim Director of Finance was submitted on the External Auditor's Audit Opinion Plan for 2009/10. A copy of the plan was appended to the report submitted.

RESOLVED

That the information contained in the report, and Appendices to the report, submitted, on the External Auditor's Audit Opinion Plan for 2009/10, be accepted.

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AUDIT PLAN 2010/11

A report of the Interim Director of Finance was submitted on the work that the Audit Services Division planned to undertake during the period from 1st April, 2010 to 31st March, 2011, further details of which were attached as appendices A and B to the report submitted.

Arising from the presentation of the report, the Head of Audit Services informed the Committee that paragraph 5 of the report submitted was incomplete, and that the paragraph should read as follows:

"The Council's risk management strategy is reasonably embedded across the Authority and the Head of Audit Services has reviewed the risk register to ensure all significant risks are represented in the audit plan. The Head of Audit Services has also used an additional risk assessment methodology based on our own automated audit planning system. This is consistent with the assessments used by Audit Services in previous years (and accepted as a reasonable approach by the Council's external auditors)".

RESOLVED

That the information contained in the report, as reported at the meeting, and in the Appendices to the report, submitted, be noted and that the Audit Plan for the period 2010/2011, as set out in Appendix A and B to the report, be approved.

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EXCLUSION OF THE PUBLIC

That the public be excluded from the meeting for the following item of business on the grounds that it involves 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> |
|---------------------------|--------------------------|
| Directorate Work on Fraud | 2 and 7 |

49 DIRECTORATE WORK ON FRAUD

A report of the Interim Director of Finance was submitted on the work that the Audit Services Division had undertaken and was planning to undertake on the issue of fraud, and the work of the Benefit Fraud Team. A copy of the Counter Fraud Strategy April 2010, was circulated at the Committee.

The Interim Director of Finance made reference to paragraphs 17 – 21 of the report in relation to the Benefit Fraud Team and to the launch of the online training courses for Financial Regulations and Fraud Awareness. The Head of Audit Services stated that an e-mail had been sent to Members to encourage Members to undertake the course.

Arising from the presentation of the Counter Fraud Strategy, the Head of Audit Services stated that a recent staff survey indicated that 90% of employees felt that the Council was “tough on fraud” and “was a highly ethical organisation” and Audit aimed to reinforce these messages through a campaign of fraud prevention.

The Head of Audit Services informed the Committee that a number of Members from another Committee had expressed interest in receiving fraud awareness training, and asked Members whether they would also like to receive a similar course, together with the short presentation from the Benefit Fraud Team.

RESOLVED

1. That the information contained in the report, and the appendices to the report, submitted be noted and that the Counter Fraud Strategy, as circulated at the meeting, be approved.
 2. That a fraud awareness training session and a presentation from the Benefit Fraud Team be made at a future meeting of the Committee.
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COMMENTS OF THE CHAIRMAN

This being the last scheduled meeting of the Committee in the current municipal year, the Chairman thanked Members and Officers for their hard work throughout the municipal year. The Interim Director of Finance announced that Iain Newman had been successful in being appointed Treasurer, and would therefore be attending the next Committee in June, 2010. As this may also be the last meeting of this Committee that the Interim Director of Finance would attend, the Chairman and Committee Members expressed their appreciation for his help and assistance.

The meeting ended at 7.17pm

CHAIRMAN