

## **AUDIT COMMITTEE**

**Monday 5<sup>th</sup> September, 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 Robertson  
Councillor Washbrook

Mr Green

### **In attendance**

Head of Finance  
Representative of Mazars  
Representative of Ernst and Young

#### **55/16 Welcome / Apologies**

The Chair welcomed all in attendance.

An apology was submitted on behalf of Councillor Harris.

#### **56/16 Minutes**

A revised copy of the minutes of the meeting held on 27<sup>th</sup> June, 2016, were tabled which rectified the attendance anomaly:-

(see annexed)

### **Resolved**

That the revised minutes of the meeting held on 27<sup>th</sup> June, 2016, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

#### **57/16 Declarations of Interest**

None submitted.

58/16            **Deputations and Petitions**

There were no deputations submitted or petitions received.

59/16            **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.

60/16            **Notification of any issues of importance for consideration at a  
future meeting**

There were no issues highlighted.

61/16            **Internal Audit Progress Report**

A report was submitted:-

(see annexed)

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

The report provided the Committee with an update on Internal Audit's progress for 2016/17.

Councillor Craddock queried what was happening with the ongoing work in relation to irregularity and fraud work as no progress had been identified within the report. He also stated that it was his understanding that the Committee had agreed that updates on ongoing work would be reported at each Committee meeting to enable the Audit Committee to keep a watching brief and call in any specific problem areas.

The Head of Finance advised that there had not been any progress since reported at the last meeting, as far as she was aware. She would, however, check and report back to Members. She also agreed that an update report would feature on all future agendas.

Mr Green raised his concern in relation to the number of outstanding items within the Appendix where due dates had slipped quite considerably. He queried who and how such decisions were made to

agree such slippage. He felt that it left the Council open to considerable risks without the Audit Committee being involved or notified. Furthermore, he queried whether a system or procedure should be in place to pick up such matters.

The Audit Manager advised that, at present, it was the relevant Service Manager who made the decision relating to slippage. The Head of Finance

advised that what had historically been reported to the Committee was progress on no or limited assurance reports. It would be impractical and unworkable to bring every report to the Committee which was the reason why only no or limited assurance reports were submitted. She added that, as far as she could recall, there had never been such a system whereby the Committee either agreed or denied what happened with slippage. She did, however, suggest that she would liaise with the Internal Audit Manager and draw-up an appropriate process for dealing with such matters relating to slippage and bring it to the next Committee for its endorsement.

Councillor Craddock suggested that a Red / Amber / Green (RAG) rating system could be useful in future reports as the Committee had no idea if outstanding items for each report were significant or minor.

Councillor Robertson added that it would also be useful if future reports included information relating to expected turnaround times for schools.

Mr Green, referred to the table on page 4 of the report, and queried if Contract Managers were deemed to be at an appropriate level and had sufficient authority to attend the Audit Committee and discuss what the Audit Committee required. The Internal Audit Manager advised that Contract Managers were of a suitable level.

Councillor Washbrook queried whether it would be worth the Committee calling in the Looked After Children matter to the next meeting as it had been outstanding for a considerable time, in an attempt to expedite the matter.

Councillor Craddock added that this particular issue had been outstanding for some time, but the report did not provide sufficient information for the Committee to determine if the issues were significant or relatively minor.

Councillor Chambers welcomed the comments of the Committee as he felt it would strengthen the overall process in view of the fact that the Committee was getting used to the new reporting style.

The Chair closed by stating that the Head of Finance would bring a report back to the next meeting on the process for slippage.

**Resolved** that the report be noted.

**Financial Health Indicators**

A report was submitted:-

(see annexed)

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

The report provided the Committee with the details of the financial health indicators for the first quarter of the year (to 30<sup>th</sup> June, 2016) as shown in the appendix to the report including the current year end forecast position for both revenue and capital. The Head of Finance clarified that it was still very early in the year and that the second quarter update in November would provide the Committee with a better overview.

Mr Green queried whether the target for the reserves minimum and maximum figures was still adequate as they had remained static for a considerable time.

The Head of Finance assured the Committee that the reserves minimum and maximum figures were formally reviewed annually and also that she and the Chief Finance Officer did so on a monthly basis as part of the budget setting process. At present, they felt that the figures were sufficient.

Referring to the current ratio in relation to tax revenue, Mr Green sought clarification in relation to if the Council felt that this would continue to fall.

The Head of Finance confirmed that NNDR revenue had fallen in 2015/16 due to the level of appeals as at 31 March and the impact on the collection fund. A further significant fall was therefore not expected and the council monitors tax revenue closely and builds those assumptions into the medium term financial outlook.

Councillor Chambers stated that he appreciated how things were changing in Local Government and the likely pressure which would be faced. He enquired as to what the Council was expecting to deal with over the coming years.

The Head of Finance advised that there was likely to be significant challenges faced by the Council in the coming years. Most notably was the reduction in funding from Central Government (about 65% of the financial shortfall overall), however there was also a considerable increase in service and cost pressures across the Council to deal with.

**Resolved** that the financial health indicators be noted.

**Termination of Meeting**

The meeting terminated at 6.35 p.m.

Chair: .....

Date: .....