

AUDIT COMMITTEE

Monday 26th September, 2016, 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 Washbrook
Councillor Young

Mr Green (Independent Member)

In attendance

Head of Finance
Regulatory Services Manager Community Protection
Senior Finance Manager
Senior Accountancy Officer
Lead Accountant

Representative of Mazars
Representatives of Ernst and Young

63/16 Welcome / Apologies

The Chair welcomed all in attendance.

64/16 Minutes

A copy of the minutes of the meeting held on 5th September, 2016, was submitted:-

(see annexed)

Resolved

That the minutes of the meeting held on 5th September, 2016, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

65/16 **Declarations of Interest**

The Chair declared an interest on any item within the agenda which referenced Walsall Adult and Community College (WACC) in view of the fact that he was Vice-Chair of the Board.

66/16 **Deputations and Petitions**

There were no deputations submitted or petitions received.

67/16 **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.

68/16 **Notification of any issues of importance for consideration at a
future meeting**

There were no issues highlighted.

69/16 **Regulation of Investigatory Powers Act (RIPA) 2000**

A report was submitted and an amended Corporate RIPA Policy was tabled:-

(see annexed)

The Regulatory Services Manager presented the report and highlighted the salient points contained therein.

The report provided the Committee with: -

- the outcome of the inspection by the Office of the Surveillance Commissioner (OSC) which had taken place on 9th June, 2016, and the Council's response;
- a summary of surveillance activities undertaken by the council under the Regulation of Investigatory Powers Act (RIPA) 2000 for the year ending 31st March, 2016; and

- an opportunity to review the Corporate RIPA Policy and Procedures to ensure it was current; provided the required guidance to officers and ensured that the Authority was compliant with the legal framework.

The Committee sought assurance that sufficient procedures were in place to ensure that recently departed Authorising Officers were replaced promptly.

A Member queried if successful prosecutions were publicised to help act as a deterrent. The Regulatory Services Manager advised that prosecutions were indeed publicised via various methods, but the press didn't always address them. A request was made for the figures, in relation to successful prosecutions, to be circulated to Members for their information.

Resolved that: -

1. the outcome of the inspection by the Office of the Surveillance Commissioner (OSC) which took place on 9th June, 2016, together with the Council's response, be noted;
2. the Council's use of the Regulation of Investigatory Powers Act (RIPA) 2000 for the year ending 31st March, 2016, be noted and it be noted that assurance was sought from the Executive Director (Economy and Environment) as the Council's Senior Responsible Officer for RIPA, that usage is consistent with the Council's policy and procedures.
3. it be noted that the tabled Corporate RIPA Policy is current, provides the required guidance to Officers and ensures that the Authority is compliant with the legal framework.

70/16

Risk Management Update

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein.

The report provided the Committee with an update on the corporate risk register (CRR) which enabled the Committee to be satisfied that significant business risks had been identified and appropriate action was taken to manage those risks. This register had been reviewed by the Corporate Management Team (CMT) at their meeting on 15th September, 2016.

Members sought an assurance in relation to Risk 9 (Organisational Change) as it was felt that there could be an increased risk of fraud misuse with a reduction in management and overall capacity. The Head of Finance advised that the risk would potentially increase with the organisation becoming smaller. However, the key to mitigation, with regard to this matter, hinged upon ensuring that key controls were in place to help identify and focus on key risk areas.

Members also sought assurance in relation to how often risks were reviewed, particularly those where the risk had increased. The representative of Mazars advised that the register was considered by CMT on a regular basis. Internal Audit also undertook an annual review of the controls which were in place so that they could provide an assurance opinion.

The Independent Member queried if the likelihood and impact descriptors were correct in view of the fact that it appeared, to him, to be the wrong way around as usually the impact was higher than the likelihood. The representative of Mazars agreed to investigate this matter. In addition, he queried the relationship between Risks 3a and 3b as it appeared that the mitigation seemed to be the risk itself and he asked if this could be reviewed. The representative of Mazars agreed to take on board the comments and address the matters raised at the next review.

Resolved that corporate risk register be noted.

71/16

Post – Audit Statement of Accounts 2015/16 including Annual Governance Statement and Audit Findings Report

A report was submitted. A list of questions and answers in response to questions a number of Members had previously submitted in advance of the meeting was also tabled:-

(see annexed)

The Head of Finance introduced the report and the representatives from Ernst and Young presented the report and highlighted the salient points contained therein.

The report presented the audited Statement of Accounts along with a summary, the Council's letter of representation, which the council was required to provide to Ernst & Young, which was also required to be signed by the Chief Financial Officer and Chair of the Audit Committee.

In particular, Members noted the 'un-adjustment' in relation to Oak Park Leisure Centre which was highlighted within Ernst and Young's report. However, the Committee was in agreement with management's decision not to adjust the accounts and their reasons for doing so.

A Member sought an assurance in relation to the Council's debt provision. The Head of Finance provided an assurance that the Council did and would continue to seek to recover debt.

A Member queried if the anticipated impairment of doubtful debts, which was currently set at 18.43%, was sufficient. The Head of Finance advised that debtors were reviewed on a monthly basis and the figure could go up or down and a judgement was made, as appropriate.

A small number of typographical errors on the summary document were identified for Officers to correct in the final version. The Chair also advised that he would like to see reference to the 'negative net worth' removed from page 5 of the summary document as well.

A Member queried if the Council utilised bailiffs to secure payments against bus lane fines. The Head of Finance agreed to investigate this matter outside of the meeting and report back directly to the Member concerned.

In closing, the Committee wished to have its thanks recorded in relation to all the hard work undertaken by the finance team in producing the accounts.

Resolved that: -

1. the audit findings report from Ernst & Young on their audit of the 2015/16 statement of accounts, as well as the key messages (Appendix 1), be received and it be noted that there have been agreed amendments made to the accounts during the audit.
2. the letter of representation (Appendix 2) be endorsed;
3. the post-audit statement of accounts for 2015/16 including the Annual Governance Statement (Appendix 3) be approved;
4. the summary of accounts (Appendix 4) be noted;
5. approval be given to the Chair of the Committee to sign and date the accounts as required under the Accounts and Audit (England) Regulations 2015;
6. the Chief Financial Officer (CFO) be authorised to distribute copies of the audited statement of accounts to partners and stakeholders alongside the Annual Governance Statement 2015/16.

72/16

Internal Audit Progress Report Quarter 2 2016/17

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein.

The report provided the Committee with an update on Internal Audit's progress for 2016/17.

Members commented that they were content with the revised reporting format and the information contained therein.

Following an update on particular items of interest to the Committee, it was agreed that the Mental Health (Follow Up) report be called in at the next Committee meeting to provide Members with an assurance that it was being managed effectively.

The Head of Finance sought the Committee's view regarding whether it would also wish to receive a progress report at the next meeting on this matter. Members agreed that they would wish to receive a progress report in addition to inviting the Lead Officer along to the next meeting of the Committee to provide an assurance that this particular item was being managed effectively.

In relation to the Looked after Children report, a Member queried why it was listed as a priority, but no specific dates had been provided. The representative of Mazars and the Head of Finance agreed to obtain this information and provide the dates directly to Members following the meeting.

Resolved that: -

1. the corporate risk register be noted;
2. a progress report on the Mental Health Audit (Follow Up) be scheduled for the next meeting of the Committee and that the Lead Officer be invited to provide the Committee with an assurance that this matter is being managed effectively.

73/16

Private Session

Exclusion of Public

Resolved

That, during consideration of the remaining items on the agenda, the Committee considers that the items for consideration are exempt information for the reasons set out therein and Section 100A of the

Local Government Act, 1972, and accordingly resolves to consider the items in private.

74/16 **Internal Audit Unplanned Activity Report 2015/16**

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein.

The report provided an update for ongoing unplanned audit work which commenced during year ending 31st March, 2016.

Members sought and obtained an update from Officers on a particular issue of interest

Resolved that report be noted.

(Exempt information by virtue of Paragraphs 1, 2, 3 and 7 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

75/16 **Risk Management Update – Risk 18**

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein.

The report provided the Committee with an update of the corporate risk register (CRR), specifically in relation to Risk 18.

Members requested a progress report on this matter to be submitted to the Committee's February, 2017, meeting.

The Independent Member requested that the likelihood and impact descriptors appeared, to him, to be the wrong way round and asked if it could be investigated. Furthermore, he requested that in future, where there was more than one risk associated with a particular item, further details in relation to which of the risks were considered to be significant and which were not also be provided.

Resolved that corporate risk register (Risk 18) be noted and that a progress report on Risk 18 be scheduled for the Audit Committee at its meeting on 27th February, 2017.

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

Termination of Meeting

The meeting terminated at 7.05 p.m.

Chair:

Date: