

## **AUDIT COMMITTEE**

**Wednesday 25<sup>th</sup> September, 2013 at 6.00 p.m.**

**Conference Room, Council House, Walsall**

### **Present**

Councillor Hughes (Chairman)  
Councillor Illman-Walker (Vice-Chairman)  
Councillor Chambers  
Councillor Fitzpatrick  
Councillor Flower  
Councillor Murray  
Councillor D. Shires  
Mr A Green

### **In attendance**

Chief Finance Officer  
Head of Internal Audit  
Officers from Finance  
Officers from Grant Thornton

#### **1100/13      Apologies**

No apologies were submitted.

#### **1101/13      Minutes**

The minutes of the meeting held on 2<sup>nd</sup> September, 2013, were submitted:-

(see annexed)

### **Resolved**

That the minutes of the meeting held on 2<sup>nd</sup> September, 2013, 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 Minute No. 1092/13 being amended to include the following paragraph:-

The Independent Member asked whether consideration had been given in relation to how management might receive assurances, such as benchmarking with other similar organisations or staff and service user surveys, with regard to the on-going effectiveness of service provision with the aim of avoiding similar poor inspection outcomes in the future. In response, the Interim Director of Children's Services advised that the majority of the actions being taken were done so with a view to reducing the likelihood of future re-occurrence. She would, however, give further thought as to how such assurances could be developed and used.

1102/13      **Declarations of Interest**

There were no declarations of interest.

1103/13      **Deputations and Petitions**

There were no deputations submitted or petitions received.

1104/13      **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.

1105/13      **Notification of any issues of importance for consideration at a future meeting**

Further to Minute No. 1041/13 (Children's Services Safeguarding Children Improvement Progress), Councillor Flower advised that he was still waiting for a response on the 3 questions he asked on this particular matter and queried when he could expect to receive a response.

The Head of Internal Audit advised that she was aware that the Executive Director of Resources was in the process of compiling a response at present and that it would be sent out to Members in the near future. The Head of Internal Audit agreed to chase up the response on behalf of the Committee.

The Chair advised the meeting that the Corporate Risk and Project Manager was due to retire shortly and that this would be her last Audit meeting. The Chair presented her with flowers, thanked her for all her work and input into the Committee and wished her well in her retirement. Members reiterated the Chair's sentiments.

1106/13      **Annual Report on Treasury Management 2012/13**

A report was submitted:-

(see annexed)

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

In addition, he advised that a number of questions had been received on this item prior to the Committee for which he had prepared responses:-

(see annexed)

The CFO proceeded to inform the Committee of the various questions he had received and his responses to them.

Members asked a small number of follow up questions after receiving the CFO's responses to seek further assurances on those matters.

In particular, the Committee questioned whether Grant Thornton checked the accuracy of the figures in the report. Grant Thornton responded that this was not their role.

The Head of Internal Audit explained that the Committee obtained assurance from internal audit on the adequacy of the control environment within the treasury management system which included the accuracy and reliability of the management information provided. In addition, she further advised that the Committee also obtained assurance from the management controls in the approving officers' sign off of the Committee report.

**Resolved**

That the treasury management annual report be noted, endorsed and recommended to Council.

1107/13      **External Auditor's Financial Resilience Report 2012/13**

A report was submitted:-

(see annexed)

The Chief Finance Officer (CFO) introduced the report and invited Grant Thornton to highlight the salient points contained therein.

Arising from discussions on this report, the Committee sought clarification as to why the Section 151 Officer was not a Member of the Senior Management Team. The CFO advised that, although he was not a Member of the Senior Management Team, there was an alternative arrangement in place, which management considered to be adequate, whereby he was invited to attend any Management Team Meeting as he saw fit in his role as Section 151 Officer.

The Committee sought the opinion of Grant Thornton on this matter. Grant Thornton advised that the CIPFA guidance considered it to be best practice to have the Section 151 Officer on the Senior Management Team which was the reason behind why they highlighted this issue in their report. Following further discussion on this matter, it was decided that the Committee would meet with Grant Thornton, in the absence of Council Officers, after the meeting had ended to discuss this matter further.

The Committee then sought clarification on what provisions were in place when the Section 151 was absent. The CFO clarified that, in his absence, he designated the role of Section 151 Officer to one of his senior Officers, the Head of Finance. In cases of emergency, where both the CFO and Head of Finance were absent, the role of the Section 151 Officer automatically defaulted to the Head of Internal Audit. Provisions for this mechanism were set out in the Council's Constitution.

Following further debate on this report, the Committee requested that a briefing note on school balances be sent to each Member detailing this year's complete balance compared to last years.

### **Resolved**

That:-

1. the report be noted;
2. a briefing note on school balances detailing this year's complete balance compared to last year's be prepared and sent out to Members by the Chief Finance Officer.

1108/13

### **Annual Review of the Effectiveness of the Systems of Internal Control and Internal Audit and the Annual Governance Statement**

A report was submitted:-

(see annexed)

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

A discussion ensued in relation to the Corporate Governance Review Group which had been established to carry out a full review of corporate governance over the next 12 months. The Committee sought further clarification in relation to the composition of the group, its remit, frequency of meetings, objectives and work programme.

Following clarification on these matters, the Committee requested that the Corporate Governance Review Group's minutes and work plan be sent to Members for their information. In addition, it was requested that a briefing note on what 'systems thinking' was also be sent out to Members.

### **Resolved**

That:-

1. the findings and recommendations arising from the annual effectiveness review, including the review of the system of internal control and the review of internal audit, as set out in sections 4 and 5 of the Annual Governance Statement be approved;
2. the Annual Governance Statement be approved for publication as set out alongside the Statement of Accounts;
3. a briefing note on what 'systems thinking' is be prepared and sent out to Members;
4. the minutes and work plan of the Corporate Governance Review Group be sent out to Members.

### **1109/13 Post Audit Statement of Accounts 2012-13**

A report was submitted:-

(see annexed)

The Chief Finance Officer (CFO) presented the report and highlighted the salient points contained therein. In doing so, he praised the hard work of various members of staff from within his service area who had worked on this process.

In addition, he advised that a number of questions had been received on this item prior to the Committee for which he had prepared responses:-

(see annexed)

The CFO proceeded to inform the Committee of the various questions he had received and his responses to them. Members undertook to ask a number of follow up questions as a result of the responses given by the CFO to seek further assurances on those matters.

The CFO then invited Grant Thornton to present their annual report as set out in Appendix 1 to the report.

Grant Thornton guided Members through their report, highlighted the salient points contained therein and indicated that the contents of the report provided positive conclusions in favour of how the Authority had conducted itself in relation to this matter. In particular, the Committee was advised that the Value for Money conclusion was now a 'qualified conclusion'.

In addition, Grant Thornton advised the Committee that they intended to wait and see how the Corporate Governance Review Group operated and how effective it was before deciding whether or not to designate any recommendations under Section 11 of the Audit Commission Act 1998.

The Committee queried why Grant Thornton would not consider issuing a recommendation under Section 11 and what they as an organisation could bring to the Corporate Governance Review Group to enhance its functionality.

### **Resolved**

That:-

1. the annual governance report from Grant Thornton on their audit of the 2012/13 statement of accounts as set out in Appendix 1 of the report and that there have been agreed amendments made to the accounts during the audit be noted.
2. the letter of representation attached as set out in Appendix 2 of the report be endorsed.
3. the final post-audit statement of accounts for 2012/13 as set out in Appendix 3 of the report be approved.
4. the summary of accounts as set out in Appendix 4 of the report be noted.
5. the Chair of the Committee be authorised to sign and date the accounts as required under the Accounts and Audit (England) Regulations 2011.
6. Chief Financial Officer (CFO) be authorised to distribute copies of the audited statement of accounts to partners and stakeholders alongside the Annual Governance Statement 2012/13.

1110/13

### **Officers Exercise of Delegated Powers 2013-14**

A report was submitted:-

(see annexed)

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

**Resolved**

That the report be noted.

**Termination of meeting**

The meeting terminated at 8.00p.m.

Chair: .....

Date: .....