

AUDIT COMMITTEE

Monday, 28th February, 2011 at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Councillor Turner (Chairman)
Councillor Rochelle (Vice-Chairman)
Councillor Chambers
Councillor Douglas-Maul
Councillor Flower
Councillor Robertson
Councillor D. Shires

812/11 Apologies

There were no apologies submitted for non-attendance.

813/11 Minutes

Resolved

That the minutes of the meeting held on 18th January, 2011, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

814/11 Declarations of Interest

There were no declarations of interest.

815/11 Deputations and Petitions

There were no deputations submitted or petitions received.

816/11 **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.

817/11 **Notification of any issues of importance for consideration at a future meeting**

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

818/11 **Protecting the public purse - fraud update**

The report of the Assistant Director, Finance was submitted:-

(see annexed)

As part of the presentation of the report, a video on Benefit fraud was shown to Members of the Committee and Craig George (Benefits Service - Investigations) reported that the video had been made about eighteen months ago so some of the figures quoted might be out of date. He added that Benefit fraud was increasing as a result of the credit crunch. The video had been used as a nationwide training aid and it was currently estimated that Benefit fraud cost £1.2 billion per annum.

Councillor Turner asked if the Benefits Hotline had been a success. Craig George replied that the Unit's telephone number had been published in Yellow Pages and the Thomson Directory and was included in local newspapers and with Council Tax bills. He added that with the change to a universal credit, the roles of Local Authorities, Her Majesty's Revenue and Customs and the Department of Work and Pensions would be combined.

Councillor Robertson asked what sanctions the Council employed against small scale fraud. Craig George replied that because of limited resources, the Unit concentrated on larger frauds. He added that the Government were proposing the introduction of a low level fine of £50 for all fraud under £2,000. He added that the Council currently prosecuted for sums of £5,000 or more and the number of prosecutions was increasing annually.

Councillor Rochelle asked about Job Seekers Allowance fraud. Craig George replied that there were 37,000 live claims in Walsall and fraud in 6 - 8% of cases. The Unit prosecuted approximately 1,000 cases per annum. He added that the Unit tended to target fraud for greed rather than fraud for need.

Rebecca Neill (Head of Internal Audit) went on to present the remainder of the 'protecting the public purse' report, highlighting the salient points contained therein. Councillor Flower asked about recruitment fraud. Rebecca Neill reported that there had been three cases in Walsall in 2009/10 involving employees who had no right of employment in the UK.

Councillor Flower asked if there had been any expenses fraud. Rebecca Neill replied that there had been none during the period under review.

After further discussion it was,

Resolved

That the presentation and report be noted.

819/11 Summary of outcomes from Scrutiny Panel reviews

The report of the Assistant Director, Finance was submitted:-

(see annexed)

Neil Picken (Constitutional Services) enlarged upon the report for the benefit of the Committee.

Councillor Robertson indicated that the introduction of Working Groups had, in his opinion, improved the working of Scrutiny Panels.

Councillor Douglas-Maul stated that Members had visited Liverpool, Sefton and a London Borough to see how they operated Scrutiny Panels before introducing scrutiny here. He was disappointed that scrutiny was bombarded with reports and did not get the opportunity to quiz individuals anymore. He felt that the workplan stifled debate and would like to see scrutiny be more Member led.

Neil Picken reported that at the start of the Municipal Year, Members were given the opportunity to determine the work programme for scrutiny.

Councillor Flower asked if the 'Councillor Call for Action' had been used. Neil Picken replied that it had not been used since September, 2010.

Councillor Chambers felt that scrutiny had become very inward looking. He felt the remit should be widened to enable scrutiny to be more outward looking. He asked about best practice. Neil Picken replied that Wolverhampton had approached the Local Authority to consider joint working on best practice.

After further discussion it was,

Resolved

That the summary of outcomes from Scrutiny Panels be noted.

820/11 **Health and Safety performance report: January - December 2010**

The report of the Executive Director - Resources was submitted:-

(see annexed)

Mark Freathy (Human Resources) enlarged upon the report and drew attention to Paragraphs 3.2.5, 6 and 9.3 of Appendix 1.

Councillor Robertson referred to staffing levels in Occupational Health. Mark Freathy replied that there was a part time doctor and two full time nurses which was similar to other West Midlands Authorities.

Councillor Chambers referred to sickness levels in the West Midlands Fire Service being at 5%. He asked if there was best practice which could be learned from them.

Councillor Chambers also referred to the need for Councillors to receive training on the new HR policies which had been introduced recently.

Councillor Rochelle asked whether self certification should be re-examined. Mark Freathy replied that GPs would charge for certifying illness so self certification helped to keep costs down.

After further discussion it was,

Resolved

That the report be noted.

821/11 **External Audit Approach Memorandum - Final accounts 2010/11**

The report of the Chief Finance Officer was submitted:-

(see annexed)

Vicky Buckley (Head of Corporate Finance) enlarged upon the report for the benefit of the Committee.

Nicola Coombe (Grant Thornton) enlarged upon their report and drew attention to the salient points.

Referring to the 2010/11 audit fee, Councillor Rochelle expressed concern at the 7.6% increase. Kyla Bellinghall (Grant Thornton) replied that the fees were set by the Audit Commission.

Councillor Chambers referred to school balances and asked when the report would be submitted to Committee. Vicky Buckley replied that it would be submitted to the next meeting of the Committee.

Councillor Robertson referred to the difficulty in maintaining services against reduced budgets. Kyla Bellinghall indicated that Grant Thornton would be looking at the Council's processes for obtaining value for money.

Councillor Turner referred to the validity of possible savings. Kyla Bellinghall stated that Grant Thornton would be examining the processes gone through to achieve them.

After further discussion it was,

Resolved

That the Grant Thornton audit approach memorandum be noted.

822/11

Options for scrutiny of Council payments: Findings of the Working Group

The report of the Assistant Director, Finance was submitted:-

(see annexed)

Rebecca Neill (Head of Internal Audit) enlarged upon the report and drew the Committee's attention to salient points. She reported that there had been some 221,000 visits to the opendata web site since August, 2010 when the Council had first started to publish this data. She commented that while Freedom of Information Act requests had not gone up as a result of the publication of data, officers had reported an approximate 2% increase in such queries regarding Council spend.

Councillor Robertson referred to the amount of officer time spent running the system and redacting sensitive information.

Rebecca Neill reported that Walsall was one of the first Local Authorities to provide a list of accounts for payments over £500.

Resolved

That the conclusions of the Working Group be noted.

823/11

Partnership Governance

The report of the Assistant Director of Finance and Chief Finance Officer was submitted:-

(see annexed)

Ann Johnson (Corporate Risk and Project Manager) enlarged upon the report. She added that the procedure would be reviewed for fitness of purpose.

Resolved

That the Committee:-

- (1) Notes the contents of the report;
- (2) Notes that the revised protocols will be brought to a future Audit Committee for endorsement for use across all Council services;
- (3) Notes the attached partnerships register (Appendix 1 refers);
- (4) Agrees to review the governance arrangements for significant partnerships at future meetings of the Committee.

824/11

Corporate financial performance 2010/11

The report of the Chief Finance Officer was submitted:-

(see annexed)

Vicky Buckley enlarged upon the report for the benefit of the Committee.

Councillor Douglas-Maul referred to Table 4 in Paragraph 4.9 and asked about the £200,000 for legal work regarding Darlaston Baths roof. Vicky Buckley confirmed that this had been carried forward into 2011/12 as the matter had still to be resolved.

Resolved

That the Committee notes the currently predicted year end forecasts and action being taken to address this.

825/11

Internal audit activity for the period ending 31 December, 2010

The report of the Assistant Director, Finance was submitted:-

(see annexed)

Rebecca Neill (Head of Internal Audit) enlarged upon the report and drew the Committee's attention to the salient points.

Councillor Robertson expressed concern over non-compliance with agreed Audit report actions by managers.

Councillor Chambers felt that zero tolerance was the only option and that assurances should be sought from the Chief Executive and Executive Directors that all recommendations would be carried out fully by managers.

Councillor Turner suggested that a letter should be drafted advising the Chief Executive, the Leader of the Council and CMT of the Committee's concerns over non-compliance with agreed Audit report actions by managers and it was,

Resolved

- (1) That the Committee notes that in 2010/11 Internal Audit has delivered on its performance targets, maintaining a high level of overall performance for the year;
- (2) That a letter be drafted by Internal Audit, the Chairman and Vice-Chairman advising the Chief Executive and CMT of the Committee's concerns over non-compliance with agreed Audit report actions by managers.

826/11

Revision and Consolidation of the Accounts and Audit Regulations 2003 (SI 2003 No. 533) as amended

A copy of the report from Communities and Local Government was submitted:-

(see annexed)

Resolved

That the report be noted.

827/11

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 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 those items in private session.

Summary of items considered in private session

828/11

Internal audit activity for the period ending 31st December, 2010

The Committee noted the contents of the report.

(Exempt information under Paragraphs 1, 2 and 7 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

829/11

Internal audit workplan 2011/12

The Committee endorsed the Internal Audit workplan for 2011/12 and noted the contents of the Internal Audit Charter.

(Exempt information under Paragraphs 1, 2 and 7 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

Termination of meeting

There being no further business, the meeting terminated at 8.20 p.m.

Chair:

Date: