



Committee and Date

Audit Committee

22 March 2012

10.00 am

Item No

3

Public

MINUTES OF THE MEETING HELD ON 2 FEBRUARY 2012

10.00 am – 11.00 am

Responsible Officer Tim Ward

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Present

Messrs P Adams, C Mellings, M Whiteman, B B Williams and M Wood.

Messrs B Gillow and K Roberts (Substitute Members) and Mr E Bagnall and Mr G Patterson of the Audit Commission were also in attendance.

Chairman's Opening Remarks

The Chairman welcomed Members of the Committee, representatives from the Audit Commission and other Officers to the meeting of the Audit Committee.

1. Apologies for Absence

1.1 No apologies were received.

2. Declarations of Interest

2.1 No declarations of interest were made.

3. Minutes

3.1 **RESOLVED:** that the Minutes of the meeting held on 10 November 2011 be approved and signed by the Chairman as a correct record.

4. Treasury Strategy 2012/13

4.1 The Corporate Head of Finance and Commerce introduced her report – copies attached to the signed Minutes – which outlined the Treasury Strategy for 2012/13 and recommended Prudential Indicators for the years 2012/12 to 2014/15.

4.2 The Corporate Head of Finance and Commerce advised Members' that the proposed reform of the Housing Revenue Account (HRA) would take place on March 28 2012 and that this would involve the Council paying funds of £83.8 million to the Government which would remove the Council from the HRA subsidy scheme. She went on to say that the Public Works Loan Board (PWLB) were providing loans at 0.85% lower than the usual PWLB rates to fund this payment. A member enquired whether there would be a cost to this borrowing and whether any money saved would be ring fenced for housing.

- The Corporate Head of Finance and Commerce advised him that it was expected that the change would be cost neutral.
- 4.3 The Corporate Head of Finance and Commerce explained that borrowing was largely driven by the Capital Programme Strategy and that the Council's borrowing requirement had been significantly reduced due to the Government changing the way it funded the Council's capital expenditure by providing capital grants rather than supported borrowing approvals with on-going revenue support grant to finance the costs of borrowing. She went on to say that the Treasury Strategy included prudential borrowing of £17.4 million for 2012/13 of which £8.0 million related to previously approved schemes and that every attempt was being made to reduce the remaining £9.4 million through generating additional capital receipts.
- 4.4 The Corporate Head of Finance and Commerce informed the Committee that the Council's claim for the £1 million deposit placed by Bridgnorth District Council with the Icelandic bank, Landsbanki, had been accepted as a priority claim and that priority creditors were expected to receive an estimated 98% of the value of their deposits back in a series of distributions, the first payment being made in the new year. She went on to say that the exact date of payment was still to be confirmed.
- 4.5 The Corporate Head of Finance and Commerce informed members that as long term borrowing rates were expected to be higher than investment rates during 2012/13, long term borrowing may be postponed in order to maximise savings in the short term. She went on to say that if borrowing was not undertaken this would result in savings of around £193,160.
- 4.6 A member expressed surprise that gross borrowing included a debt administered on behalf of Telford & Wrekin Council. It was explained that this stemmed from Telford & Wrekin's share of the total debt at the time of re-organisation and that it was being paid off on an annual charge which Shropshire Council administered.
- 4.7 **RESOLVED:** That the Audit Committee accept the position as set out in the report.
- 5. External Audit: Annual Audit Letter Audit 2010/11**
- 5.1 The Committee received the report of the District Auditor– copy attached to the signed Minutes – which summarised the findings from the 2010/11 audit, and which comprised the audit of the authority's financial statements and an assessment of the authority's arrangements to achieve value for money in its use of resources.
- 5.2 The District Auditor reminded members that the Annual Audit Letter was a summary of all audit work carried out in the year 2010/11. He went on to say that the key themes were financial resilience and the Comprehensive Spending Review.
- 5.3 The District Auditor then took members through the Audit Letter drawing their attention to the main points contained in the report.
- 5.4 A member asked when the two outstanding questions for electors would be resolved. The District Auditor advised him that a report on the Quantum Leap would be brought to the next meeting of the Audit Committee. In relation to

the question regarding Care Assessments, the Audit Manager advised members that he was expecting some information imminently. The District Auditor commented that it was hoped that the matter would be finalised as soon as possible.

5.5 **RESOLVED:** That the Audit Committee note the report with thanks.

6. **External Audit: Certification of Claims and Returns – Annual Report 2010/11**

6.1 The Committee received the report of the District Auditor– copy attached to the signed Minutes which summarised the findings from the certification of 2010/11 claims.

6.2 The District Auditor informed the Committee that the Council’s claims for grant funding received from government departments had to be audited to ensure that any conditions attached to them had been met and he explained that the Audit Commission were acting as agents for those government departments and not for the Council when certifying these claims. He then took members through the report

6.3 A member asked what was meant by a “higher skill mix” which was given as the reason for the increase in fee for the assessment of Sure Start, early years and childcare grant and aiming high for disabled children grant. The Audit Manager explained that more qualified auditors had been used which had resulted in a higher charge being levied.

6.4 **RESOLVED:** That the Audit Committee receive the report and note the contents and particularly welcome the reduction in fees.

7. **Date of Next Meeting**

7.1 The next meeting of the Committee would be held on 22 March 2012 at 10.00am in the Ludlow Room.

8. **Exclusion of Press and Public**

8.1 It was **RESOLVED** that under paragraph 10.2 of the Council’s Access to Information Procedure Rules that the proceedings of the Committee in relation to agenda items 14 and 15 shall not be conducted in public on the grounds that they involve the likely disclosure of exempt information defined by the categories specified against the items.

9. **Minutes (Exempted by Categories 2, 3 and 7)**

9.1 **RESOLVED:** That the exempt minutes of the meeting held on 10 November 2011 be approved and signed by the Chairman as a correct record.

**10. Internal Fraud and Special Investigation Update – October 2011
(Exempted by Categories 2, 3 and 7)**

10.1 The Committee received the exempt report of the Senior Group Auditor – copy attached to the signed Minutes – which provided a brief update on current fraud and special investigations undertaken by Internal Audit.

10.2 **RESOLVED:** that the report be noted.

Signed.....(Chairman)

Date.....22 March 2012.....