

## **AUDIT COMMITTEE**

**Monday 21<sup>st</sup> November, 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

Mr Green (Independent Member)

### **In attendance**

Chief Finance Officer  
Head of Finance  
Treasury, Financial Administration & Systems Manager  
Head of Community Care (Partnerships)

Representative of Mazars  
Representative of Ernst and Young

#### **76/16 Welcome / Apologies**

The Chair welcomed all in attendance.

An apology was received on behalf of Councillor Young.

#### **77/16 Minutes**

A copy of the minutes of the meeting held on 26<sup>th</sup> September, 2016, was submitted:-

(see annexed)

### **Resolved**

That the minutes of the meeting held on 26<sup>th</sup> 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.

#### **78/16 Declarations of Interest**

Councillor Robertson declared interest in Agenda Item No. 11. (Dudley and Walsall Mental Health Partnership and Integrated Team – Audit Progress Report) in view of the fact that he was a Governor of the Dudley and Walsall Mental Health Trust.

79/16                    **Deputations and Petitions**

There were no deputations submitted or petitions received.

80/16                    **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.

90/16                    **Notification of any issues of importance for consideration at a  
future meeting**

The Chief Finance Officer referred to the recent meeting of Council on 14<sup>th</sup> November, 2016, at which a report on the 'national scheme for Auditor appointments' was considered.

He explained that the decision to take the report directly to Council was based on three aspects, those being (1) it was a requirement of the Regulations, (2) the Constitution required this matter to be considered by the Council, and (3) it was a procurement exercise and was, therefore, required to be independent from the Audit Committee.

Members commented that it would have been useful to have been briefed / notified of this prior to its submission to Council.

91/16                    **Annual Review of Treasury Management Policies and Mid-year  
Position Statement 2016/17**

A report was submitted:-

(see annexed)

The Treasury, Financial Administration & Systems Manager presented the report and highlighted the salient points contained therein.

The report set out the Council's review of treasury management policies (Appendix A) and provided the Committee with a mid-year position statement for treasury management activities (Appendix B).

Officers provided assurance to Members around the associated risks to the Council arising from this report. In particular, members queried what would happen if interest rates were to drop even lower, why the growth deal had increased, why long term investment had drooped and what had changed in relation to the previous strategies when compared to the newly proposed ones.

Councillor Craddock volunteered to undertake the learning portal training as a test subject from a Member's perspective.

**Resolved** that: -

1. Council be recommended to approve the Treasury Management Policies, as set out at Appendix A;
2. to note and forward to Council the mid-year position statement for treasury management activities 2016/17 including prudential and local indicators, as set out at Appendix B.

92/16

### **Financial Health Indicators 2016/17**

A report was submitted:-

(see annexed)

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

The report provided details of the financial health indicators for the second quarter of the year (to 30 September 2016), as set out in Appendix 1 to the report, including the current year end forecast position for both revenue and capital.

The CFO provided an assurance in relation to Walsall's position in terms of its contingency reserves which were consistent with other Local Authorities and at what trigger point he would be worried about the Council's financial position and his duty to report such matters to the Audit Committee / Council.

Mr Green requested that a Briefing note be circulated to all Committee Members on what the impact of STPs would likely have on the Council. The CFO agreed to arrange for information on this matter to be sent out to all Members.

Councillor Craddock queried whether the Committee would wish to call the Executive Director to the next meeting in relation to Adult Social Care's budget. The CFO advised that, if the Committee was so minded to call the Executive Director to the Committee, it should be limited to the Committee's remit in relation to the associated risks and seeking assurance that appropriate controls were in place to mitigate such risks. The remit to delve into Adult Social Care's budget lay with the relevant Scrutiny Committee.

The CFO agreed to submit a briefing note to Members on what the reason was behind the increase in 'actual total columns' of the tables on pages 4 and 5 of the report as it had increased from 93,022,077 in 2015/16 to 106,856,615 in 2016/17.

**Resolved** that the financial health indicators be noted and that a report be brought back to the next meeting providing an assurance on the risks and controls in place in relation to the Adult Social Care budget.

93/16

#### **Annual Audit Letter 2015/16**

A report was submitted.

(see annexed)

The Chief Finance Officer introduced the report and the representative from Ernst and Young presented the report and highlighted the salient points contained therein.

The report presented Ernst and Young's Annual Audit Letter for 2015/16. It summarised the key issues arising from the work which the external auditors had carried out at Walsall during 2015/16. The letter was designed to communicate their key messages and conclusions to the Council and external stakeholders, including members of the public.

It was confirmed that the fee identified as 'TBC' on the Audit Fees page of the report had in fact been paid.

**Resolved** that the external audit letter 2015/16 be received.

94/16

#### **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.

Arising from discussions, the representative of Mazars clarified the definition of Audit Hours and what constituted a standard Audit day and the associated costs.

Following a discussion on the information provided within the report, it was agreed that more context should be added to future reports to provide Members with enough information to determine which items required more attention. In addition, Members stated that it would be useful if the date of the original Audit was included within the report.

Arising from this discussion, the Head of Finance advised that she would meet with the Representative of Mazars outside of the meeting to review the report format and endeavour to pick up all of the points raised by Members.

Members expressed an interest in being sent the revised report as part of the process to ensure that a satisfactory format was achieved.

**Resolved** that the contents of the report be noted.

95/16

### **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.

96/16

### **Dudley and Walsall Mental Health Partnership and Integrated Team – Audit Progress Report**

A report was submitted:-

(see annexed)

The Head of Community Care (Partnerships) presented the report and highlighted the salient points contained therein.

The report provided an update on progress in relation to the Mental Health Audit undertaken in 2014/15.

Members sought assurances and obtained an update from the Head of Community Care (Partnerships) on this item.

**Resolved** that progress to date be noted and that a further update report be submitted to the January meeting of the Committee.

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

97/16

### **Internal Audit Unplanned Activity Report 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 of the ongoing unplanned Audit work.

**Resolved** that the contents of the 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)

### **Termination of Meeting**

The meeting terminated at 7.20 p.m.

Chair: .....

Date: .....