

Audit Committee - 11 November 2013

The Annual Audit Letter for Walsall Metropolitan Borough Council – Year ended March 2013 (Actions arising from Annual Audit Letter)

1. Purpose of report

To report to Audit Committee the actions arising from the work Grant Thornton have carried out at Walsall Metropolitan Borough Council for the year ended 31st March 2013 in relation to the section 11 recommendation hereto.

2. Recommendations

- 2.1 That the Audit Committee note the content of the Annual Audit letter.
- 2.2 That Audit Committee refer the Annual Audit letter to Council for consideration in accordance with the recommendations contained in the Annual Audit letter, at pages 5 and 6 of the same, and decide on the relevant action required as a consequence.
- 2.3 To note the establishment of a governance group and the work activity.



James T Walsh
Assistant Director of Finance
(Chief Finance Officer)
1 November 2013



Anthony Cox
Head of Legal and Democratic Services
1 November 2013

3. Report detail

- 3.1 The audit committee has received the annual audit letter which is on tonight's agenda. This report details the actions necessary to respond to the section 11 recommendation and details the work and action undertaken so far.

The council's external auditors, Grant Thornton issues an annual audit letter which summarises their key findings arising from work they have carried out with the council for the year ended 31 March 2013 (Appendix 1 hereto agenda item 11). The work comprises three main areas:

- Auditing the 2012/13 accounts and Whole of Government Accounts submission.
- Assessing the council's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- Certification of grant claims

The letter is intended to communicate key messages to the council and external stakeholders, including members of the public.

The council is responsible for preparing and publishing its accounts, accompanied by an Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy efficiency and effectiveness in its use of resources.

The Annual Audit letter identifies governance as a key area for the Council to be aware of following the council itself recognising significant governance issues that have occurred during 2011/12 and 2012/13. This is detailed at page 5 of the Annual Audit letter.

Prior to publication of the Annual Audit letter the council has established a corporate Governance Forum; chaired by the Chief Executive, to carry out a review of governance, to try to ensure that risks of governance failure are minimised. The group will be reviewing the policies and procedures comprising the governance framework and the ethics of the organisation. The Corporate Governance group met in May 2013.

The purpose of the group is to ensure that the Council's governance arrangements are as fit for purpose for the future as they can be.

- The review will form part of the production of the Annual Governance Statement for 2013/14.
- The group will identify any gaps in governance and make recommendations to rectify the same.
- The groups actions will be reported back to elected members through Audit Committee.

The group have reviewed the Local Code of Governance and this will be presented at the next Audit Committee meeting for consideration and endorsement.

Grant Thornton have acknowledged the action that the council has taken which therefore meant they did not have to qualify the Value for Money conclusion in its annual audit letter, and could certify the audit as complete. They have however made a formal recommendation in the Annual Audit letter, under s11 of the Audit Commission Act 1998 that the council consider the following recommendation at a public meeting of the Council and decide what action to take in response.

The recommendation is:

“The Council should review existing governance processes and procedures including a review of how governance is applied across the Council to ensure that expected ethical standards are reinforced and that a culture of compliance is embedded throughout the organisation.”

4.0 Resource and legal considerations

The council are required by s11 Audit Commission Act 1998 to report the recommendation contained in the Annual Audit letter at a public meeting of the council. S12(1) of the same act requires that the council give at least seven clear days notice of the meeting, such notice to be given through advertisement in a newspaper circulating in the area of the council concerned, setting out the purpose of the meeting to consider the recommendations as set out.

5.0 Citizen impact

At the meeting a summary of the decisions made either agreeing or disagreeing with the recommendations have to be placed in the same newspaper within seven days of the meeting.

The committee's work is a major aspect of the council's corporate governance framework. Its wide-ranging remit includes ensuring that effective systems of internal control and internal audit are in operation, considering internal audit reports (including management responses to agreed action plans), reviewing the quality assurance and performance management processes and calling officers and members to inform its work. This also provides assurance to local tax payers and other stakeholders regarding the security of the council's operations.

6.0 Environment impact

None arising directly from this report.

7.0 Performance and Risk Management Issues

The audit committee plays an important role in considering the arrangements for, and the merits of, operating governance and performance management processes. This includes a key role in reviewing the mechanisms for the assessment and management of risk and overall arrangements as set out in the corporate integrated planning and performance framework.

8.0 Equality Implications

Sound systems of governance and ethical behaviour are essential to the fair delivery of service.

Background papers

Annual Audit Letter, Grant Thornton LLP October 2013.

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