

AUDIT COMMITTEE

Monday 22nd February, 2016, at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Mr F Bell (Chairman and Independent Member)
Councillor Chambers (Vice-Chairman)
Councillor Craddock
Councillor Longhi
Councillor Robertson
Councillor Sohal
Councillor Worrall
Mr A Green (Independent Member)

In attendance

Chief Finance Officer
Audit Manager
Head of Regeneration and Development
Representatives from Ernst & Young
Representative from Mazars

12/16

Apologies/Welcome

The Chair welcomed all present to the meeting and introduced those who were new to the Committee, particularly the representative from Mazars.

13/16

Minutes

The minutes of the meeting held on 4th January, 2016, were submitted:-

(see annexed)

Resolved

That the minutes of the meeting held on 4th January, 2016, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

- 14/16 **Declarations of Interest**
- None submitted.
- 15/16 **Deputations and Petitions**
- There were no deputations submitted or petitions received.
- 16/16 **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.
- 17/16
future **Notification of any issues of importance for consideration at a meeting**
- There were no issues highlighted.
- 18/16 **Financial Health Indicators 2015/16 and Medium Term Financial Strategy and Capital Update**
- A report was submitted:-
- (see annexed)
- The Chief Finance Officer presented the report and highlighted the salient points contained therein.
- Members considered the report which provided details of the financial health indicators for the third quarter of the year (to 31st December, 2015) as shown at Appendix 1 to the report, including the current year end forecast position for both revenue and capital as at 31st December, 2015.
- The Chief Finance Officer responded to number of queried by Members in relation to: -
- what the actual figure of the general reserves were at present;
 - the level of Council Tax collection rate;
 - why the profiling for this year's collection rate was forecasting a 2% reduction when compared to last year's;

- why the format of the report had been changed to remove the post-audit figures column when compared with last year's report which included this column;
- if there was a particular issue with billing-out for Academy schools. The Chief Finance Officer agreed to circulate a briefing note on this matter;
- what the Council did to 'police' those who made potentially fraudulent claims in order to maximise the Council's income. The Chief Finance Officer agreed to circulate a briefing note on this matter;
- what the prudential expenditure covered and included, why it had risen when compared to last year and what its relationship was when with the Council fund. The Chief Finance Officer agreed to circulate a briefing note on this matter;
- if a single occupant could claim back any money where they had been paying too much in instances of a partners' death or a relationship ending etc. The Chief Finance Officer agreed to circulate a briefing note on this matter.

The Chief Finance Officer agreed that he would circulate a briefing note to all Members following-up on number of queries and also agreed to reinstate the 'post-audit figures' column in future reports.

Resolved that the financial health indicators be noted.

19/16

Ernst and Young Audit Planning Report for the Year Ending 31st March, 2016

A report was submitted:-

(see annexed)

The Chief Finance Officer introduced the report and a representative from Ernst and Young presented the report and highlighted the salient points contained therein.

Members considered the report which provided the Committee with details of Ernst and Young's audit plan for the financial year ending 31st March, 2016. It provided information on the planned audit strategy which had been driven by an assessment of the key issues and significant risks which could affect the accounts, as detailed within Appendix 1 of the report.

The Chair sought assurance that the risks identified within the report were considered to be what would be expected across other large organisations and similar Local Authorities. A representative from Ernst and Young confirmed that, given the current financial constraints placed on all Council's by Central Government, it was a familiar scenario amongst a large number of Local Authorities.

In particular, clarification was sought in relation to if the figure of 2%, as reported in 4.3 on page 9, was a fair and proportionate figure, or if the Council should consider reducing it. A representative from Ernst and Young clarified that the 2% identified was within what was considered to be the normal range. However, the Committee could work to a lower figure if Members deemed it appropriate to do so. The Committee sought advice on where this figure should lie in the professional opinion of the representative of Ernst and Young. He replied advising that 2% was in-line with their agreed standards and was the correct figure from his point of view.

The Chair then sought the opinion of the representative from Mazars on the same question, from an Internal Audit point of view. She replied advising that it was fairly standard and it could vary from organisation to organisation depending on various material considerations.

Members requested that the new guidelines from the National Audit Office be forwarded to them for information.

Resolved that, having reviewed the plan, the contents of the report be noted.

20/16

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 the items in private.

21/16

Internal Audit Plan 2016/17

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein.

Members considered the report which detailed the draft internal audit plan for 2016/17 which was recommended for approval by the Committee. The representative from Mazars advised the Committee that the audit plan could be subject to further amendments following further meetings with Executive Directors.

Members sought assurance in relation to if it was felt that there would be sufficient resources to undertake the Internal Audit function, taking into account the appointment of Mazars and the subsequent reduction in the amount of 'planned audit days' when compared to previous years. The Chief Finance Officer advised that the delivery of the service required innovation and also needed to become more efficient. Mazars had bid on the specification provided and the contract had been awarded on that specification.

Arising from another query in relation to how unplanned work would be carried out going forward, the Chief Finance Officer advised that individual Directorates would be billed for this service in the future.

Members also queried what would happen if the required amount of work exceeded the specification of the awarded contract. The representative of Mazars advised that she would liaise with the Chief Finance Officer on this matter outside of the meeting.

Resolved that: -

1. the draft internal audit plan for 2016/17 be approved;
2. necessary amendments to the plan be noted.

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

22/16

Submission of Corporate Risks for Scrutiny

Before discussions on this item took place, the Chair reminded all present of the sensitive and confidential nature of this particular item.

A report was submitted:-

(see annexed)

The Head of Regeneration and Development presented the report and highlighted the salient points contained therein.

Members considered the report which provided feedback on a corporate risk which had been selected for review by the Committee at its meeting on 23rd September, 2015.

Members gained assurance from Officers that this particular risk was being managed effectively, including how it was also being monitored via the scrutiny function.

Resolved that the report be noted.

(Exempt information by virtue of Paragraphs 1 and 4 of Part I of
Schedule 12A of the Local Government Act, 1972) (as amended)

Termination of Meeting

The meeting terminated at 7.01p.m.

Chair:

Date: