

AUDIT COMMITTEE

23rd September, 2015, 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 Sohal
Councillor Worrall (arrived at 6.03pm)

Mr Green (Independent Member)
Mrs Hepburn (Independent Member)

In attendance

Chief Finance Officer
Head of Internal Audit
Head of Finance
Executive Director (Economy and Environment)
Executive Director (Adult Social Care)
Senior Finance Manager
Lead Accountant
Corporate Performance Manager
Principal Corporate Performance Management Officer
Operational Risk, Insurance and Loss Control Manager

1305/15 Apologies / Welcome

The Chair welcomed all present to the meeting and asked everyone to introduce themselves.

An Apology was submitted on behalf of Councillor Longhi.

1306/15 Declarations of Interest

There were no declarations of interest.

1307/15 Deputations and Petitions

There were no deputations submitted or petitions received.

1308/15 **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.

1309/15 **Notification of any issues of importance for consideration at a future meeting**

There were no issues highlighted.

1310/15 **Regulation of Investigatory Powers Act (RIPA) 2000**

A report was submitted:-

(see annexed)

The Executive Director (Economy and Environment) presented the report and highlighted the salient points contained therein.

Members considered the report which provided the Committee with a summary of surveillance activities which had been undertaken by the Council under RIPA for the Year ending 31st March, 2015. In addition, an amended Corporate RIPA Policy was attached for the Committee to review.

Arising from discussion on this item, Members queried why there had been a downward trend in the number of RIPAs authorised. The Executive Director (Economy and Environment) and the Head of Internal Audit explained that the responsibility for benefits based RIPAs had been moved to the Department for Work and Pensions (DWP) which had resulted in a significant reduction in the amount RIPAs which the Council was responsible for when compared to previous years. In addition, the burden of evidence to pursue a RIPA had increased significantly due to a mandatory 'Serious Crime Test' and the method to obtain authorisation for a RIPA had changed requiring an application to a Magistrates court, both of which had contributed significantly to the reduction in RIPAs.

The Chair clarified that the practice of receiving quarterly updates on RIPA by way of email would continue with an Annual report to the Committee. The Executive Director (Economy and Environment) stated that he would be happy to continue with this practice.

Resolved that: -

1. the Council's use of the Regulation of Investigatory Powers Act (RIPA) 2000 for the year ending 31st March, 2015, be noted and it be

noted that the Committee sought assurance from the Executive Director (Economy & Environment), as the Council's Senior Responsible Officer for RIPA, that usage is consistent with the Council's Policy and Procedures;

2. it be noted that the amended Corporate RIPA Policy and Procedure was reviewed by the Committee to ensure it is current; provides the required guidance to Officers and ensures that the Authority is compliant with the legal framework.
3. the current practice of the Committee receiving an Annual report on RIPA with email updates for Committee Members on a quarterly basis be continued.

1311/15 **Change in order of Business**

Pursuant to Standing Order No. 14 (c), the Chair sought the Committee's agreement to change the order of business so that Agenda Item Nos. 10 (Risk Management Update) and 11 (Update on Residential and Nursing) [both in Private Session] be brought forward and considered next. Members were content and in agreement with this course of action.

Resolved that agenda Item Nos. 10 and 11 be brought forward on the agenda and considered as the next items of business.

1312/15 **Private Session**

Exclusion of Public

Resolved

That the next two agenda items are exempt from publication for the reasons set out therein and Section 100A of the Local Government Act, 1972 and the Committee accordingly resolves to consider those items in private.

1313/15 **Risk Management Update**

A report was submitted:-

(see annexed)

The Operational Risk, Insurance and Loss Control Manager presented the report and highlighted the salient points contained therein.

Members considered the report which provided the Committee with an update on one Corporate Risk which was exempt from publication under paragraphs 1 and 4 of Part 1 of Schedule 12a of the Local Government Act 1972 (as amended).

Members sought assurance from the Executive Director (Economy and Environment) as the Risk Owner on this particular risk that it was being managed effectively. In particular, Members queried if and when the risk in question was likely to be reduced. The Executive Director (Economy and Environment) advised that he was hopeful that the risk would be reduced before the end of the year, but it would be dependent on a number of external factors.

The Vice-Chair advised that the Portfolio Holder had assured the Ward Members affected by this risk that they would receive an update on the matter. The Executive Director (Economy and Environment) noted this fact.

The Chair and Vice-Chair reported that they felt it would be worthwhile selecting this particular risk under recommendation 3.1 of Agenda Item No. 9 (Risk Management Update).

Resolved that the Corporate Risk Register, as attached at Appendix 1, be noted.

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

1314/15 **Update on Residential and Nursing**

A report was submitted:-

(see annexed)

The Executive Director (Adult Social Care) presented the report and highlighted the salient points contained therein.

Members considered the report which provided the Committee with an update on the implementation of the Action Plan on this particular matter.

The Executive Director (Adult Social Care) provided Members with an update on the current position with Residential and Nursing and all the associated issues and complexities involved, including the progress made against the Action Plan since he had last reported on the matter at Committee.

Arising from discussions in relation to how the closure of this matter should be reported back to the Committee, it was agreed that Internal Audit would undertake a full audit of this particular matter in the New Year with a view to providing the Committee with an assurance opinion at its February, 2016, meeting.

Members expressed their gratitude to the Executive Director (Adult Social Care) and all of the staff within his Directorate who had worked tirelessly on resolving this very cumbersome and complex matter.

Resolved that: -

1. the report be noted.
2. the Committee receives a report from Internal Audit at its February, 2016, meeting with an assurance opinion regarding their full audit of this area.

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

Back in Public Session

1315/15 Corporate Performance Management Framework

A report was submitted:-

(see annexed)

The Corporate Performance Manager presented the report and highlighted the salient points contained therein. In addition, she advised that the vast majority of the measures / indicators were mandatory for which the Council had a duty to comply with.

Members considered the report which provided the Committee with an updated version of the Walsall Performance and Management Framework. The Framework detailed how the Council would ensure the delivery of the Council's Corporate Plan 2015 – 2019 and its vision and priorities, and how it secured effective and sustainable improvements for the benefit of residents of the Borough.

A lengthy discussion ensued in relation to the Performance Management Framework. Arising from those discussions, Members expressed their opinions that sections 1.3 and 5 needed to be revised to provide greater clarity of the objectives and to provide specific accountabilities / responsibilities for Senior Management and their roles within the Framework.

The Corporate Performance Manager advised that she would take on board the Committee's comments and highlight them in the covering report which recommended the Framework for Approval by Cabinet. Members stated that they would wish to receive feedback on how the documents had been revised in light of their comments. The Corporate Performance Manager agreed to circulate a copy of the amended version to all Members via the Clerk to the Committee.

Resolved that: -

1. the revised Performance Management Framework be noted;
2. the proposed basket of Performance Indicators aligned to the emerging Corporate Plan priorities be noted;

3. subject to the Framework being revised to take on board the Committee's comments, above, and it being re-circulated to all Members, and Members being content with the revisions, it be approved as robust and fit for purpose in setting out how the Council can work to ensure the delivery of its Corporate Plan and secure effective and sustainable improvements for the benefit of its residents.

1316/15

Post-Audit Statement of Accounts 2014/15 including Annual Governance Statement and Audit Findings Report

A report was submitted and a list of questions and answers was tabled: -

(see annexed)

The Chief Finance Officer introduced the report and highlighted the salient points contained therein.

The representative from Grant Thornton presented their part of the report and highlighted the salient points contained therein. In doing so, she confirmed that she was pleased to inform the Committee that Grant Thornton had provided an unqualified opinion.

Members considered the report which presented the Committee with the audited Statement of Accounts along with a summary of these, the Council's letter of representation, which the Council was required to provide to Grant Thornton, and which was signed by the Chief Finance Officer and the Chief Executive. Alongside the Statement of Accounts, the Annual Governance Statement and Grant Thornton's Audit Findings report were also provided.

Members enquired as to whether the Committee would receive a management response to the 'Amber' issues highlighted within Grant Thornton's report. The Chief Finance Officer advised that this represented Grant Thornton's opinion on the various issues. They were challenges that the Council was aware of and it would face, but the Council had mechanisms in place to deal with them. In view of this, he had not planned to provide specific responses to the 'Amber' issues. The Head of Internal Audit advised that the risks identified would be picked up via other processes and, if required, would be picked up via the Risk Management / Risk Register process. The Head of Finance reported that feedback on a number of the issues could be given to the Committee via other reports which were scheduled to come to the Committee, such as the financial Health Indicators report which was due in November. However, feedback / assurance on the 'Education Attainment' risk would only be received once it had been re-inspected. Members were content to receive feedback via the mechanisms identified.

The Chair sought clarification from Members as to how they wished to receive the responses to their questions which they had submitted prior to the meeting in relation to the accounts. The general consensus was that

Members were content with the responses unless they wished to ask a supplementary question arising from the response received.

A Member asked a follow-up question to the response given in relation to question No. 3; It was felt that the figures quoted seemed to be a high level of write-off and it was questioned if this was usual or unusual. The Chief Finance Officer advised that it was not unusual and referred the Committee to page 116 of the accounts to provide further details on this matter.

A Member asked a follow-up question to the response given in relation to question No. 12; How are pooled budget dealt with. The Senior Finance Manger advised that the Council's External Auditors would check such budgets. The representative from Grant Thornton provided clarification of the process Grant Thornton went through in relation to such matters.

A Member expressed his view that the word on the second table on page 2 (Cash?) of the Summary document was not helpful as he felt it would confuse the general public. The Chief Finance Officer advised that he would be happy to remove it from the summary if the Committee felt that it did not add any value. The Committee was content for this word to be removed from the summary.

A Member expressed his view that the Revenue Summary on page 3 could be ambiguous and requested if it could be reworded for greater clarity. The Chief Finance Officer advised that he would be happy to rename it as 'surplus'.

The Committee Members wished to extend their thanks to all of the Officers who had had an input into this report for their hard work.

The Chief Finance Officer wished to have his thanks placed on record to Grant Thornton as they approached the end of their tenure with the Council. He stated that they had always had a good relationship and he wished to thanks them for all the help they had provided over the years.

The Chair highlighted that the letter of representation was not addressed.

Resolved that: -

1. the Audit Findings report from Grant Thornton on their audit of the 2014/15 Statement of Accounts be received and the key messages, attached within Appendix 1, be noted along with the fact that there have been agreed amendments made to the accounts during the audit;
2. the letter of representation, attached at Appendix 2, be endorsed, subject to it being addressed;
3. the Post-Audit Statement of Accounts for 2014/15, including the Annual Governance Statement as attached at Appendix 3, be approved;

4. subject to the amendments suggested above, the summary of accounts, as set out at Appendix 4, be noted.
5. the Chair of the Committee be authorised to sign and date the accounts as required under the Accounts and Audit (England) Regulations 2011.
6. Chief Financial Officer (CFO) be authorised to distribute copies of the audited statement of accounts to partners and stakeholders alongside the Annual Governance Statement 2014/15.

1317/15 **Risk Management Update**

A report was submitted:-

(see annexed)

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

Members considered the report which gave an update of the Corporate Risk Register to enable the Committee to seek assurance that significant business risks had been identified and that appropriate action had been taken to mitigate against the risks.

Arising from discussions on this report, it became apparent that the descriptors for 'likelihood' and 'impact', which used to be presented along with such reports, had been omitted. The descriptors had previously been included within past reports and within the Strategy document. In view of this, it was agreed that future reports would include the descriptors.

In relation to discussions on risk No. 5, page 15, a Member advised that he was also a Member of a Corporate and Public Services Scrutiny Committee Working Group which had been established to look into such matters. In view of this, he felt it would be beneficial for the newly appointed Prevent Coordinator to link-in with the Working Group in relation to this matter.

Members discussed the various risks and agreed upon item Nos. 9 and 18 being selected as risks to have reports on at future meetings.

The Head of Finance extended the offer of a training session on risk management. Members asked that the training also be extended to other Members who were not on the Audit Committee.

Resolved that: -

1. the Corporate Risk Register, as attached at Appendix 1, be noted;
2. risk item Nos. 9 and 18 be selected for review at future meetings;

3. risk awareness training be arranged and offered to all Members of the Council.

1318/15

Farewell and Best Wishes

The Chair advised that this would be the last Committee meeting that the Head of Internal Audit (Rebecca Neill) would attend in view of the fact that she would soon be leaving to take up employment elsewhere. In view of this, he wished to extend his thanks for all the work she had done for the Committee and the Council, and for all her help she had given him since he had joined as an Independent Member of the Committee. He also extended his best wishes in her future employment.

The Vice-Chair and other Members reiterated the Chair's sentiments. The Vice-Chair also reported that he had extended his thanks to the Head of Internal Audit and past Committee Members at Council on 21st September at which he had presented the Committee's Annual report.

Termination of meeting

The meeting terminated at 7.45 p.m.

Chair:

Date: