

AUDIT COMMITTEE

Tuesday, 7th December, 2010 at 6.00 p.m.

Council Chamber Foyer at the Council House, Walsall

Present

Councillor Turner (Chairman)
Councillor Rochelle (Vice-Chairman)
Councillor Chambers
Councillor Douglas-Maul
Councillor Flower
Councillor P. Hughes
Councillor Robertson

771/10

Apology

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

772/10

Substitution

Councillor P. Hughes substituted for Councillor D. Shires for the duration of the meeting.

773/10

Minutes

Resolved

That the minutes of the meetings held on 12th October, 2010 (Special) and 25th October, 2010, copies having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as correct records.

774/10

Declarations of Interest

There were no declarations of interest.

775/10 **Deputations and Petitions**

There were no deputations submitted or petitions received.

776/10 **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.

777/10 **Notification of any issues of importance for consideration at a future meeting**

No issues of importance were notified to the Committee.

778/10 **Emergency Planning and Civil Contingencies Act arrangements**

A presentation was made by the Resilience Manager (Alan Boyd) with the aid of PowerPoint.

Councillor Robertson referred to nuclear waste being transported through the Borough on the rail network. Alan Boyd replied that this came under national security so emergency planning staff were not involved.

Councillor Douglas-Maul asked about arrangements for dealing with emergencies with other Local Authorities in the West Midlands. Alan Boyd replied that regular meetings were held with Staffordshire and Birmingham as well as the other Black Country Boroughs.

Councillor Flower asked when the Emergency Plan was activated. Alan Boyd replied that if an incident occurred in any of the Wards of the Borough, then the three Ward Councillors, the Leader of the Council and the appropriate Portfolio holder were informed. The use of the Plan was normally triggered by the emergency services.

After further discussion it was,

Resolved

That the presentation be noted.

779/10

Review of governance framework and effectiveness, including local code of governance

Bhupinder Gill made a presentation with the aid of slides, a copy of which was circulated to Members present at the meeting:-

(see annexed)

He stated that the Code of Governance had been introduced in April, 2008 and was reviewed annually. He added that the Code was up-to-date at the moment but would need reviewing in the future to take account of funding alterations, new legislation and policy changes.

Councillor Robertson referred to the cuts in service which he felt would create major concerns and asked about the Council's responsibility to local communities. Mr. Gill replied that in making decisions, the Council had to be aware of the risks involved and their effects on the wider community. He added that the Local Authority managed risks as well as it could.

Councillor Chambers referred to the impact of equality impact assessments on Council policies. Mr. Gill replied that reductions in expenditure were subject to equality impact assessments.

Councillor Douglas-Maul stated that the Council should concentrate on delivering those services which it was statutorily required to undertake. Anything else would be subject to consideration.

Mr. Gill stated that the statutory role ensured the Council did not break the law. It then depended on whether the law made a mandatory requirement on the Local Authority or a discretionary one. He added that governance across the Council could always be improved by refreshing and reminding officers regularly of the requirements placed upon them.

James Walsh commented that governance was about more than just procedures. It was about openness and responsibility; admitting to mistakes and always being willing to learn.

After further discussion it was,

Resolved

That the presentation be noted.

780/10

No or limited assurance internal audit reports

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

(see annexed)

The Head of Internal Audit (Rebecca Neill) enlarged upon the report and stated that it related to “no” or “limited assurance” reports finalised between 14th August and 3rd November, 2010. She drew attention to the contract final accounts and reported that these were described by Property Services as “legacy” accounts as they had been submitted for audit sometime after the projects had been completed. An audit review of property services’ current systems was however, recently finalised which gave a significant assurance opinion rating overall. She added that there had been no reports issued during the period with a “no assurance” rating. With regard to reports relating to schools, she indicated that none had been issued during the period which were ‘non-compliant’ with the Financial Management Standard in Schools (FMSIS) standard.

Members discussed the limited assurance reports contained in the report and it was,

Resolved

- (1) That a special meeting of the Audit Committee be convened on a date to be arranged to consider the following reports in detail:-
 - The New Art Gallery;
 - Payroll;
- (2) That Internal Audit continue to monitor the following and report back on their progress to a future meeting:-
 - The independent sector - day care, residential and nursing;
 - Community meals - contract monitoring; and
- (3) That the report be noted.

781/10

Arrangements for auditing in schools

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

(see annexed)

The Head of Internal Audit (Rebecca Neill) enlarged upon the report and stated that it dealt with the audit arrangements for the Borough’s schools, as requested by Members at the 12th October meeting of the Committee.

Councillor Robertson asked whether payments to SERCO were made using the BACS process. The Internal Audit Manager (Charles Barber) reported that there was a BACS based system within the Council but any school using an independent system was monitored by Internal Audit.

Councillor Chambers asked if the Education White Paper would have an impact. Ms. Neill replied that Internal Audit would monitor the White Paper and adapt audit processes to accommodate it accordingly.

Resolved

That the report be noted.

782/10

Audit Committee Training Needs Assessment and Plan

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

(see annexed)

The Head of Internal Audit (Rebecca Neill) enlarged upon the report and drew the Committee's attention to Appendix 2 to the report which contained the draft Training Needs Assessment and Plan for 2010/11. She indicated that it was proposed to provide training on matters before they were considered by the Committee and would consist of a twenty minute session at the start of each meeting for the remainder of the Municipal Year.

Councillor Chambers asked whether the Audit Committee meeting would still commence at 6.00 p.m. or whether it would commence earlier to allow the training session to be completed by 6.00 p.m.

Councillor Turner reported that the meetings would commence at 6.00 p.m. and the training sessions would begin at approximately 6.15 p.m.

Resolved

That the Training Needs Assessment and Plan be approved.

783/10

Options for Appointment of Independent Member to Audit Committee

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

(see annexed)

The Head of Internal Audit (Rebecca Neill) enlarged upon the report and stated that an Independent Member had been appointed during the 2008/09 Municipal Year and had attended three meetings of the Committee. There had been a vacancy since then, despite efforts being made to appoint a further Independent Member. She asked for the Committee's views on the appointment of a new Independent Member.

Members felt that one Independent Member should be appointed and that the remit contained in Appendix 2 to the report should be approved. The appointment should be for two years and the successful candidate should receive travelling and subsistence expenses only.

Members asked if the Independent Member would receive any training. Rebecca Neill replied that the successful candidate would be subject to an induction process.

Discussion ensued as to the make up of the selection panel and it was suggested that the panel should comprise three Members of the Audit Committee, together with the Assistant Director - Finance and Head of Internal Audit.

After further discussion it was,

Resolved

That the Committee agrees:-

- (1) That one Independent Member should be appointed;
- (2) That their role should follow the remit set out in Appendix 2 to the report now submitted;
- (3) That their term of appointment should be for two years;
- (4) That the Independent Member should be entitled to travelling and subsistence expenses only;
- (5) That the selection panel should consist of three Members of the Audit Committee, together with the Assistant Director - Finance and Head of Internal Audit.

784/10

Corporate financial performance 2010/11

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

(see annexed)

Resolved

That the Committee notes the currently predicted year end forecasts and the action being taken to address them.

785/10

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.

786/10

Risk Management Update 2010/11 - Quarter 2 Review

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

(see annexed)

The Risk and Insurance Manager (Ann Johnson) enlarged upon the report and drew the Committee's attention to Appendix 1(1) which showed those risks which had been removed from the register. She also referred to Appendix 2 to the report which showed the risks previously selected for scrutiny. She drew the Committee's attention to Risk No. 11 - Lack of agreed explicit operating model for adequate support services - which had risen during 2010 and now had a red rating and explained why it had increased. She added that CMT would be reviewing the risk register at the annual risk register workshop to be held on 16th December, 2010 and any changes would be reported to the February meeting of the Committee.

Resolved

That the Committee:-

- (1) Receives the updated corporate risk register (CRR) contained in Appendix 1 to the report now submitted and notes the changes (Appendix 1(i) refers);
- (2) Notes that the Corporate Management Team will be undertaking their annual risk workshop to completely review and, where appropriate, refresh the entire register on 16th December, 2010. This matter will be brought to the February meeting of the Committee;

- (3) Notes the attached analysis chart which outlines the risks identified by Audit Committee from Quarter 2 of 2009/10 to Quarter 2 of 2010/11 (Appendix 2 refers) and agrees to consider Risk 11 at a future meeting of the Committee.

(Exempt information under Paragraphs 1 and 4 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 8.15 p.m.

Chair:

Date: