

AUDIT COMMITTEE

Monday, 14th June, 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 Robertson
Councillor D. Shires

710/10

Apology

An apology was received on behalf of Councillor Flower.

711/10

Minutes

The minutes of the meeting held on 13th April, 2010 were submitted:-

(see annexed)

Resolved

That the minutes of the meeting held on 13th April, 2010, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

712/10

Matters arising from the minutes

Councillor Rochelle wished to receive updates in relation to Minute No. 709/10 Resolution (1) and (2). Furthermore, Councillor Rochelle wished to receive an update on the Exit Strategy for PCSOs.

Resolved

That updates on the above matters be reported back to a future Audit Committee.

713/10

Declarations of Interest

Councillor Robertson declared a prejudicial interest in relation to any matters arising in relation to New Deal as he was a Director. Councillors Rochelle and Robertson advised that they were members of organisations which received ERDF funding and declared an interest should any discussions arise from the agenda Item No. 10 European Structural Fund Objective 2 Action Plan.

714/10

Deputations and Petitions

There were no deputations submitted or petitions received.

715/10

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.

716/10

The roles and responsibilities of the Audit Committee

A report was submitted:-

(see annexed)

James Walsh, Assistant Director, Finance presented the report and highlighted the salient points contained therein.

In particular, James highlighted the significant changes from previous years, including that any areas already identified where it had been identified that there was no or little assurance, would automatically be brought to Committee for consideration.

The Committee held a lengthy debate in relation to bringing back assurances in relation to external funding. The Chief Executive advised that the vast majority of grants were awarded successfully with the exception of the ERDF issue. To look at grant funding in general would prove too large a remit and some parameters would prove useful.

James Walsh and Internal Audit representatives reminded the Committee that all areas and risks where limited or no assurance were identified would automatically be brought back to Committee for consideration.

Furthermore, the Committee were reminded that the work programme could be amended and added to throughout the year should they wish to consider any further matters.

Resolved

That the contents of the report be noted and the work plan as set out in Appendix 1 of the report now submitted be approved.

717/10 **Internal Audit activity for the year ending 31st March, 2010**

A report was submitted:-

(see annexed)

Charles Barber, Audit Manager, presented the report and highlighted the salient points contained therein.

In particular, Charles highlighted the fact that all of the Audit vacancies had now been filled with the exception of the Chief Internal Auditor Manager. It was hoped that an appointment would be made in the next few months.

Members were pleased that the current level of achievement had now gone up to 87% but also noted that the target of 95% was still yet to be achieved.

Resolved

That it be noted that in 2009/10 Internal Audit has delivered on all its performance targets maintaining a high level of overall performance for the year.

718/10 **Annual report of the Chief Internal Auditor into the overall adequacies of the internal control environment**

A report was submitted:-

(see annexed)

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

As a part of her presentation, Rebecca highlighted the fact that all limited or no assurance audit opinions would automatically come before the Committee for its consideration.

The Chief Executive encouraged the Committee to call upon Heads of Service and Executive Directors to come along and explain the situation behind any limited or no assurance audit opinions.

Resolved

That the contents of the report be noted.

719/10 Accounting Policies 2009/10 - Annual Update

A report was submitted:-

(see annexed)

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

James then invited Dan Mortiboys, Financial Reporting Manager, to present the report in further detail and, in doing so, he highlighted that only minor changes had been made.

Resolved

- (1) That the accounting policies for the financial year 2009/10, as attached to the report now submitted, be approved;
- (2) The changes in accounting standards be noted.

720/10 European Structural Fund Objective 2 Action Plan

A report was submitted:-

(see annexed)

The Chief Executive presented the report and highlighted the salient points contained therein. In doing so, he drew Member's attention to the fact that the draft Appointments Board meeting minutes from the meeting held on Wednesday, 12th May, 2010 were appended to the report.

In particular, Members sought assurances that such events could never occur again. The Chief Executive and the Executive Director for Resources highlighted the various system changes and mechanisms put in place to help avoid any such occurrences being repeated.

Further to Minute No. 698/10, Councillor Chambers reported that he had still not received a response to the four questions he had raised at the meeting held on 24th March, 2010. The Chief Executive apologised and stated that he could provide answers to two of Councillor Chambers' questions, but would need to investigate further for the remaining two.

In relation to the question "Does the Council have insurance which offers cover for the competence of officers?" the Chief Executive responded by saying that the Council did not have such insurance. In relation to the question "What effect, if any, had there been on performance related pay of the officers in question?" the Chief Executive responded by saying that this had not yet been established but assured Members that the issue had not gone away and he would be pursuing it.

The Chief Executive stated that he would get a reply to the remaining questions and asked Members how they would wish for it to be reported back. Councillor Chambers requested that any responses come directly to the Committee.

Finally, Members asked what would be the likely outcome of any claw back claims and how that might be undertaken. The Chief Executive assured that it would be done on a case by case basis and a judgement call would need to be applied in every case based on their individual merits and circumstances.

Resolved

- (1) That the Action Plan, as contained in Appendix 1 of the report now submitted be agreed;
- (2) That future reports from the Chief Executive confirming the implementation of the Plan and achievements on the desired outcomes be received;
- (3) That the draft minutes of the Appointments Board meeting held on 12th May, 2010 be received;
- (4) That the Chief Executive reports back to the Committee on the outstanding matters raised by Councillor Chambers above.

721/10

Grants Report 2008/09

A report was submitted:-

(see annexed)

Jon Roberts and Kyla Bellinghall from Grant Thornton, presented the report and highlighted the salient points contained therein.

Both Members and the Chief Executive sought assurances in relation to 2.17 to 2.19 of the report in relation to New Deal. Members were assured that this was as a result of minor administrative and process flaws.

Vicky Buckley, Head of Corporate Finance, informed Members that she had been working closely with New Deal Finance to ensure that any such occurrences did not happen again and also reported the various mechanisms that were now in place to help achieve this. Furthermore, Rebecca Neill gave assurances to Members that Internal Audit were keeping a close eye on the situation.

Resolved

That the recommendations issued by Grant Thornton and actions being taken to address these issues be noted.

722/10

Decisions taken under Delegated Authority

A report was submitted:-

(see annexed)

James Walsh informed the Committee that the reports before Members were for information only and were brought to the Committee due to a Constitutional requirement.

Resolved

That the various reports as now submitted in relation to decisions taken by Executive Directors under delegated authority be noted.

723/10

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.

724/10

Internal Audit Activity for the year ending 31 March, 2010

A report was submitted:-

(see annexed)

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

Resolved

That the contents of the report and Appendix as now submitted 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 7.50 p.m.

Chair:

Date: