

SPECIAL AUDIT COMMITTEE

Thursday, 3rd February, 2011 at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Councillor Turner (Chairman)
Councillor Rochelle (Vice-Chairman)
Councillor Chambers
Councillor Douglas-Maul
Councillor Flower
Councillor Robertson
Councillor D. Shires

801/11 Apologies

There were no apologies submitted.

802/11 Declarations of Interest

There were no declarations of interest.

803/11 Deputations and Petitions

There were no deputations submitted or petitions received.

804/11 Local Government (Access to Information) Act, 1985 (as amended)

There were no items for consideration in the private session.

805/11 No or Limited Assurance Audit Reports

In introducing this item, Rebecca Neill, Head of Internal Audit reminded Members that at their meeting of 7th December, 2010, Members received internal audit reports, produced by the Council's internal audit service, which had been finalised between 14th August, 2010 and 3rd November, 2010 that had received either a no or limited assurance opinion.

Rebecca Neill reminded Members that they had agreed at that meeting that:-

- A special meeting of the Audit Committee be convened to consider Payroll and New Art Gallery reports in more detail
- Members also asked that internal audit monitor progress and this be reported back on the independent sector day care, residential and nursing and community meals contract monitoring reports. On those 2 reports, Rebecca Neill confirmed that:-

For the independent sector day care, residential and nursing - of 37 actions; 24 of which were high priority; 27 have been confirmed as implemented, 21 of these being high priority.

Community meals had 12 actions, 10 of which were high priority; 11 have been confirmed as implemented, 9 of which were high priority.

Rebecca Neill advised, as is the case for all audit reports, internal audit will continue to monitor the implementation of actions within the agreed actions plans as part of their established follow up process.

Rebecca Neill stated that one of the functions of the Audit Committee is for Members to seek assurances that action is being taken on issues identified by auditors. For this reason, Members chose to undertake detailed scrutiny of the Payroll and NAG reports. She stated that it is important to note that consideration of these reports within the public arena demonstrates three things:-

- (1) The Council's absolute commitment to openness, accountability and transparency;
- (2) That the Council has strong internal governance arrangements in place to identify areas requiring improvement;
- (3) That the Council is absolutely committed to making any improvements necessary - which can be seen in the agreed management action plans appended to these reports.

For this part, she presented Rory Borealis, Executive Director for Resources, for payroll and Jamie Morris, Executive Director for Neighbourhood Services for the new art gallery, together with colleagues, to provide Members with assurance that action has or is being taken on the agreed action plans and improvements are being made.

The New Art Gallery, Walsall - collections records

The report of the Executive Director, Neighbourhoods, was submitted:-

(see annexed)

Mr. Morris introduced Ms. S. Grainger, Head of Service, and Ms. J. Digger, Curator to the Committee.

Ms. Grainger highlighted the contents of the report previously circulated giving the background to the collections.

Ms. Grainger presented her report and enlarged on the content.

There followed a period of questioning by Members when the following information was provided to the Committee:-

When loaning items to outside organisations, that organisation pays all costs in relation to the loan and insure it against loss and damage. It was also confirmed that the original audit report had indicated a larger value item was unaccounted for but the £10,000 item was in the showcase at the New Art Gallery.

All the items were owned by the Council, some would have been purchased and some donated. Mr. Morris confirmed that the items were identified as missing pre the New Art Gallery and were in the ownership of the Council.

With regard to inventory checking, Committee was informed that the exercise was time consuming and would add pressures in times of staffing reductions. Two new members of staff on short term contracts for six months would be working on this process. After that date, it would be necessary to locate staff to carry out the function. Ms. Grainger confirmed that this function would be ongoing and would be given the importance it deserved.

Rebecca Neill reminded the Committee that the audit report related to the 2009/10 financial year and that some of the missing items identified were last stock checked as far ago as 1982. A rolling programme of stock checking would reduce the length of time between stock checks. Setting this in context, there are 1,902 exhibits valued at £13.1 million at the New Art Gallery. Audit took a sample of 49 items (4% of the total inventory).

With regard to the valuation, Charles Barber (Audit) informed Committee that a valuation was carried out a number of years ago and Gallery staff would update that on their professional knowledge but that figure was an estimate.

Ms. Digger stated that the Garman Ryan collection was last valued in 2002 by AXA, officers have updated some of the items since then, particularly those by Lucien Laurent, with valuation on an ad hoc basis ongoing since then. It was permissible for insurance purposes, to carry out in-house valuations, staff went through auction records and were following individual works but this could be inaccurate. This again was a lengthy process and it was hoped that professional valuations could be obtained.

The database was set up at the time that the New Art Gallery was opened; the manual database set up prior to that included the last record of the sixteen items whose locations were, at present, unknown. Considerable progress had been made on consolidating stock from various locations and two stock checks had been undertaken, however, the items had still not yet been located. A process is now in place to allocate the articles.

With regard to the valuation of stock, this would prove a costly process. The Council's insurance held a £500 excess on individual art works, therefore, any articles of a lower value would not justify a claim. The majority of the collection was valued at under £500.

The Committee was informed that the New Art Gallery had the required environmental conditions for the storage and display of art.

The art work in the Mayor's Parlour and a number of pieces of art in the Town Hall, did not form part of the collection, they were known as fixtures and fittings and were the responsibility of Property Services.

Members continued to work through the action plan and noted the agreed actions that had been put in place.

With regard to IT inventory and stock, Mr. Morris confirmed that the IT processes had now been integrated and would be properly maintained as part of the Council's IT system.

The Committee was assured that all contracts were in the process of being reviewed to ensure value for money and building works would be dealt with centrally with the Council. The Committee was advised that information on this would be fed back.

The Chairman asked Members whether they felt that officers had given suitable assurance on the reports in question. All Members indicated that they had been satisfied with the information provided and felt that assurance had been given.

Resolved

That the Committee note the progress made on the No or Limited Assurance Audit Reports in relation to the New Art Gallery and note that further progress reports would be submitted in due course.

Payroll

The Committee welcomed Mr. Borealis (Executive Director) and Ms. L. Hemus (HRD Manager, Employee Services).

Mr. Borealis informed Committee that the payroll service was the responsibility of Employee Services in Human Resources and Development. When the audit was carried out, a significant number of issues needed to be addressed as highlighted in the audit report, quite a substantial number of actions relating to the requirement on managers and staff to take actions and comply with centrally established procedures.

Ms. Hemus circulated a copy of her presentation to the Committee and expanded on their content.

In response to questions, Ms. Hemus confirmed that the new sickness reporting system that had recently been introduced did work effectively. The Chairman requested that a presentation on the new sickness reporting scheme be presented to Audit Committee as a training requirement. Ms. Hemus confirmed that as soon as an absence was logged, a text and an e-mail alert were sent to the appropriate managers and targeted action that should be taken.

Mr. Borealis informed the Committee that there had been a number of actions taken in the recent past to overall sickness absence and the new absence procedure amended in October, 2010 by Appointments Board was in place. The introduction of the Bradford factor was a much stronger trigger and a substantial proportion of sickness absence was now being actively managed by managers. The pilot for the scheme involved those reporting in sick being challenged by a health professional on how they proposed to address their symptoms. Managers of areas with poor sickness levels were being held to account on action to reduce sickness. The sickness absence trend was now reducing.

In response to points raised, Ms. Hemus confirmed that CRB checks were now carried out within approximately two weeks and rather than multiple disclosures being carried out, one disclosure that had been completed by Walsall MBC for activity within the Council's area would be sufficient.

Manager training was linked to the competencies required by the Council and contained on the Council's Intranet site, work was ongoing to make the site more user friendly.

Ms. Neill informed the Committee that the Council was in the process of developing management accountabilities and as part of this, would require managers to be more accountable for their own actions.

Ms. Hemus informed the Committee that the processes with regard to the self-service model would reduce significantly the number of papers being received by payroll staff and would also carry out checks to ensure that the next stage could be entered. With regard to overpayments, these often related to staff on multi-contracts and was often in the region of £50. The service area or school concerned would be required to cover the cost of overpayments.

If there were any problems relating to CRB disclosures, the matter would be referred to the Safer Recruitment Panel with representation from Legal Services, Children's Services, Adults Services and HR.

The Chairman asked Committee if they felt that they were given assurances.

Resolved

That the Committee note the progress made on the No or Limited Assurance Audit report in relation to the payroll.

808/11

Appointment of an Independent Member to Audit Committee

The report of the Assistant Director, Finance was submitted:-

(see annexed)

Resolved

- (1) That Minutes No. 783/10 (5) be rescinded;
- (2) That approval be given to the establishment of the Appointments Panel consisting of four Elected Members from amongst the Audit Committee membership in order to ensure political balance;
- (3) That authority be delegated to the Appointments Panel to interview candidates and recommend an appointee to the Audit Committee;
- (4) That the following Members be appointed to the Appointments Panel:-

Councillor I. Robertson
Councillor D. Shires
Councillor D. Turner
Councillor J. Rochelle
- (5) That the Committee acknowledge that the Panel will include the Assistant Director - Finance and the Head of Internal Audit in an impartial advisory capacity.

Termination of meeting

There being no further business, the meeting terminated at 7.55 p.m.

Chair:

Date: