

AUDIT COMMITTEE

Monday, 25th October, 2010 at 6.00 p.m.

Conference Room at the Council House, Walsall

Present

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

755/10

Apology

An apology for non-attendance was submitted on behalf of Councillor Robertson.

756/10

Minutes

Resolved

- (a) That the minutes of the meeting held on 28th September, 2010, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record;
- (b) That the revised minutes of the meeting held on 1st September, 2010, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record, subject to the change highlighted in Minute No. 740/10 resolution no. (2).

757/10

Declarations of Interest

There were no declarations of interest.

758/10

Deputations and Petitions

There were no deputations submitted or petitions received.

759/10 **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.

760/10 **Summary of outcomes from Scrutiny Panel Reviews**

A report was submitted:-

(see annexed)

Neil Picken, Senior Constitutional Services Officer, presented the report and highlighted the salient points contained therein.

Various Members questioned the membership referred to in the Scrutiny Annual Report document as they did not feel it was accurate in places. Neil assured Members that he would review the Memberships listed in the document and ensure that it was correct. The Chair commented that he was pleased with how Scrutiny was now operating and felt that some good and effective work had been carried out.

Resolved

That the summary of outcomes from Scrutiny Panels be noted.

761/10 **Submission of Risk for Scrutiny**

A report was submitted:-

(see annexed)

Ann Johnson, Corporate Risk and Insurance Manager, presented the report and highlighted the salient points contained therein.

Ann then introduced Pauline Lucas, Interim Head of People's Services and Michelle Smirthwaite, Acting HR Operational Services Team Manager, who sought to provide Members with assurances that the risk was being managed adequately.

Pauline reported that she had been in post for four months now and she had been given the remit of reviewing and modernising HR policies. Pauline advised Members that a recent meeting of the Appointments Board had approved a revised attendance procedure, a revised redeployment procedure and a revised redundancy procedure, all of

which were now in full implementation. A lot of work had been put into revising the afore-mentioned procedures, such as benchmarking against other Authorities which in turn, streamlined the procedures and made them more robust and ultimately fit for purpose. As a result of the recent revised procedures being implemented, a training regime to train managers was being drawn up and would be fully implemented in the near future.

Councillor Douglas-Maul expressed his satisfaction that the afore-mentioned procedures had been revised. For some time now, Councillor Douglas-Maul had raised concerns, in his capacity as one of the Council's Employment Appeal Committee Chairs, that the old procedures were inadequate, out dated and not fit for purpose. Furthermore, Councillor Douglas-Maul was pleased that managers would receive training but also requested that the creation of a manager's checklist might prove beneficial and would enable managers to ensure that all procedural steps had been carried out correctly and timely. Pauline noted Councillor Douglas-Maul's comments and gave assurances that she would ensure all policies were consistent, especially where policies interacted with one another.

Councillor Chambers referred to the Appointments Board meeting which had approved these policies as he was one of the Members who sat on that Committee. Councillor Chambers wished to notify Members that he had raised his concern over the governance arrangements of such policies being able to be approved at the Appointments Board Committee where a quorum of only three Members was needed to make such an approval. Furthermore, Councillor Chambers reported that he was not happy that approval of these policies was not considered a key decision which would give Members the opportunity to call the decision in and look at it in more detail through the scrutiny system.

Resolved

That Members were satisfied that the risk was being managed adequately and noted the contents of the report.

762/10

Options for Scrutiny of Council payments

A report was submitted:-

(see annexed)

Further to Minute No. 732/10 (2), Rebecca Neill, Head of Internal Audit, presented the report and highlighted the salient points contained therein.

The Chair then invited Members to comment upon which would be their preferred option from amongst the three options set out in the report.

Councillor Douglas-Maul stated that he was of the opinion that Option 1 should be chosen.

Councillor Flower wished to commend the Council for producing this list and for displaying it on the website and advised that he would prefer Option 3 to be chosen. In choosing Option 3, Councillor Flower further commented that he would like to see the £500 limit scrapped and would like to scrutinise all payments and also to remove the two item limit.

Councillor Chambers reported that he had originally favoured choosing Option 1 but having heard Councillor Flower's submissions, was now in agreement that perhaps a hybrid option could be chosen which would cover all aspects. Furthermore, Councillor Chambers suggested that a Working Group could be established to look into this matter further and report back to Committee with a revised option.

Councillor Rochelle reported that he felt the current system was adequate and he would be choosing Option 1.

The Chair then commented that he felt Option 1 was the best option but agreed that a list setting out what people had been scrutinising from the payments list could be submitted to the Audit Committee on a quarterly or half-yearly basis for its perusal and that a Working Group be set up comprising Councillor Flower, Councillor Chambers and Rebecca Neill to devise a process on how to achieve this and what information to include.

James Walsh commented that Members should be mindful of where the authority lies for the scrutiny of such things and whether the Corporate Scrutiny and Performance Panel might be best placed to do this.

The Chair was also happy for the Task Group to investigate this matter and report back to the Committee.

Resolved

- (1) That Option 1 be approved as the preferred option for scrutiny of Council payments, as set out in the report now 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 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.

763/10

Review of Audit Committee effectiveness

A report was submitted:-

(see annexed)

Rebecca Neill presented the report and highlighted the salient points contained therein.

The Chair then invited Vivienne Holland from Grant Thornton, to comment on the report. Vivienne commented that all major recommendations had now been covered and she was content with the responses set out.

Discussions then focussed upon the latest situation with the appointment of an Independent Member. Councillor Douglas-Maul felt that the appointee should be competent in the remit of audit. Councillor Turner added that the appointee should also have experience of operating in a Committee system as well as audit experience. Rebecca Neill advised that she would review the system of appointments in light of Member's comments.

In closing, Councillor Chambers reported that he was impressed with the plan and that he wished to thank officers for their work undertaken on the plan. However, Councillor Chambers commented that he would wish to see the attendance of Executive Directors at some of the Committee's meetings when appropriate.

Resolved

That the draft Action Plan, as set out in Appendix 1 in the report now submitted, be agreed.

764/10

Annual audit and inspection letter 2008/09 - progress report

A report was submitted:-

(see annexed)

James Walsh, Chief Finance Officer, presented the report and highlighted the salient points contained therein. In particular, James advised Members that further update reports would be submitted to future meetings.

Resolved

That the progress in respect of the annual audit and inspection letter, as attached at Appendix 1 of the report now submitted, be noted.

765/10

European Structural Fund Objective 2 Action Plan - Progress Update

A report was submitted:-

(see annexed)

James Walsh, Chief Finance Officer, presented the report and highlighted the salient points contained therein.

Councillor Douglas-Maul commented that he felt Walsall had not received a fair amount of funding from Europe.

In relation to Item 11 on the Action Plan, Councillor Chambers asked if it had been deemed that there was a case to undertake claw back. James advised that Cabinet had looked at third party sectors and had received a report on the matter at one of their meetings. As a result of this, Cabinet had determined that no further action be taken.

Resolved

That progress on the Action Plan be noted.

766/10

International financial reporting standards presentation

Richard Walley, Lead Accountant, delivered a presentation on international financial reporting standards:-

(see annexed)

Councillor Douglas-Maul referred to the accounts being bigger and asked what the extra costs would be for the Council and whether Central Government was likely to provide any help. James responded by stating that just because the accounts were 50% bigger, and require 50% more work, the government would not be providing any additional finance and that he will have to accommodate this within his existing budgets. James agreed to investigate what the additional cost was likely to be in undertaking this work and report back to Committee.

At the conclusion of the presentation, Councillor Douglas-Maul commented that future presentations should include a glossary of terms to help Councillors understand the various acronyms used throughout.

Resolved

- (1) That the presentation be noted;
- (2) That James provide information relating to any additional costs for Walsall in administering bigger accounts to a future meeting.

767/10 **Progress on implementing Annual Governance Statement 2009/10**

A report was submitted:-

(see annexed)

James Walsh, Chief Finance Officer, presented the report and highlighted the salient points contained therein.

Councillor Flower wished to know why no response had been received in relation to the scrutiny audit highlighted on page 6. Rebecca Neill responded by stating that the most up-to-date information she had, highlighted the fact that all actions had now been implemented.

Resolved

That the progress in respect of the Annual Governance Statement 2009/10 and control weaknesses, as at Appendix 1 of the document now submitted, be noted.

768/10 **Internal audit activity for the period ending 30th September, 2010**

A report was submitted:-

(see annexed)

Rebecca Neill, Head of Internal Audit, presented the report and highlighted the salient points contained therein.

Councillor Chambers referred to the current level of achievement referred to on page 2 of the report now submitted which highlighted that the current level of achievement was at 66%. Councillor Chambers raised his concern and asked Rebecca to pass on the Committee's concerns to the Executive Directors and ensure that regular updates are brought back to Committee for monitoring.

The Chair stated that it was imperative that both the Chief Executive and Executive Directors are kept informed of these figures so that they may take appropriate action where necessary.

Resolved

That it be noted that in 2010/11 Internal Audit has delivered on its performance targets, maintaining a high level of overall performance for the year.

769/10

Private Session

Exclusion of Public

Resolved

That, during consideration of the remaining item on the agenda, the Committee considers that the item for consideration is exempt information by virtue of the appropriate Paragraphs of Part 1 of Schedule 12A of the Local Government Act, 1972, as amended, and accordingly resolves to consider that item in private session.

770/10

Internal audit activity for the period ending 30th September, 2010

A report was submitted:-

(see annexed)

Rebecca Neill, Head of Internal Audit, presented the report and highlighted the salient points contained therein.

Councillor Chambers requested further information on one of the areas of irregularity/consultancy work. Rebecca Neill agreed to provide Councillor Chambers with a briefing note.

Resolved

That the report be noted.

(Exempt information under Paragraphs 1, 2 and 7 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

Termination of meeting

There being no further business, the meeting terminated at 8.10 p.m.

Chair:

Date: