

SPECIAL AUDIT COMMITTEE

Tuesday, 24th January, 2012 at 5.30 p.m.

Conference Room, Council House, Walsall

Present

Councillor Chambers (Vice-Chairman)
Councillor Barker
Councillor Flower
Councillor Hussain
Councillor Murray
Councillor Robertson
Mr. A. Green (Independent Member)

In Attendance

Jamie Morris (Executive Director, Neighbourhoods)
Maria Gilling (Principal, Walsall Adult Community College)
Pauline Pilkington (Executive Director, Children's Services)
Alan Mitchell (Integrated Young People's Support Services)
Tim Johnson (Executive Director, Regeneration)
Paul Davies (Executive Director, Social Care and Inclusion)
Peter Davies (Assistant Director/Head of Service, Social Care and Inclusion)
Michael Hicklin (Service Manager, Provider Services - Social Care and Inclusion)
Rory Borealis (Executive Director, Resources)
Vicky Buckley (Head of Finance)
Karen Griffin (Grants Co-ordinator)
Nicola Coombe (Grant Thornton)
Rebecca Neill (Head of Internal Audit)

904/12

Apology

An apology for non-attendance was submitted on behalf of Councillor Turner.

Vice-Chairman in the Chair

905/12

Declarations of Interest

Mr. Green (Independent Member) declared an interest in the item on the No or Limited Assurance Audit Report relating to Community Mental Health Integrated Team and at reference 2.1 and 6.7. His employer supported the Walsall and Dudley Mental Health Partnership Trust in the implementation of the Oasis System.

The Clerk informed the Committee that as Mr. Green had no personal involvement in this matter, he would not be required to leave the meeting whilst those issues were discussed.

906/12

Deputations and Petitions

There were no deputations submitted or petitions received.

907/12

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.

908/12

Notification of any issues of importance for consideration at a future meeting

No issues of importance for consideration at a future meeting were reported.

909/12

No or Limited Assurance Audit Reports

The report of the Head of Internal Audit was submitted:-

(see annexed)

The Chairman welcomed all who were present and invited everyone to introduce themselves.

Further to Minute No. 900/11, the Chairman invited Rebecca Neill, Head of Internal Audit, to give a brief overview of the report and remind Members why the six selected No or Limited Assurance reports had been brought back to Committee for consideration.

Ms. Neill explained the background to the report and highlighted the salient points contained therein. In doing so, Ms. Neill reminded Members that the reports appended to her report had been selected for in-depth scrutiny by the Committee at its meeting on 14th November, 2011.

Walsall Adult and Community College

The Chairman invited Jamie Morris, Executive Director for Neighbourhood Services, to provide assurances to the Committee on this matter. Jamie Morris confirmed that the Action Plan was a reasonably up-to-date summary and that most of the issues had been dealt with. There were some competency issues relating to Financial Management at the College that were to be addressed.

Ms. Neill informed the Committee that while the draft audit report was issued in November 2010, the final was not issued until August 2011. This was because the auditor experienced difficulties in obtaining responses to the draft report due to staffing difficulties within the College at that time. She confirmed that the follow-up audit was underway at present. Ms. Neill reminded the Committee that all no and limited assurance reports are subject to follow up within the year in which the final report is issued. If weaknesses within reports remain unaddressed, these are reported back to Committee.

Following in-depth deliberations, Members sought assurances on the following specific aspects:-

Councillor Robertson sought assurances on arrangements to prevent fraud and whether the issue of passwords had been addressed (Finding 7.1). Ms. Gilling confirmed that staff training had taken place and arrangements for best practice in the Council with regard to IT had been adopted that would not allow a re-occurrence. The residual issues around coverage of licences as referred to in 7.3 had also been resolved.

Councillor Robertson also sought assurances on 9.6 of the Action Plan and Ms. Gilling confirmed that all matters had now been satisfactorily addressed in accordance with the details contained in the Action Plan.

The Chairman sought assurances that all the items shown as the responsibility of the Director of Finance and Business Support had been implemented.

Ms. Gilling confirmed that all the actions with that postholder had either been picked up and progressed by herself or another member of the team. She also confirmed that Procurement in respect of the crèche would be put to the open market by the end of February, 2012.

Councillor Flower asked for clarification on the points that were still outstanding. Ms. Gilling confirmed that action points 2.8, 2.4 and 7.2 were still outstanding. Councillor Flower asked why 2 had been marked as implemented but not yet completed. Ms. Gilling responded that an initial review had been undertaken but arrangements had not yet been put in place.

Councillor Flower requested that the full update document, including progress, be circulated to Members after the meeting.

Ms. Neill reminded Committee that a follow-up audit was being undertaken and that should issues remain unaddressed, the auditor's report would be brought back before Committee.

The Chairman asked Ms. Gilling what actions she would be taking personally to ensure that such problems did not re-occur. Ms. Gilling stated that there had been a complete review of the two establishments and a single process had been put in place to cover both. There were clear accountabilities in place in respect of each member of staff as well as rigorous performance management to monitor staff.

Mr. Green referred to the responsibility that had been allocated to one post and questioned whether that post had the capacity to undertake those responsibilities. Ms. Gilling confirmed that the postholder had a substantial team and the level of expectations on that post was not considered to be unreasonable.

The Committee confirmed that they had received suitable assurances in relating to this matter and thanked officers for their attendance.

Integrated Young People's Support Services

The Chairman invited Pauline Pilkington, Executive Director, Children's Services, to provide assurances to the Committee on this matter.

Pauline Pilkington informed the Committee that the service had now been completely re-modelled in order to meet Government requirements. There had been changes in personnel, including a new management structure and Heads of Service who had considered the actions required to provide assurance. Pauline confirmed that she received audit reports through Heads of Service at her Performance Board who provide assurances and highlight changes. Rebecca Neill stated that the draft report was submitted to management in April 2011 and the final audit report was issued in August, 2011. The Executive Summary noted the transition and changes and the Action Plan referred to the youth service and the youth justice (positive activities) aspects separately. A follow-up audit had been commenced to ascertain progress.

Councillor Flower asked for assurance that 3.3, 3.4 and 3.5 of the Action Plan had now been completed.

Alan Mitchell, of the Integrated Young People's Support Service, confirmed that all actions had been completed.

Mr. Green asked whether due diligence had been carried out and risks identified when the two services were integrated. Mr. Mitchell confirmed that the integration of the service did not lead to the problems identified as they were apparent prior to that. Mr. Green asked what management controls were in place around due diligence when a service was integrated.

Rebecca Neill stated that she was not aware of a specific due diligence procedure, but in the event of service integration or change, accountable managers should take necessary steps to ensure that their plans are seamless and risks mitigated. She undertook to research the matter and circulate a note of her findings on the Council's due diligence arrangements to the Committee.

Councillor Robertson asked for assurances on 6.1. Mr. Mitchell referred to local arrangements and charging arrangements and stated that these would be as a result of decisions taken by young people in view of the nature of the work.

Councillor Robertson asked for information on the number of tuck shops as the floats could be open to abuse. Alan Mitchell assured the Committee that different staff were in place who had clear views on the standards required of them and processes and procedures were in place.

The Chairman sought assurances on 8.10 relating to cash losses and asked whether these had been written off and what action had been taken. Alan Mitchell confirmed that the police were involved in these cases and a conviction had been secured. Rebecca Neill confirmed that this matter had been reported to Committee previously as part of a wider fraud case within Youth Services.

Councillor Barker referred to the summary of findings for anti fraud and irregularity at section C of the report. Rebecca Neill stated that in this instance due to the findings identified regarding cash, timesheets and inventory, the audit had concluded this section as limited assurance.

Mr. Green sought assurances on 6.1 on the determining of own subscription rates. Mr. Mitchell confirmed that this was the case. Alan Mitchell confirmed a framework was in place within which the young people could decide. The organisation was attempting to engage with often challenging young people, it didn't have any budget targets for income of that type. Rebecca Neill undertook to speak with Mr. Mitchell in order to assess that this matter was covered properly. She agreed to provide a note to Committee on the outcome of that discussion.

The Chairman asked Pauline Pilkington what action she was taking personally to ensure that such problems did not occur again. Pauline Pilkington stated that team leaders attend Children's Services Performance Board where assurances were given and officers could be questioned. This provides a closer link and provides more confidence. With regard to certain offices, Mrs. Pilkington and her Assistant Directors carried out visits and checked on the situation on site.

The same question had been put to Mr. Mitchell who stated that the two strategic leads who had signed off most of the issues, were accountable to himself directly. He was in the process of carrying out his own audit to ensure that their findings had been addressed.

Councillor Murray referred to the disproportionate number of occasions relating to finance and asked what action could be done to ensure that staff recognised that despite the sums involved, they should follow financial procedures. Mr. Mitchell stated that part of the resolution was ensuring the right staff were in place and were clear of the expectations of them. Management followed up progress on an ongoing basis.

Community Mental Health Integrated Team

The Chairman invited Paul Davies (Executive Director, Social Care and Inclusion) to provide assurances to the Committee on this matter.

Mr. Green (Independent Member) informed the Committee, for the benefit of officers, that he had a declaration of interest in relation to Paragraphs 2.1 and 6.7 of the report relating to Oasis as his employing body, had been working with Dudley and Walsall in installing the system. The Clerk asked the officers present whether they had any objections to Mr. Green remaining in the room during the discussions. Officers indicated that they had no objections to Mr. Green remaining in the meeting.

Paul Davies stated that both organisations would be entering into arrangements whereby a seconded set of staff would be in place. Staff currently in Dudley and Walsall Integrated Service Team would be subject to the requirements of a Section 75 agreement between the Local Authority and the Mental Health Partnership Trust.

Councillor Flower sought assurance on 1.1 querying the timescales. Paul Davies stated that some issues were still outstanding and the final Section 75 agreement would need the final approval of Council. Peter Davies outlined the negotiation process in drawing up the agreement which should be completed by June, 2012. The agreement was worth £5.5 million to Walsall with the equivalent from Dudley as well as staffing implications for both parties.

For clarity, the Chairman confirmed that the paper under consideration was the document circulated with the agenda rather than the document circulated at the meeting. Peter Davies confirmed that the document being circulated was his working version of the action plan, which had been updated to detail progress since the audit. He confirmed that the deadline date at finding 1.1 had not been met.

Councillor Chambers sought assurances on 3.1, 3.2 and 3.3. Peter Davies stated that these actions were reliant on the implementation of the section 75 agreement.

The Chairman sought assurances on 5.1 and 5.2 and Peter Davies confirmed that advice had been forwarded to Walsall employees and referred to the Trust to ensure that the actions had been taken. Paul Davies stated that the most recent assessment of procurement indicated that the team was improving over their overall target. Peter Davies confirmed that a panel system was in place to manage this and tighter arrangements had been introduced.

Councillor Barker sought assurances on 3.2 and 3.4. Peter Davies confirmed that the manager had been advised and rules re-enforced on the procurement process. Walsall managers would be made aware of the process which will be included in the Section 75 agreement. The process also included sign off by Peter Davies and Paul Davies. With regard to 5.1, Peter Davies understood and was assured that managers had been appraised on procurement good practice. This would be tied in with Assistant Directors of the Trust. With regard to Paragraph 6.1, Paul Davies stated that this was being managed by NHS colleagues on our behalf and they had been going through re-organisation and staff training. Mr. Omar, representing the Trust, stated that most of the information was stored electronically. Peter Davies stated that there was a Performance Board within Adult Social Care and it was expected that the Trust would be reporting into this.

Councillor Flower sought assurances on 5.1 and 5.3. Paul Davies reported that this would be flagged up through the manual system. Peter Davies stated that the high levels of expenditure related to out of Borough placements and Walsall patients returning to placements within the Borough. Councillor Murray asked if an overarching system was proposed. Paul Davies confirmed that there was not a shared data system.

The Chairman asked Paul Davies what he was doing personally to ensure such problems did not re-occur. Paul Davies stated that he now received reports on all complaints, three weekly spend patterns and meetings with staff and commissioners and was involved in the day-to-day running of the service. He had introduced joint meetings between Walsall and Dudley and the first joint Scrutiny Panel had been held.

Learning Disabilities - Satellite offices

With regard to 1.1, Paul Davies stated that PIMS was no longer used for holding information and had been superseded.. The Chairman asked what items were still outstanding on the report included with the agenda. Mr. Hicklin confirmed that training days on service risk assessment were due to take place on 14th, 15th and 28th February, 2012 and would disseminate information from Service Plans to Team Plans to consider the risk to the service as a whole. With regard to 4.1, the service supports community associations and community organisations.

Paul Davies referred to the number of out of Borough placements and the work being undertaken to bring young people back to their families and into the community. Work on the transitions was ongoing. Councillor Flower queried the timescale in 4.1. Paul Davies confirmed that these were ongoing issues.

Councillor Flower asked if this was the same in respect of 5.1, 8.1 and 8.2. Mr. Hicklin confirmed that the service would give their assurance that invoices are completed in an appropriate timescale. Mr. Green asked how partnerships were chosen and contracts exchanged. Paul Davies referred to the partnership arrangements with the Stan Ball Centre and the encouragement given to residents to use the single unified service and have a co-production agreement. Partnership arrangements are entered into for services that are purchased.

In response to a request from Councillor Barker, Mr. Hicklin confirmed that the reference in 10.1 related to a budget for purchasing small amounts of equipment and holding social events. Client's money was recorded. The service was in the transitional phase moving towards personalisation whereby clients would have their own funding and support.

Pinfold Day Centre

Paul Davies advised the Committee that the Centre closed in April, 2011. Ms Neill stated that the audit took place prior to centre close, to ensure closedown and transfer arrangements were in place. The client activity at Pinfold has now been transferred to Stan Ball Centre and Goscote Centre. Audit are presently following up findings which are still relevant.

The Committee felt that assurance had been given.

910/12 **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.

Summary of item considered in private session

911/12 **No or Limited Assurance Audit Reports**

The report of the Head of Internal Audit was submitted:-

(see annexed)

Grants

Rebecca Neill explained the background to the report and highlighted the salient points contained therein. Member's attention was drawn to Paragraph 3 of page 3 of the grants report, in particular that at the time the audit was undertaken, the council's revised grants manual and benefits of staff training via grant workshops, was still in the process of being embedded.

Vicky Buckley informed the Committee that a Grants Co-ordinator had been appointed to support, train, provide assistance and advise staff and she confirmed that the update of the grants manual would be completed on target.

Vicky Buckley clarified the role of the Grants Co-ordinator, which was to train and support and advise grant administrators, but the role was not responsible for those grants or their administration. That was the role of the accountable officer assigned to the grant and the Executive Director.

Each Executive Director gave an assurance that their systems for grants were robust.

(Exempt information under Paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

Termination of meeting

As there were no further questions, the meeting terminated at 7.50 p.m.