

## **AUDIT COMMITTEE**

**Monday, 6<sup>th</sup> January, 2014 at 6.00 p.m.**

**Conference Room, Council House, Walsall**

### **Present**

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

### **In attendance**

Chief Executive  
Chief Finance Officer  
Treasury Financial Administration and Systems Manager  
Head of Internal Audit  
Head of Legal and Democratic Services  
Head of Human Resources  
Head of Programme Delivery and Governance  
Principal Corporate Performance Officer  
Senior Finance Manager  
Area Manager – Trading Standards and Licensing  
Representatives from Grant Thornton

#### **1129/14      Apologies**

No apologies were submitted.

#### **1130/14      Minutes**

The minutes of the meeting held on 11<sup>th</sup> November, 2013, were submitted:-

(see annexed)

**Resolved**

That the minutes of the meeting held on 11<sup>th</sup> November, 2013, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

1131/14      **Declarations of Interest**

There were no declarations of interest.

1132/14      **Deputations and Petitions**

There were no deputations submitted or petitions received.

1133/14      **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.

1134/14      **Notification of any issues of importance for consideration at a future Meeting**

Further to Minute No. 1116/13 (Notification of any issues of Importance for Consideration at a Future Meeting), the Head of Internal Audit advised that interviews had taken place during December and the Interview Panel had recommended two candidates for the appointment to the two vacant positions of Independent Member. The appointments would be subject to Council approval.

1135/14      **Treasury Management and Investment Strategy 2014/15 onwards**

A report was submitted:-

(see annexed)

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

Arising from discussions, Members sought clarification in relation to whether the Committee could be assured that Capita Asset Services had been selected properly and whether it was the best appointment to the position of Treasury Advisor to the Council.

Both the Chief Finance Officer (CFO) and the Treasury Financial Administration and Systems Manager provided the Committee with assurance on this matter and it was clarified that the appointment had been considered and approved by the Treasury Management Panel which comprised the CFO, the Head of Finance and the Treasury Financial Administration and Systems Manager. In addition, Members were given assurance that interest rates would be monitored regularly.

A particular matter around other Local Authority Debt was discussed. The Committee was informed that Dudley MBC undertook this function for the Black Country Authorities. In view of this, the Committee wished for it to be noted that, whilst they had no particular concerns in relation to this matter, it had not received an assurance that it was being managed adequately.

The CFO advised that the Committee could get its assurance from the fact that Dudley MBC were undertaking this function and that their External Auditors would also be responsible for reviewing it. He did, however, agree to seek an assurance directly with Dudley MBC and report back to the Committee.

### **Resolved**

That:-

1. the Treasury Management and Investment Strategy 2014/15 onwards be noted and endorsed;
2. it be noted that any changes required as a result of the Autumn Statement or Local Government Finance Settlement will be made prior to the final submission to Council for approval of the Strategy;
3. the CFO undertakes to liaise with Dudley MBC on behalf of the Committee to seek an assurance on the proper management of the Other Local Authority Debt function.

## **1136/14 Walsall Performance Management Framework**

A report was submitted:-

(see annexed)

The Head of Programme Delivery and Governance and the Principal Corporate Performance Officer presented the report and highlighted the salient points contained therein.

Members raised their concern that the framework did not appear to stipulate any qualifications, indicators or baselines against which the Council would be measured.

The Committee was advised that the framework was still in draft and that such matters were currently being established directly within each Directorate. In view of this, Members felt that the recommendation should be amended accordingly to identify that the framework was in draft format at present.

Members raised the issue that different Directorates could be measuring against different indicators and felt that care needed to be taken when considering how the indicators were set.

Furthermore, Members also questioned whether the methodology used in the framework was effective and they also felt that the introduction of a red, amber green system would be beneficial to measure how effective it was.

In addition, Members felt that it would be useful to compare data with how other Local Authorities carried out this function and to benchmark against them. It was also suggested that self-assessment could prove a useful tool in relation to the framework.

Having discussed the matter further, Members indicated that they wished to receive an update report on this item at a future meeting.

A small number of typographical errors were also highlighted by Members to be addressed in the final version of the framework.

### **Resolved**

That:-

1. the draft Walsall Performance Management Framework be noted;
2. a report on this matter be brought back to a future meeting.

1137/14

### **Regulation of Investigatory Powers Act (RIPA) 2000**

A report was submitted:-

(see annexed)

The Area Manager – Trading Standards and Licensing presented the report and highlighted the salient points contained therein.

## **Resolved**

That:-

1. the Council's use of the Regulation of Investigatory Powers Act (RIPA) 2000 be noted;
2. the action taken following the inspection by the Office of the Surveillance Commissioner (OSC) which took place on 23<sup>rd</sup> May, 2013, as set out in Appendix 2, including the updated Corporate Policy and Procedures on the Regulation of Investigatory Powers Act (RIPA) 2000 as set out in Appendix 3 be noted.

## 1138/14 **Corporate Governance Review**

A report was submitted:-

(see annexed)

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

Arising from discussions, the following suggestions and amendments were proposed: -

- Members felt that the objectives were 'too tight'. It was, therefore, suggested that an additional objective in the Forum's Terms of Reference at Appendix 1 should be added to include another bullet point supporting that the level of governance should be proportionate with appropriate checks and balances.
- In relation to the Local Code of Governance (Page 3 on Appendix 3), it was felt that the last bullet point should be repeated but focused on health i.e. '*Measure the health impact of policies, plans and decisions*'.
- In relation to Local Code of Governance (Page 5 on Appendix 3), it was felt that, with regard to the 6<sup>th</sup> bullet point, greater clarity was required on the meaning of 'partnership'. The Chief Executive stated that, having read it again, he was unhappy with the term partnership and felt that it should to be reconsidered and amended as the word partnership was not an accurate reflection of Member / Officer relations. This point also applied to other bullet points so a general revision to this section would be required.
- A small number of typographical errors were highlighted in some of the dates on Appendix 2.

- In relation to Page 5 of the main report, the middle paragraph referred to the Forum providing 'independent assurance' and Members queried if this was correct. The Chief Executive agreed that this needed amending.
- Members felt that there should be a target date for completion. The general consensus was that a target date should be set out somewhere relevant within the terms of reference and that the target date for completion should be September 2014 to coincide with the Annual Governance Statement (AGS).
- In relation to page 5 of the main report, it referred to Grant Thornton as being Members of the Forum. The Committee felt that this should be amended to reflect that they would not be Members.

Councillor Chambers advised that he remained unconvinced that Grant Thornton should be involved in the Forum.

Having discussed the matter further, the Committee asked for an update report on this matter to be brought back in two meetings time.

In relation to Minute No. 1107/13 (External Auditor's Financial Resilience Report 2012/13), further deliberations took place in relation to whether or not the Section 151 and Monitoring Officer should form part of Corporate Management Team (CMT).

The Chief Executive gave his assurance that the current model worked more than adequately and he did not feel that it needed changing.

Members also queried whether the model only worked at present because of the two Officers involved and they questioned that, if they were to change would it still be an effective model.

The Chief Executive gave his assurance to the Committee that if it ever became ineffective, he would seek to change it. The general consensus reached by the Committee was that the current model for CMT should be maintained and reviewed if required.

The CFO assured the Committee that the Constitution would be amended, when it was next revised, to set out who undertook the duties of the Section 151 Officer in his absence.

## **Resolved**

That:-

1. the Council's current strategic review of its governance arrangement be noted;
2. the terms of reference and work plan of the Corporate Governance Forum be approved, subject to the amendments identified above;

3. the revision of the Local Code of Governance be approved, subject to the amendments identified above;
4. an update report be submitted to the April meeting of the Committee.

1139/14      **Submission of Corporate Risk for Scrutiny**

A report was submitted:-

(see annexed)

The Head of Legal and Democratic Services presented the report and highlighted the salient points contained therein.

Both the Chief Executive and the Head of Legal and Democratic Services advised that they believed that the implications of this report would most likely lead to a substantial increase in the amount of training for staff.

Members expressed an interest in relation to any e-learning training that may arise as a result of this report.

Members queried when the current Whistle Blowing procedure was due to be reviewed. The Head of Human Resources advised that the procedure was currently being reviewed and was due to be considered by the Standards Committee at its meeting on 27<sup>th</sup> January, 2014.

**Resolved**

That the contents of the report and action being taken be noted.

1140/14      **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**

**1141/14 Risk Management Update 2013/14**

The Committee noted the report.

**1142/14 Human Resources Recruitment, Procurement and Re-grades  
Investigation Audit report 2012/13 - Progress against Action Plan**

The Committee noted the contents of the report.

**1143/14 No or Limited Assurance Internal Audit Reports**

The Committee noted the report.

### **Termination of meeting**

The meeting terminated at 8.17 p.m.