

## **AUDIT COMMITTEE**

**Monday, 10 April, 2006, at 6.00 p.m.**

**Conference Room at the Council House, Walsall**

### **Present**

Councillor Rose Martin (Vice-Chairman)  
Councillor Keith Chambers  
Councillor Albert Griffiths  
Councillor Anthony Harris  
Councillor Desmond Pitt  
Councillor Ian Robertson  
Councillor Mrs. Doreen Shires

#### **275/06 Apology**

An apology for non-attendance was submitted on behalf of Councillor David Turner (Chairman). Councillor Anthony Harris substituted for Councillor Turner.

#### **276/06 Minutes**

Referring to minute no. 261/06, Councillor Chambers expressed concern that the report on the risks involved in non-Manifesto commitments had still not been produced. He added that he would liaise with Officers to explain what was required so that a report could be submitted to the next meeting of the Committee.

### **Resolved**

- (1) That the minutes of the meeting held on 27 February, 2006, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record;
- (2) That a report on the risks involved in non-Manifesto commitments be submitted to the next meeting of the Committee.

#### **277/06 Declarations of Interest**

There were no declarations of interest.

**278/06 Deputations and Petitions**

No deputations were received or petitions submitted.

**279/06 Late Items to be introduced by the Chairman**

There were no late items to be introduced by the Chairman.

**280/06 Local Government (Access to Information) Act, 1985**

Members expressed concern that several reports, which were normally considered in the public part of the agenda, appeared in the private part of the agenda on this occasion. Brian Warwick explained why it had been necessary to place these reports in the private session on this occasion. He added that, in future, there were likely to be more reports in public session as the reasons for considering matters in private were being reduced under the Local Government Act, 1972, as amended.

Members asked for a copy of the amended Schedule 12A to the Local Government Act, 1972, to be supplied to them for their information.

**Resolved**

- (1) That the public be excluded from the meeting during consideration of the items set out in the private part of the agenda for the reasons set out therein and by reason of Section 100A of the Local Government Act, 1972;
- (2) That a copy of the amended Schedule 12A to the Local Government Act, 1972, be supplied to Members of the Committee.

**Non-Executive Functions**

**281/06 Corporate Risk Management – Annual Review**

The report of the Executive Director was submitted:-

(see annexed)

Ann Johnson enlarged upon the report and indicated that it reviewed the Committee's work over the last twelve months and looked ahead to key areas of work to be carried out during the current year.

Councillor Martin asked about the risks associated with recycling. Ann Johnson replied that it was not included on the Corporate Risk Register, but was captured on the Service Risk Register for Street Care. She reported that it was currently a high risk with a score of 20. However, there was a risk plan in place which had been refreshed as recently as 28 March 2006.

Councillor Robertson referred to the list of Risk Champions and asked if the Committee could be supplied with a copy. Ann Johnson undertook to provide this information to Members.

### **Resolved**

- (1) That the report be noted;
- (2) That a list of the Risk Champions be forwarded to Members of the Committee.

## **282/06 Private Session**

### **Exclusion of Public**

### **Resolved**

That, during consideration of the remaining items on the agenda, the Committee considers that the items for consideration are exempt information by virtue of the appropriate paragraph(s) of Part 1 of Schedule 12A of the Local Government Act, 1972, as amended and accordingly resolves to consider those items in private session.

## **283/06 Sure Start 2003/04**

The report of the Audit Commission was submitted:-

(see annexed)

Brian Warwick enlarged upon the report and confirmed that Officers and Serco representatives had taken action to remove the problems identified. He added that there were still two main concerns; the first being grants to third parties where there was a need for proper arrangements to be in place to monitor results against grants given and the second that deadlines for submitting claims to the Council for payment were not being met. He referred to the complex nature of the arrangements between the Council, Serco and individual project broads and indicated that this created a national problem for accountable bodies.

Councillor Robertson stated that he had serious concerns about what had happened. He referred to paragraph 22 of the report and to the loss of interest in the sum of £272,000 and paragraph 24 of the report and recommendation 10 regarding the lack of a formal contract with Spurgeons for the Darlaston Sure Start Schemes.

Brian Warwick reported that his team would go back to check that the recommendations had been complied with as part of this year's work.

Referring to the loss of interest, Andy Burns reported that the Council was still trying to reach agreement with Serco over repayment of the lost interest. He added that, as a last resort, the Council could claim it back from other schemes if Serco proved obdurate. He added that this matter needed to be resolved by the closure of accounts for 2005/06.

Councillor Harris referred to recommendations 4 to 12 contained in the report and asked how they would be implemented. Andy Burns replied that Officers had taken on this responsibility and would action it.

Councillor Griffiths asked if Sure Start had been passed to Serco without adequate controls being in place. Brian Warwick replied that this was not the case. He added that Sure Start had been handed to Serco as part of the total contract for their work. Andy Burns confirmed that Serco had accepted responsibility for administering Sure Start grants on behalf of the Council.

Councillor Chambers referred to paragraph 26 regarding the delivery of goods. He asked if there was any loss of grant because goods ordered in 2003/04 had not been delivered until 2004/05. Brian Warwick confirmed that there had been no loss of grant as a result of this slippage.

After further discussion it was:-

### **Resolved**

- (1) That the report be noted;
- (2) That a follow up report be submitted to the first meeting of the Committee in the new municipal year,

(Exempt information under paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

## **284/06 Housing Benefit and Council Tax Benefit Subsidy 2004/05**

The report of the Audit Commission was submitted:-

(see annexed)

Brian Warwick enlarged upon the report and reported that the amount payable to the Department of Works and Pensions had reduced from £1,110,641 to £872,275 a saving to the Council of £238,366. He drew attention to the contents of the various appendices attached to the report and referred to the importance of the Action Plan (Appendix 5).

Councillor Chambers stated that, in the three years he had sat on the Audit Committee, this was the report which had caused him the most concern. He felt that the findings showed that the service was in a shambles. He hoped that all the failings could now be confined to the past and that the service would improve from now on.

Councillor Robertson referred to the difficulties staff had faced because of the many changes to the benefit system which had been imposed by Central Government. He was concerned about what else might go wrong and asked whether the Department of Works and Pensions could require the Local Authority to do additional work at considerable cost. He found the loss of files particularly disturbing and wanted assurances that all would be well from now on.

Councillor Harris queried the time frame for the transformation of the Housing Benefit Scheme and asked whether all or only some of the recommendations would be implemented.

Councillor Mrs. Shires asked if any thought had been given to outsourcing the Benefit Service. She was also concerned that files could go missing within a centralised system.

Andy Burns stated that he shared Members' concerns over the contents of the report. He advised that the report had been received by the Council at the end of February and an action plan had already been put in place, so the Local Authority had moved quickly to improve the situation. He stated that the combination of the introduction of a new system coupled with the loss of experienced senior staff had created a major problem for the Authority. The recruitment of new staff had been hampered by the fact that 5 of the 7 West Midlands Local Authorities had recently changed their benefit systems so benefit staff were at a premium. With regard to missing files, Andy Burns confirmed that this should not happen. He added that a new document management system had been put in place to remedy this and file control procedures had also been tightened up.

Referring to paragraph 41 of the report and to the use of an out of date version of the HBIS software, Andy Burns reported that he had taken the decision to continue to utilise the out of date software as he was concerned that to try to implement new software at the same time that the new system was being bedded-in, could have led to the system breaking down and leaving the Authority with no benefit system at all.

With reference to outsourcing, Andy Burns commented that this could create its own problems and difficulties. The transformation plan was considering outsourcing all or part of the Benefit System or using the Partnerships to operate different sections. The Cabinet would make the final decision in May or June 2006. He then went on to confirm that the action plan would be implemented in full and added that, as the audit of next year's claim was already being worked on, the Authority would know how well or otherwise, it was doing very quickly.

Andy Burns stated that training had been put in place so that the subsidy was considered throughout the year and not just at the year end. He added that the Council would try to recruit specialist staff.

Brian Warwick stated that the audit work undertaken had ensured that improvements were underway. Follow up reports would be submitted to Committee on a quarterly basis.

### **Resolved**

- (1) That the report be noted;
- (2) That follow up reports be submitted on a quarterly basis;
- (3) That the benefit fraud report be submitted to this Committee when available.

Councillor Martin thanked Brian Warwick and his team for all their work in connection with the housing benefit and Council tax benefit subsidy.

(Exempt information under paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

## **285/06 Audit Committee Risk Register - Update**

The report of the Executive Director was submitted:-

(see annexed)

Ann Johnson enlarged upon the report and advised that a new Risk had been added to the Register – The Transformational Change Agenda.

Councillor Chambers referred to Risk No. 6 in the Risk Register – staff shortages within the corporate services directorate – and asked what Corporate Services was responsible for. Andy Burns replied that the Corporate Services Directorate was led by Carole Evans and included Performance Management, Law, Constitutional Services, Strategic Management and the Transformation Programme which included Human Resources.

Councillor Pitt referred to the recent industrial action by Local Government Unions and asked if this had been risk assessed. Ann Johnson replied that strike action had been placed on the Risk Register and any risks arising from it would be managed.

Councillor Mrs. Shires referred to the combination of re-organisation, loss of staff and new systems being put in combining to cause chaos for the Authority. She asked if this combination of events could happen again. Ann Johnson replied that Risk Management was considering the problem and would manage it.

Andy Burns commented that it was unlikely that this combination of factors would combine again in this manner. He felt that the Risk would be much better managed in future.

Brian Warwick commented that the loss of key staff at a crucial time had hit Walsall hard, but significant lessons had been learned and it was unlikely that such a situation would arise again.

### **Resolved**

- (1) That the contents of the report and the Appendices be noted;
- (2) That the Risk Assessments and Risk Management Action Plans (RMAP) be endorsed. Any amendments be agreed and any new Risks be suggested;
- (3) That a follow-up workshop to review and refresh the Risk Register be authorised after the Local Elections;
- (4) That the report elsewhere on the agenda (item no. 7 refers) which identified key areas of work for the next twelve months be noted; a specific area of which relates to the strengthening of the links between Risk Management and the role of Scrutiny Panels.

(Exempt information under paragraphs 1 and 8 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

## **286/06 Submission of Corporate Risks for Scrutiny**

The report of the Executive Director was submitted:-

(see annexed)

Ann Johnson enlarged upon the report. With regard to the Civic Quarter, she reported that costs had exceeded the original budget by £163,500, an overspend of 8.2% on the total budget of £1,986,500.

With regard to shopmobility, Ann reported that the scheme had been implemented on time in line with the Council's pledge.

Referring to shopmobility, Councillor Chambers asked why a good news story such as this was considered in private session. Officers explained why it was necessary to consider the matter in private session.

Referring to the Civic Quarter, Councillor Robertson commented that the Darwall Street element was still not complete. He was concerned that the fall of the sewer in Leicester Street was inadequate and would not prevent future flooding. He asked if this matter had been risk assessed. Ann Johnson replied that the problem of flooding should have been identified and risk managed. She added that she would get the Officer in charge of the project to contact Councillor Robertson to allay his concerns.

Brian Warwick reported that the Audit Commission would be looking at the project management of the grant funding of capital schemes in its work programme for 2006/07 and would report back to Committee on this.

### **Resolved**

- (1) That the report be noted;
- (2) That a report on the project management of the grant funding of capital schemes be reported to the Committee in the new Municipal Year;
- (3) That the Project Officer contact Councillor Robertson regarding the Leicester Street Scheme.

(Exempt information under paragraphs 1 and 8 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

## **287/06 Submission of Contract Audit Reports for Scrutiny**

The report of the Executive Director was submitted:-

(see annexed)

David Blacker enlarged upon the report and advised that Managers had actioned all of the recommendations.

Councillor Robertson referred to the breaches of financial regulations. David Blacker replied that some Directorates were very good in following financial regulations whilst others were not so good. He added that training would be offered to ensure financial regulations were observed.



Councillor Griffiths asked at what level risk management began. David Blacker replied that it began quite low down in the organisation.

Councillor Chambers felt that financial regulations should be like tablets of stone. He felt that either training should be given or communication tightened up to prevent breaches occurring. If necessary, disciplinary action should be taken against transgressors.

David Blacker confirmed that effective training was the key to preventing this happening.

### **Resolved**

That the report be noted.

(Exempt information under paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

### **Termination of Meeting**

There being no further business, the meeting terminated at 7.45 p.m.

Chairman: .....

Date: .....