

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Tuesday, 21st September 2010 at 6.00 pm in the Reception Suite, Civic Offices, Telford

PRESENT: D. Wright (Chairman), D.R. Chaplin (Vice-Chairman), D.G. Allen, R.K. Austin, J.A. Dixon and L. Lomax.

OTHER MEMBERS PRESENT: Councillors G.M. Green, R.E. Groom, S.M. Kelly, R.T. Kiernan, V. Tonks, A.G.P. Williams and H. Williams.

OFFICERS PRESENT: K. Clarke – Head of Finance, J. Eatough – Head of Governance, D. Sidaway – Head of Property & Design, J. Marriott – Audit & Risk Manager, P. Harris – Corporate Finance Manager, B. Morris – Finance Manager – Capital and Treasury, R. Montgomery – Group Auditor, P. Griffiths – Democratic Services Manager and A. Roberts – Democratic Services Officer.

OTHERS PRESENT: Andy Cardoza – Senior Manager KPMG LLP and Peter Evans – Assistant Manager KPMG LLP

AUC-26 MINUTES

RESOLVED – that the minutes of the meeting of the Audit Committee held on Tuesday 27th July 2010 be confirmed and signed by the Chairman.

AUC-27 APOLOGIES FOR ABSENCE

None.

AUC-28 DECLARATIONS OF INTEREST

Councillor R.K. Austin declared a prejudicial interest in connection with minute item AUC-30 and stated that he would leave the meeting prior to consideration of this particular item.

Councillor L. Lomax declared a personal interest in connection with minute item AUC-29 and stated that she would remain in the meeting during the consideration of this particular item.

N.B. The Chairman of the meeting advised that at this point it was his wish to amend the order of business as stated on the published agenda by proceeding with the following agenda items:

Internal Audit Review of the Dawley Town Hall Lease Agreements 2002-2010 – Appendix E
Members Expenses May 2007 – Results of the Internal Audit and External Auditors (KPMG) Investigations – Appendix D

After dealing with these items the Chairman reverted to the published agenda order.

AUC-29 **INTERNAL AUDIT REVIEW OF THE DAWLEY TOWN HALL LEASE AGREEMENTS 2002-2010**

Minute not yet resolved by the Audit Committee. Amended minute will be presented to the next meeting of the Committee.

N.B. In accordance with the previous declaration of interest by Councillor R.K. Austin left the meeting prior to the consideration of the following item.

AUC-30 **MEMBERS EXPENSES MAY 2007 – RESULTS OF THE INTERNAL AUDIT AND EXTERNAL AUDITORS (KPMG) INVESTIGATIONS**

The Committee considered the joint report of the Head of Governance and KPMG that had been prepared in relation to members expenses that had been produced by Internal Audit for the Chief Financial Officer (CFO) and KPMG for the Chairman of the Audit Committee

It was reported that Internal Audit had been requested by the CFO to undertake a review of the process for claiming members expenses following a question from a member of the public and subsequent complaint to the Standards Committee in September 2009. The Standards Committee referred the complaint for investigation and it was undertaken by an independent investigator. The Internal Audit report formed part of the report presented to the Standards Committee from that investigation and this had been attached as Appendix A. Members were advised that the Internal Audit report had not been previously presented to the Audit Committee so as not to prejudice the Standards Committee process. In addition reporting was further delayed due to an additional review undertaken by the Council's External Auditors – KPMG at the request of the Chief Executive which had recently been reported to the Chairman of the Audit Committee. A copy of this report was attached at Appendix B.

Members were requested to note that the Internal Audit report was for members to consider the wider issues outside the complaint made to the Standards Committee that had already been dealt with. Internal Audit as part of their agreed Annual Internal Audit Plan 2009/10 had also undertaken a review of members and officers expenses including the follow up of previous recommendations.

The recommendations from this review had been actioned by the appropriate parties with Recommendation 6.2 being followed up during the 2009/10 review of member's expenses and 6.3 was closely monitored by quality review processes by the Audit & Risk Manager and Head of Governance.

The Committee was also referred to the KPMG review that had investigated the procedures that had been followed in relation to two member's expense claims and the subsequent action taken in 2009 by the Council when the matter was drawn to its attention. This review aimed to obtain assurance as to the robustness of the arrangements in place at the time for advising Members on their expenses and whether the advice provided to them was consistent with the scheme. They also reviewed the present arrangements to satisfy themselves that they were robust.

KPMG had concluded in their report attached at Appendix B that the processes undertaken by the Council when the matter was brought to its attention was appropriate and the actions taken to address the shortcomings identified were also appropriate. They also acknowledged that the recent Internal Audit report issued in April 2010 provided reasonable assurance as to the robustness of the present arrangements and made recommendations to address existing weaknesses.

RESOLVED – that the contents of this report be noted.

N.B. Councillor R.K. Austin returned to the meeting room for the remainder of the meeting..

AUC-31 KPMG – ANNUAL GOVERNANCE REPORT 2009/10

The Committee received the report from KPMG – External Auditors in connection with the Annual Governance Report for the period ending 31st March 2010. The report identified the key issues that had become apparent during the course of the audit of the Council's financial statements for the year ending 31st March 2010 and also provided an assessment of the Council's arrangements to secure value for money in the use of its use of resources.

Members were informed that the external auditors was on track to issuing an unqualified audit opinion by the 30th September 2010 deadline. The following areas had been identified as specific risk areas which included the implementation of single status and changes in accounting for Council Tax, although there had been an improvement in the accounting information.

The Committee was informed that following the change in Central Government the use of resources assessment for local authorities was ceased with immediate effect in May 2010. Accordingly the Council would not receive any scores in respect of the 2010 assessment, although improvements had been noted and that further areas for improvement had also been raised. However, whilst an unqualified audit opinion would be released there would be a delay in the production of certificate of completion due to some outstanding work in relation to 2 questions and 1 objection that had been raised from members of the public.

A concern was raised in connection with the delayed implementation of single status and as to whether the Committee should have sight of the action plan and as to whether the Corporate Director acting as lead officer for single status should be invited to attend the next meeting of the Committee. It was agreed that he would be invited to the next meeting.

RESOLVED – that the Annual Governance Report for 2009/10 be noted.

AUC-32 2009/10 STATEMENT OF ACCOUNTS

The report of the Head of Finance was received which sought to inform Members of the outcome of the audit of the Council's accounts for 2009/10 and present the Statement of Accounts for approval.

Members were reminded that the Accounts and Audit Regulations (2003) required that the local authority should report its annual accounts in the prescribed format by 30th June following the year end. The Committee was further reminded that the draft statement of accounts were approved by the Audit Committee and signed by the Chairman of this Committee on the 28th June 2010. The regulations also stipulated that the final audited accounts should be published by the 30th September. This report dealt with the final audited accounts for approval by the Committee prior to publication. The Committee had delegated authority to approve the council's final audited Statement of Accounts.

The Committee was informed that KPMG, the Council's external auditors, had substantially completed their work and an unqualified audit opinion was anticipated. It was reported that there were a small number of audit areas still to be completed. Members were requested to approve delegated authority so that the Head of Finance, following consultation with the Chairman of this Committee could finalise the statement of accounts, if the audit had not been finalised by the date of this meeting.

The Committee was referred to the Statement of Accounts that had been annexed to the report which indicated that the overall underspend of £332,000 (-0.27% of net budget) was the same as previously reported in June 2010. Members were also referred to a number of adjustments to the accounts that had been made after discussion with KPMG during the course of the final accounts audit. However, none of these impacted on the General Fund Balance position previously reported and these were detailed within the report.

The Committee were also referred to the earlier report that had been previously considered in connection with the Annual Governance report from the external auditors.

RESOLVED

- (a) that the 2009/10 Statement of Accounts as attached at Appendix 1 of the report be approved; and,**
- (b) that, if the audit has not been fully completed by the date of this meeting, that delegated authority be granted to the Head of Finance, following consultation with the Chairman of the Audit Committee, to make any final changes required to the Statement of Accounts prior to publication.**

AUC-33 AUDIT COMMITTEE ANNUAL REPORT 2009/10

The report of the Head of Governance was received which presented to the Committee the Annual Report on the operation of the Audit Committee during 2009/10. Members were reminded that the Audit Committee had operated separately from the Standards and Audit Committee since May 2008 and the Members were reminded of the key benefits of the Audit Committee as outlined within the report. The Committee was further informed that this report would also be submitted to the next meeting of Full Council.

As the key assurance Committee of the Council it was accepted best practice that an Annual Report was presented to the Council on the operations of the Committee during the municipal year. Members were advised that this constituted the second report to Council on the operations of the Audit Committee and the structure of the report was based on the terms of reference as attached at Appendix A of the report and Appendix B which provided a summary of the business conducted by the Committee during the period under each section of the terms of reference.

It was noted that there had been 7 meetings of the Audit Committee in 2009/10 compared to 6 in 2008/09, with the increase as a result of the Committee's new responsibilities in respect to Treasury Management.

In connection with the Anti-Fraud & Corruption policy it was noted that an updated report would be submitted to the next meeting of the Committee which would also include the annual report on the policy and monitoring of the Speak-Up policy.

In conclusion it was reported that the Committee has had a productive year and sought assurance for Members and the Community on the audit, governance, risk management, financial statements, Treasury Management, complaints and anti-fraud and corruption arrangements of the Council and would continue to seek assurances from strategic risk owners and Heads of Service in respect to governance and the control environment.

RESOLVED – that the Audit Committee Annual Report for 2009/10 be noted.

AUC-34 DATES OF FUTURE MEETINGS

The Committee noted the dates of the remaining meetings of the Committee that were scheduled for the 2010/11 Civic Year were Tuesday 2nd November 2010, Tuesday 1st February 2011 and Tuesday 29th March 2011 with all meetings scheduled to commence at 6.00 pm.

It was mentioned that the meeting to be held on 29th March 2011 would also be moved to an alternative date.

The meeting ended at 7.55 pm.

Chairman:

Date: