

AUDIT COMMITTEE

Monday 23rd February, 2015 at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Mr F Bell (Chairman and Independent Member)
Councillor Illmann-Walker (Vice-Chairman)
Councillor Barker
Councillor Chambers
Councillor Craddock
Councillor Hughes
Councillor Robertson

In attendance

Chief Executive
Chief Finance Officer
Head of Internal Audit
Representative from Grant Thornton

The Interim Executive Director – Social Care and Inclusion attended for Item 12 only (No and Limited Assurance Internal Audit Reports)

1246/15

Apologies

Apologies were received from Councillor Flower, Mr Green and Mrs Hepburn.

The Chair reported that this would be the last meeting which Nicola Coombe (Representative from Grant Thornton) would attend at Walsall Council as she was due to go on maternity leave in the near future.

All Committee Members expressed their best wishes to Nicola and thanked her for her service and hard work.

1247/15

Minutes

The minutes of the meeting held on 5th January, 2015, were submitted:-

(see annexed)

The Clerk advised that there were two errors in the minutes where words had been omitted.

The first was on page 4 in relation to the final sentence on the bottom bullet point. The final sentence should read; "... the Code of Conduct specifically requires staff to be aware of the policies and procedures that are relevant to **them**."

The second was on page 9 in relation to the second bullet point. This should read; "how confident the Interim Executive Director was that the actions would **be** implemented within the timescales identified."

Resolved that the minutes of the meeting held on 5th January, 2015, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record, subject to the amendments identified above.

Further to Minute No. 1245/15 (No or Limited Assurance Internal Audit Report), Councillor Illmann-Walker referred to the Briefing Note which had been sent out in response to the Committee's request, as detailed in that Minute, and questioned whether or not the Committee felt that it answered / addressed the issue raised. Following a discussion on the matter, the Committee formed the opinion that the response contained within the Briefing Note did not answer or address the issue which the Committee had originally raised. In view of this, the Committee: -.

Resolved that the Interim Executive Director – Social Care and Inclusion prepares and circulates a further Briefing Note to Members which specifically addresses and answers the original query which had been posed by the Committee at its meeting on 5th January, 2015.

1248/15 **Declarations of Interest**

There were no declarations of interest.

1249/15 **Deputations and Petitions**

There were no deputations submitted or petitions received.

1250/15 **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.

1251/15 **Notification of any issues of importance for consideration at a future meeting**

There were no issues raised.

1252/15 **Independent Member to Audit Committee: Mr. A. Green's Term of Office Expiry**

A report was submitted:-

(see annexed)

The Chief Finance Officer presented the report and highlighted the salient points contained therein.

Members considered the report and the options available, as set out in the recommendations.

Members expressed their gratitude in relation to the service Mr Green had given to the Committee thus far and stated that he had brought a wealth of experience and expertise that would be sorely missed if his Term of Office was not extended.

In view of this, the Committee duly: -

Resolved that Council be recommended to approve an extension to Mr Green's Term of Office as Independent Member on the Audit Committee, commencing from the start of the 2015/16 Municipal Year and expiring at the conclusion of the 2016/17 Municipal Year.

1253/15 **Submission of Corporate Risk for Scrutiny**

A report was submitted:-

(see annexed)

The Chief Executive presented the report and highlighted the salient points contained therein.

Members considered the report and sought an assurance from the Chief Executive that the risk was being managed effectively.

The Chief Executive advised that this risk existed in its current form as a result of an amalgamation of five individual risks. He stated that this risk was indicative of the scale and nature of the necessary changes required as a result of reduced budgets arising from a reduction in funding by Central

Government and the associated savings which would have to be made as a result. Over the next 4 years, the Council would be £100 million smaller and it would also, by virtue of the reductions, have to undertake less in the future whilst efficiently maintaining core services to high standard. The challenge was not one that Walsall faced alone as all Local Authorities across the Country were also in a similar position.

The Chief Executive reported that he envisaged that one of the more challenging issues arising as a result of the reductions would be how to convey such information to the people of Walsall. The Council would need to ensure that the public were fully aware of the challenges the Council faced going forward and how services would diminish / operate in the future. It would be a case of managing perceptions and expectations sufficiently and effectively.

Some services would have to be undertaken by Partner Organisations and Community / Voluntary Groups for which there were conversations currently being undertaken. The Third Sector, in particular, was an area where there was potential to explore its capacity and assess its capabilities to establish what opportunities could be available. This area was currently being explored and Cabinet had provided Walsall Voluntary Action (WVA) with some funding to consider how they could help address this matter. Having got a slightly longer term budget proposal this time round, the Chief Executive stated that he was more optimistic about the proposals.

The Chief Executive advised that he felt Scrutiny was an area in which the Council had historically not operated to its fullest potential and he felt that further work was required by both Members and Officers to endeavour to achieve a better Scrutiny function. There was capacity for Scrutiny to use its power to the fullest and influence and suggest alternatives.

Councillor Chambers advised that there was a conversation currently being held with the Lead Scrutiny Officer in relation to reviewing the Scrutiny process which would help the Council establish where improvements could be made.

Councillor Robertson stated that Scrutiny could be effective, but clearly improvements were required. In addition, he welcomed the news that the voluntary sector was being consulted.

Councillor Barker referred to 'devolution' and asked the Chief Executive if he anticipated any money as a result of this coming into the control of the Local Authority. He also queried if other Local Authorities had been contacted to see if any good practice could be learned / shared.

The Chief Executive stated that he did not anticipate the Government giving up funds too easily. In addition, he stated that both the Labour Party and Conservative Party, at a national level, were using similar language which appeared to suggest that 'Combined Authorities' could be likely. This would mean Local Authorities working collaboratively to coordinate certain

functions for which funding bids could be made. The Black Country Local Authorities were already working together on a number of matters. He anticipated that the scale of devolution would be modest at best and the issue was still very much 'up in the air'.

In relation to the query on whether other Local Authorities had been contacted, the Chief Executive advised that there had been discussions with other Council's. As previously stated, Cabinet had provided the voluntary sector with some funding and asked them to 'go and learn' from other areas. However, this had not come to fruition as yet. More work was required in this area.

The Chair queried if any alternatives to WVA had been considered.

The Chief Executive reported that if the WVA cannot meet the desired requirements, other options available at present could be missed. In view of this, the Council was open to suggestions.

Councillor Robertson advised that there was the opportunity to second Officers to such organisations to help out with the initial set-up, running and governance arrangements of certain services / functions.

There being no further questions / comments, the Chair thanked the Chief Executive for the update.

Resolved that the report be noted.

1254/15 **Financial Health Indicators 2014/15**

A report was submitted:-

(see annexed)

The Chief Finance Officer presented the report and highlighted the salient points contained therein. In doing so, he advised that there was nothing in particular arising from the report which he needed to bring to the Committee's attention.

Members considered the report and sought assurance in relation to the Financial Health Indicators for 2014/15.

The Chief Finance Officer referred to Minute No. 1216/14 (Financial Health Indicators 2014/15) and advised that, further to this request, the Council's payment of creditors in accordance with the terms and conditions of contracts had improved compared to previous months. In addition, the Council's collection of debt had also improved.

Referring to the payment of creditors matter, Councillors Craddock and Hughes queried what the Chief Finance Officer would expect these figures to be in around two months time. A discussion ensued which resulted in the Committee requesting the Chief Finance Officer to Investigate and produce a Briefing Note on the top ten creditors which the Council paid on a regular basis, setting out what the contracts stated in their terms and conditions; (in terms of the duration stated by which the Council said it would pay verses the actual duration it took the Council to pay).

Councillor Barker referred to 4.3 of the report and queried why the tax revenue was due to decrease. The Chief Finance Officer advised that it was as a direct result of the increase in Long Term Borrowing: Tax Revenue as detailed in the second table as set out on page 4.

Resolved that the financial health indicators 2014/15 be noted.

1255/15

Audit Committee Report responding to external audits request for information on how the Audit Committee gains assurance over management processes and arrangements

A report was submitted:-

(see annexed)

The Chief Finance Officer presented the report and highlighted the salient points contained therein. In doing so, he advised that there should not be anything contained within the report or the responses provided by management which would come as a surprise to Members.

Members, as 'those Charged with Governance' considered the responses prepared by management in reply to Grant Thornton's questions resulting from their risk assessment work.

The representative from Grant Thornton advised that the purpose of the report was for Members to determine if they agreed with the responses provided by management within the report and to provide any comments as necessary.

Councillor Chambers advised that he had a number of amendments to suggest, those being: -

- In relation to Page 7 (top right box), change the management response to read '...a summary of 6 monthly unplanned work undertaken on...'
- In relation to Page 7 (bottom right box), change the management response to read 'The Committee may require, and indeed it does require, accountable managers...'

- In relation to Page 9 (top right box), change the management response to read ‘...and Grant Thornton’s review will be monitored and the outcomes are reported to the Audit Committee...’
- In relation to Page 11 (top right box), add the following to the management response to read ‘The Council has a high level of confidence in its Whistleblowing procedure and is satisfied that any concerns raised under said procedure will be dealt with appropriately. The Procedure is well utilised by staff’
- In relation to Page 11 (bottom right box), change the management response to read ‘Yes, all instances of actual, suspected or alleged fraud...’

The Committee were in agreement with the revisions as set out above.

Councillor Illmann-Walker asked the representative from Grant Thornton if she was satisfied and could give the Committee assurance on the responses, taking into account the amendments above.

The representative from Grant Thornton advised that it was for the Committee to seek assurances from management. However, the responses from management did not raise any concerns or highlight any particular issues which would require further attention by Grant Thornton.

Resolved that, subject to the changes identified above, management’s response to the series of questions arising from Grant Thornton’s risk assessment be approved.

1256/15

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 those items in private.

Summary of items considered in private session

1257/15

Internal Audit Work Plan 2015/16

The Committee approved the Internal Audit Plan for 2015/16, including the Audit Charter and noted any amendment necessary to the 2014/15 Audit Plan.

1258/15

No or Limited Assurance Internal Audit Reports

The Committee noted the report and that an update report on the 'Residential and Nursing Limited Assurance Internal Audit report' be brought back to the next meeting of the Committee setting out the updates on all of the actions in the report.

Termination of meeting

The meeting terminated at 7.55 p.m.

Chair:

Date: