

Audit Committee – 28 February 2011

Options for Scrutiny of Council Payments: Findings of the Working Group

Summary of report

This report summarises the findings of the working group which was commissioned by Audit Committee on 25 October 2010 regarding options for the scrutiny of Council payments.

Recommendation

- 1. Audit Committee is asked to note the conclusions of the working group.**



James Walsh
Assistant Director Finance
10 February 2011

Resource and legal considerations

The key role of the Audit Committee is to provide independent assurance on the adequacy of the council's risk management framework and the internal control and reporting environment. Inspection of Council expenditure assists in the Committee discharging this duty.

Governance issues / Citizen impact

Scrutiny of the council's payment systems strengthens assurance about the council's general reporting and governance and particularly about systems used to control expenditure.

Performance and risk management issues

Inspection of payment systems helps to ensure that risk and performance standards are being applied in the management of Council expenditure.

Equality implications

Assurance reporting encompasses key equality and diversity implications.

Consultation

Appropriate advice has been taken from financial services and procurement in preparing this report.

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Background

At its meeting of 1 September 2010, Audit Committee discussed the new requirement for local authorities to publish spending of over £500. This requirement followed the Prime Minister and CLG Ministers wish to see local authorities publish local spending data; to drive the open data agenda from January 2011.

Audit Committee expressed interest in options available to them in scrutinising Council payments and contracts. Options to meet the Committee's request on this matter were presented in a report to the 25 October 2010 meeting and are detailed at **Appendix 1**.

Audit Committee of 25 October 2010 resolved:

- (1) That Option 1 be approved as the preferred option for scrutiny of council payments, as set out in the report submitted;
- (2) That a list setting out what people have been scrutinising from the payments list be submitted to Audit Committee on a quarterly or half-yearly basis for the Committee's perusal, as deemed appropriate;
- (3) That a working group be set up comprising of Councillor Flower, Councillor Chambers and Rebecca Neill to devise a process on how to achieve this and what information should be included as well as investigating the relationship between the remit of Audit Committee and Corporate Scrutiny and Performance Panel regarding the scrutiny of Council payments.

This report details the conclusions of the Working Group which met on 30 November 2010.

Working Group Conclusions

The working group, comprising of Councillor Flower, Councillor Chambers and Rebecca Neill concluded that:

1. Members receive training on how to access the payments list prior to the start of the next meeting of the Audit Committee; and that a laptop is set up in the Committee Room prior to that Audit Committee to allow members to review the payments list should they wish to.
2. A half yearly report on items which have been scrutinized from the payments list, together with the council's response, is presented to Audit Committee. It was agreed that this report was within the Audit Committee's remit.

Option 1 (Preferred Option) – Continue Current Arrangements

The Committee continues to fully meet its obligations in scrutinising council expenditure through examination of related internal audit reports; and specifically the annual governance statement, annual report into the overall adequacies of the internal control environment; and quarterly via the submission of reports obtaining a limited or no assurance audit opinions.

Option 2 – Receiving special reports on the work done by internal audit on Council payments

Council payments arise from a number of contracts and agreements that are entered into with suppliers, contractors and partners. Internal audit routinely reviews such arrangements via the strategic risk assessed audit plan. The Committee would receive special reports on this work and place reliance on the assurance arising from these reviews.

Option 3 – Selection of two items from the public list of payments over £500

The Committee could select quarterly from the publicly available list of payments of over £500 for examination by internal audit. Committee's selection could also be informed by a report listing total payments made to the council's major creditors for the last financial year.

Preferred Option

The ongoing public examination of the list of payments over £500 now makes the council more accountable for its spending. As a result, there may be limited value in the Committee itself selecting payments from this list for examination. Option 1 is preferred as continuation of existing arrangements gives the Committee as wide and meaningful assurance as possible to discharge its duties and make best use of officer resource in examining, and accounting for, the council's activity.