

AUDIT COMMITTEE

Monday, 1st September, 2008 at 6.00 p.m.

Conference Room at the Council House, Walsall

Present

Councillor Turner (Chairman)
Councillor Clarke (Vice-Chairman)
Councillor C. Bott
Councillor Chambers
Councillor Robertson
Councillor D. Shires

513/08 Apologies

Apologies for non-attendance at the meeting were submitted on behalf of Councillor Martin, who was attending a meeting of the Scrutiny and Performance Panel and Independent Member Kate McLeod.

An apology for lateness was submitted on behalf of Councillor Chambers who was involved in the same meeting as Councillor Martin.

514/08 Minutes

Resolved

That the minutes of the meetings held on 23rd June and 26th June (Special), 2008, copies having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as correct records.

515/08 Declarations of Interest

There were no declarations of interest.

516/08 Deputations and Petitions

No deputations were received or petitions submitted.

517/08 **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.

518/08 **Culture CPA Score**

Tim Challans (Assistant Director – Leisure, Culture and Lifelong Learning) reported that the Culture Services area had received level 2 in the recent CPA assessment. He added it was hoped to achieve level 3 shortly but to get from level 2 to level 3 the service could have no more than two areas below the threshold and Leisure, Culture and Lifelong Learning currently had three. The first was the number of people borrowing books from the libraries which, despite a targeted campaign, did not reach the 20.4% threshold. The problem seemed to be that people used the library for reference purposes or to use computers but no longer to borrow books.

The second related to theatres and concert halls. Walsall currently had no stand alone concert halls or theatres, although the town hall was used for certain concerts and Bloxwich library did have its own theatre which was used for amateur dramatics and shows/events. The third related to the level of participation by adults in sports which was running at 16% in Walsall and needed to be above 24% to obtain a level 3. Despite a number of promotions, the Local Authority was struggling to get people more active. He added that the problem was further exasperated because Mori Polls which provided the information for government were only held on a three year basis. The Audit Commission had raised concerns regarding this matter. If one of the indicators could be removed then Leisure, Culture and Lifelong Learning would achieve level 3.

Tim Challans continued that Walsall was one of only two councils to meet the approved standards for libraries but the CPA measures were number based rather than qualitative.

Councillor Clarke asked how this situation might be changed in the future. Tim Challans replied that changes could be brought about but only slowly over a lengthy period. He added that the CPA would become the CAA from 2009 with new targets to be achieved.

Councillor Clarke asked if the problems experienced by Leisure, Culture and Lifelong Learning were resource based. Tim Challans replied that this was not the case as many local authorities were in a similar situation.

After further discussion it was:-

Resolved

That the presentation be noted.

Non-Executive Functions

519/08 Corporate Financial Performance 2008/09

The report of the Chief Finance Officer was submitted:-

(see annexed)

Vicky Buckley enlarged upon the report and indicated that this was part of the annual programme agreed at the June meeting of the Committee. It was produced monthly for CMT and quarterly for Scrutiny. The overspend situation was being managed by action plans which will be reported to the October meeting. Audit will continue to monitor this situation.

Councillor Robertson asked about the capital programme funding and how it was decided how much unsupported borrowing should be taken up. Vicky Buckley replied that particular schemes lend themselves to this type of borrowing, that there was a balance of funding to be struck between the different financing types, that decisions were subject to our treasury management strategy and affordability and whether we could afford how to service the repayment of debt. Levels of capital receipt were also reviewed and targets imposed which influenced the amount borrowed.

Resolved

That the Committee notes the currently predicted year end forecasts, risks and action plans contained in the report.

520/08 Submission of Internal Audit Reports for Scrutiny

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

(see annexed)

David Blacker enlarged upon the report and drew attention to the areas selected for detailed Scrutiny – IT Governance and Advanced Contracts (Midlands). He reported that good progress was being made with IT Governance and a strategy would be in place by the end of December. A new schedule of rates contract would be in place in October.

Resolved

That the report be noted.

521/08 Walsall Teaching Primary Care Trust and Walsall MBC – Health Inequalities

The report of the District Auditor was submitted:-

(see annexed)

Jon Roberts (Grant Thornton) handed a copy of the presentation on the external audit of health inequalities to members present at the meeting:-

(see annexed)

He stated that the report explained Walsall's impact on health inequalities and asked whether the council was questioning its partnerships where necessary. Walsall was in the lowest 20% in the Country with areas of deprivation within the Borough. Improved performance could make a big impact and value for money works would be important too. Grant Thornton had experience from all over the country and could share good practice. The report focused on three areas, child hood obesity, teenage pregnancy and male life expectancy.

With reference to the findings, Jon Roberts stated that partnership effectiveness varied. There were, however some good practices. A workshop which had been arranged had been well attended but there were concerns that the partnership was overly complex.

Referring to page 5 regarding data, Jon Roberts reported some shortfalls particularly around ethnicity. He added that there were areas of good practice but there were also gaps. With reference to exercise, swimming and dance needed greater targeting. Turning data into information was particularly important. He was impressed by the commitment shown by the local authority and partners but questioned how the report would be carried forward.

Councillor Clarke referred to slide 2 on page 4 and to the fact that formal partnership arrangements were complex and confusing. He concurred with those remarks. Vicky Buckley indicated that an update on partnership arrangements would be submitted to a future meeting.

Councillor Mrs. Shires referred to the fact that Short Heath had no GP surgeries. The problem had been recognised but a new surgery had been put near a large existing health centre in the south of the ward. Mandy Winwood indicated that officers were aware of these problems and that access for all was a common problem in Walsall. Councillor Robertson felt

that this highlighted the lack of a health inequality strategy and reflected the fact that the council was not working well with its partners.

Jon Roberts suggested that Audit Committee should consider where to refer the report. Councillor Turner suggested that it should be referred to the Health, Scrutiny and Performance Panel and Walsall Children's Services – Serco.

Resolved

That the report and presentation be noted and referred to the Health, Scrutiny and Performance Panel and Walsall Children's Services – Serco for consideration.

522/08 Interim Audit Report

The report of the Audit Commission was submitted:-

(see annexed)

Jon Roberts (Grant Thornton) enlarged upon the report and indicated that it pre-dated the statement of accounts. He referred to the key messages set out on page 2 of the report and drew attention to the fact that the word 'adequate' was used a lot. He indicated that this was not damning with faint promise but was 'auditor speak' for acceptable. He added that a business continuity plan was required in IT.

Jon Roberts drew attention to the target for implementation of internal audit's recommendations which had been set at 90% but performance against the target was below 80% (page 4 refers). It was reported that action had already been taken to rectify this situation.

Jon Roberts reported that the audit had gone well and indicated the strengths of arrangements had ensured it went smoothly. There should be no surprises in future audit reports.

Councillor Robertson asked whether members should get training to provide relevant financial experience. He also referred to recommendation 4 regarding improved minuting of the statement of accounts. Councillor Turner stated that this had already been put into effect.

Jon Roberts confirmed that auditors needed the accounts to be looked at in detail and for the minutes to reflect this to provide evidence for the key lines of enquiry.

Councillor Mrs. Shires asked about the disaster recovery plan referred to in recommendation 5. Jon Roberts replied that this would cover a major event such as IT failure, floods, a major fire, bird flu etc.

Resolved

That the report be noted and the recommendations approved.

523/08 Implementation of Agreed Audit Report Actions

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

(see annexed)

David Blacker stated that the report addressed the concerns over agreed audit report actions not being implemented by council officers. He indicated that this had been addressed at CMT on 31st July, 2008 when 9 agreed actions had been put in place. As a result this service would be aiming at target levels of 95% for 1 star and 2 star actions and 100% for 3 star actions. If these targets were not met then Executive Directors and Assistant Directors could be called before the Audit Committee to explain their actions. It would also be included in managers IPMs in the future.

Resolved

That the Committee notes the report and in particular the actions approved at CMT to improve the implementation of agreed audit report actions by officers.

524/08 Risk Management Update 2008/09

The report of the Assistant Director of Strategic Transformation was submitted:-

(see annexed)

Ann Johnson enlarged upon the report and indicated that during the last 6 months the corporate risk register had been completely reviewed and a specific risk assigned to each risk manager. Work would be completed by October 2008. She asked for 2 risks to be selected for Scrutiny.

Members agreed to select risks 56 and 15 for Scrutiny and asked for additional information in respect of risk 86 (Councillor Clarke) and risk 84 (Councillor Mrs. Shires).

Ann Johnson reminded the committee about the workshop to be held on the 3rd September, she added that the partnership protocol was now in place and a partnership register would be available by October 2008. CMT would consider it and decide who would be responsible for taking it forward.

Resolved

That the committee:-

- (1) notes the corporate management team undertook a complete review of the corporate risk register in June 2008 attached at appendix 1 to the report and selects risk 56 – failure to deliver a single status by agreement and risk 15 – incident occurs and there is insufficient resource for review at a future meeting;
- (2) notes the action taken in progressing the corporate risk management action plan (appendix 2 refers);
- (3) notes that there will be an audit committee risk workshop on 3rd September, 2008 where an overview of the risk management methodology will be given and audit committee will then review their own risk register (appendix 3 refers);
- (4) notes the key line of enquiry (KLOE) for 2008/09 (appendix 4 refers) and the gap analysis (appendix 5) developed to ensure that these requirements are met by the 31st March, 2009.

525/08 Submission of Corporate Risks for Scrutiny

The report of the Assistant Director – Strategic Transformation was submitted:-

(see annexed)

Ann Johnson reported that risk 11a – failure to deliver on regeneration project – had now been managed off the risk register and was being dealt with in Regeneration. Risk 57 – failure to deliver at least a score of 3 for all elements of the CPA framework by 2008 – had been achieved and had been replaced by new risk 97 – failure to maintain at least a score of 3 for all elements of the CPA framework.

Resolved

That the committee notes the contents of the report and the action being taken to manage these significant risks.

Termination of meeting

There being no further business, the meeting terminated at 7.30 p.m.

Chairman:

Date:

