

A T A M E E T I N G
- of the -
AUDIT COMMITTEE held at the
Council House, Walsall, on
Thursday, 22 July 2004, at
6.00 p.m.

PRESENT

Councillor Turner (Chairman)
Councillor Martin (Vice-Chairman)
Councillor Anson
Councillor Chambers
Councillor Cook
Councillor Griffiths
Councillor D. Pitt

CHANGES IN MEMBERSHIP

86. The committee noted the under-mentioned changes in membership for the duration of the meeting:-

Delete:	Councillor Robertson
Substitute:	Councillor Anson
 Delete:	 Councillor Mrs. Shires
Substitute:	Councillor Cook

MINUTES

Resolved

87 That the minutes of the meeting held on 29 March 2004, a copy having been circulated to each member of the committee, be approved and signed by the chairman as a correct record.

DECLARATIONS OF INTEREST

88. There were no declarations of interest.

DEPUTATIONS AND PETITIONS

89. No depositions were received or petitions submitted.

LATE ITEMS TO BE INTRODUCED BY THE CHAIRMAN

90. There were no late items to be introduced by the chairman.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT, 1985

Resolved

91. 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 by reason of Section 100A of the Local Government Act, 1972.

NON-EXECUTIVE FUNCTIONS

ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

92. The report of the Executive Director was submitted:

(see annexed)

Carole Evans enlarged upon the report and drew attention to the four main areas of work undertaken by the committee. She drew attention to paragraph 3 of the report regarding training available to members during the Summer. She added that within the session Brian Warwick would input on the role of the Audit Commission; Ann Johnson would outline risk management and David Blacker would cover Internal Audit in addition to a general overview of the role of the Committee.

After further discussion it was:

Resolved

93.

- (1) That the report be noted;
- (2) That training would be provided to members on the role of the Committee and this would be provided in one evening session lasting approximately two hours.

EXTERNAL AUDIT OUTLINE AUDIT PLAN

94. The report of the District Auditor was submitted:

(see annexed)

Brian Warwick advised the meeting that a forward plan would normally be available to the committee indicating the work the Commission intended to carry out during the year. However, work on the comprehensive performance assessment report had meant a delay in producing the plan which would be ready for the next meeting. He drew the committee's attention to the inspection plan and reported that the annual audit letter would be submitted to this committee before being referred to Council prior to 31st December, 2004.

Members asked a number of questions regarding the Audit Commission's activities which Brian Warwick responded to.

Resolved

95. That the broad outline of the Audit Committee audit and inspection plan be noted.

INTERNAL AUDIT: PERFORMANCE INDICATOR INFORMATION FOR THE YEAR ENDED 31 MARCH 2004

96. The report of the Executive Director was submitted:

(see annexed)

David Blacker enlarged upon the report and drew attention to the table on page 3 of the report which showed that the service had satisfied all of its performance targets in 2003/04. Referring to paragraph 1.3 of the report, which relating to recommendations confirmed as actually implemented at next audit visit, he advised that the percentage achieved had fallen in 2003/04, but a more pro-active approach to this matter had been taken and it was likely that the figure for 2004/05 would show a significant improvement.

Councillor Chambers referred to paragraph 1.6 of the report and asked if data from neighbouring West Midlands authorities would be made available to members for comparison purposes. David Blacker undertook to include this information in the next quarterly report along with relevant data from the family grouping within the CIPFA benchmarking club.

Councillor Turner suggested that, if General Managers did not implement agreed recommendations, then he should write to their Executive Director and their Portfolio Holder in order to ensure that recommendations were implemented. Carole Evans commented that establishing this as a next step was acceptable and may help tackle any residual resistance.

Councillor Chambers questioned whether certain targets were set too high. Carole Evans replied that target levels were set between aspiration and challenge. She added that "raising the bar" helped to ensure compliance and improve performance.

After further discussion it was:

Resolved

97.

- (1) That the service's high level of achievement during the year against its performance indicator targets be noted;
- (2) That staff be thanked for their hard work in ensuring targets were met.

CORPORATE ARRANGEMENTS FOR RISK MANAGEMENT

98. The report of the Executive Director was submitted:

(see annexed)

Ann Johnson explained the Audit Committee's role in risk management and distributed a copy of the Council's risk management policy to members present at the meeting:

(see annexed)

She advised that the Council had to demonstrate that, in making decisions, it had considered all the risks before coming to those conclusions.

After further discussion it was:

Resolved

99. That the committee:

- (1) notes the contents of the report;
- (2) formally acknowledges the committee's responsibility to ensure risk is identified and managed effectively; to ensure that risk management activity takes place both strategically and operationally in all directorates and to ensure that risk is embedded throughout the organisation in mainstream activity.

ANNUAL AUDIT LETTER 2002/03 –
PROGRESS REPORT

100. The report of the Executive Director was submitted:

(see annexed)

Andy Burns reported that this was the second follow-up report to last year's annual audit letter. He added that it used the "traffic light" system to categorise performance and the appendix to the report contained 20 green lights, 1 amber and 2 red.

Referring to the amber light on page 6 of the appendix to the report, Andy Burns reported that plans were in place to implement the recommendations by December 2004.

With reference to the red traffic light on page 3 of the appendix, which related to 59% of targets not being met, Andy Burns commented that some of the targets set had been unrealistic. Improvements were being put into place to improve the situation and these actions would be reported to Cabinet in September.

With regard to the red traffic light on page 8 of the appendix, Andy Burns indicated that there had been a slight reduction in the collection rate for business rates. However, the collection rate for council tax had improved considerably so the overall picture was good. He indicated that collection of business rates should be back on track by the end of the year.

Councillor Cook referred to the use of direct debit in paying council tax and business rates bills. Carole Evans reported that the take-up of direct debit was increasing slowly and it had the advantage of being paid over 12 monthly instalments rather than over 10 which meant lower payments.

Following a number of questions from members it was:

Resolved

101. That the committee notes progress against the key issues identified and agrees to receive further progress updates throughout the audit year.

EXTERNAL AUDIT PROGRESS REPORT

102. The report of the District Auditor was submitted:

(see annexed)

Brian Warwick enlarged upon the report and highlighted significant issues.

After detailed discussion it was:

Resolved

103. That the committee notes the progress of the Audit Commission's audit and inspection work.

PRIVATE SESSION

Exclusion of Public

Resolved

104. That, during consideration of the remaining items on the agenda, the Committee considers that the items for consideration are exempt information by virtue of Part 1 of Schedule 12(A) of the Local Government Act, 1972, and, accordingly, resolves to consider these items in private session.

INTERNAL AUDIT REPORT FOR THE YEAR ENDING 31 MARCH 2004

105. The report of the Executive Director was submitted:

(see annexed)

David Blacker enlarged upon the report and asked members to select a sample of completed audit reports for detailed scrutiny. Following a detailed discussion members selected Streetly crematorium and catering stores for detailed scrutiny.

Resolved

106. That the committee:

- (1) notes the service's high level of achievement during the year against performance indicator targets;
- (2) selects Streetly crematorium and catering stores for detailed scrutiny.

(Exempt information by virtue of paragraphs 1, 5, 7 & 14 of Part 1 of Schedule 12A of the Local Government Act, 1972)

INTERNAL AUDIT: RISK ASSESSED AUDIT PLAN 2004/05

107. The report of the Executive Director was submitted:

(see annexed)

David Blacker enlarged upon the report and drew attention to paragraph 2.3 regarding audit risk assessment methodology. He indicated that the council's approach was similar to that used by Manchester City Council – a good authority in comprehensive performance assessment terms.

Referring to the appendix to the report, David Blacker indicated that this contained audit's operational plan for the year.

Resolved

108. That the committee notes internal audit's work plan for 2004/05.

(Exempt information by virtue of paragraphs 5 & 7 of Part 1
of Schedule 12A of the Local Government Act, 1972)

TERMINATION OF MEETING

There being no further business, the meeting terminated at 7.40 p.m.

Chairman:

Date: