

AUDIT COMMITTEE

Monday 1st September, 2014 at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Councillor Hughes (Chairman)
Councillor Illmann-Walker (Vice-Chairman)
Councillor Barker
Councillor Chambers
Councillor Craddock
Councillor Robertson

Mr F Bell (Independent Member)
Mr A Green (Independent Member)
Mrs P Hepburn (Independent Member)

In attendance

Chief Executive
Chief Finance Officer
Head of Internal Audit
Treasury Financial Administration and Systems Manager
Representative from Grant Thornton

1193/14 Apology

An apology was received on behalf of Councillor Flower.

1194/14 Minutes

The Minutes of the meeting held on 16th July, 2014, were submitted.

(see annexed)

Resolved that the Minutes of the meeting held on 16th July, 2014, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as correct a record.

- 1195/14 **Declarations of Interest**
- Mr Bell declared an interest in any items on the agenda which referenced Walsall Adult and Community College (WACC) in view of his involvement with WACC.
- 1196/14 **Deputations and Petitions**
- There were no deputations submitted or petitions received.
- 1197/14 **Local Government (Access to Information) Act, 1985 (as amended)**
- Resolved**
- 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 Section 100A of the Local Government Act, 1972.
- 1198/14 **Notification of any issues of importance for consideration at a future meeting**
- No issues were raised.
- 1199/14 **Corporate Governance Forum Report**
- A report was submitted and a revised remit was tabled:-
- (see annexed)
- The Chief Executive presented the report and highlighted the salient points contained therein. In doing so, he added that a report would come back to the November meeting of the Committee in relation to the final outcome of the items contained within Appendix 2 of the report.
- Arising from discussions on this item, the Chief Executive, Chief Finance Officer (CFO) and Head of Internal Audit responded to questions by Members relating to: -
- Whether it was felt that Governance had improved within the Authority over the last couple of years;
 - Whether budget pressures could impact on governance arrangements in the future;
 - What the status of the Local Code was;
 - Why certain recommendations had not been agreed.
 - Whether the External Auditors would be reporting on this matter at a future meeting;

- The choice of wording in manager's responses in relation to a number of items contained within the Internal Audit Corporate Governance Audit Report as set out at Appendix 4 to the report;
- What assurances the Committee could be given in terms of certain items set out in the Internal Audit Corporate Governance Audit Report as set out at Appendix 4 to the report.

In particular, it was asked if there was a quorum for the Corporate Governance Group. The Chief Executive stated that he would have to check the Terms of Reference of the Group, but the Group was always well attended.

It was suggested that, in future, where recommendations were recorded as 'not agreed' in such reports, a brief summary setting out such instances should be brought out in the main body of the report to save Members having to search through large reports.

With regard to Appendix 4 to the report, a Member commended the Internal Audit Team for a thorough report.

Resolved that the progress made by the Corporate Governance Forum be noted.

1200/14 **Treasury Management Annual Report**

A report was submitted:-

(see annexed)

The Chief Finance Officer (CFO) introduced the report and the Treasury Financial Administration and Systems Manager presented the report and highlighted the salient points contained therein.

Arising from discussions on this item, the CFO and the Treasury Financial Administration and Systems Manager responded to questions by Members, relating to: -

- Whether the figure of £83.203m for 2013/14 in table 1 was an achievable target;
- With reference to the prudential indicators in table 6, whether there was anything to be concerned about, from a risk perspective, in relation to where the Council had gone beyond the upper limits identified;
- In relation to Prl 2 on table 6, whether the Council had a target ratio for this and, if not, what was considered to be excessive.

In particular, a discussion ensued in relation to Prl 2 and whether the Council should have a target. The general consensus was that to provide a target ration would give the general public greater confidence in openness and transparency.

The Chair obtained clarification from Officers that this matter was scheduled to come back to the Committee in November. It was, therefore, suggested, that this particular issue be revisited at that time.

The representative from Grant Thornton gave the Committee an assurance by stating that they work on value for money and financial resilience. Furthermore, he added that they did compare Council arrangements against best practice and the Committee could gain assurance from the work which Grant Thornton carried out.

It was agreed that briefing notes would be sent to all Members on the following matters: -

1. In relation to Prl 1 on table 6, was there a reason for the difference between the £39.140m identified on this table and £39.944 identified on previous tables;
2. In relation to the Prl 3 on table 6, why was the 2013/14 year end position for the indicator the same as the target of £11.48m when the amount of capital expenditure funded by borrowing in 2013/14 had changed.

Resolved that the Treasury Management annual report for 2013/14 be recommended to Council for approval.

1201/14

Confidential Reporting (Whistleblowing) Procedure

A report was submitted:-

(see annexed)

The Head of Internal Audit presented the report and highlighted the salient points contained therein.

Arising from discussions on this item, the Head of Internal Audit responded to a number of questions including whether any whistleblowers received any feedback on complaints made and if any trends had been identified.

In particular, the Head of Internal Audit advised that she would include, where possible, additional information in the unplanned audit summary reports, which she brought to Committee periodically, to give Members a fuller idea of Whistleblowing complaints received and what the outcomes of these were.

Resolved that the contents of the report be noted.

1202/14 **Internal Audit's Annual Report**

A report was submitted:-

(see annexed)

The Head of Internal Audit presented the report and highlighted the salient points contained therein.

Arising from discussions on this item, the Head of Internal Audit responded to questions around how much impact unplanned work had had on the planned work undertaken by the Audit section.

The CFO added that the inevitable onset of dwindling resources would impact upon all council services, including Audit, in terms of capacity to undertake the same amount of work which it currently carried out.

Resolved that the contents of the report be noted.

1203/14 **Public Sector Internal Audit Standards**

A report was submitted:-

(see annexed)

The Head of Internal Audit presented the report and highlighted the salient points contained therein.

Arising from discussions on this item, the Chair sought an assurance from Grant Thornton that the arrangements, identified within the report, in relation to WM Assurance Services was a suitable one. The representative from Grant Thornton advised that he had no issues with the arrangements. He would, however, recommend that other partners be involved for greater transparency and independence.

The Head of Internal Audit advised that she would pilot the scheme and review it in due course.

A Member commended the Head of Internal Audit for pioneering the arrangements in the West Midlands.

Resolved that: -

1. the contents of the report be noted;

2. the 5 yearly external assessment of Internal Audit's Public Sector Internal Audit Standards be agreed.

1204/14

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 for the reasons set out therein and Section 100A of the Local Government Act, 1972 and accordingly resolves to consider those items in private.

1205/14

No and Limited Assurance Internal Audit Reports

A report was submitted:-

(see annexed)

The Head of Internal Audit presented the report and highlighted the salient points contained therein.

The Head of Internal Audit invited Members to express any interest in the Audits that were due to be undertaken.

Resolved that: -

1. the contents of the report be noted;
2. Councillors Hughes and Illmann-Walker be involved in the Accommodation Services and Homelessness audit;
3. Councillor Chambers, Craddock and Robertson be involved in the Telecare audit.

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

Termination of meeting

The meeting terminated at 7.50p.m.

Chair:

Date: