AUDIT COMMITTEE

Monday 4th September, 2017, at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Councillor Robertson (Vice-Chairman in the Chair)
Councillor Barker
Councillor Chambers
Councillor Craddock
Councillor Kudhail
Councillor Young

Mr Green

In attendance

Audit Manager
Team Leader – Borough Wide Development
Regulatory Services Manager
Director of Public Health

159/17 **Welcome / Apologies**

The Vice-Chair welcomed all in attendance.

No apologies were received.

The Clerk advised that the Head of Finance was, unfortunately, unable to attend the meeting and that any specific questions would be noted and referred to her for response at a later date.

160/17 **Minutes**

A copy of the minutes of the meeting held on 26th June, 2017, was submitted:-

(see annexed)

Resolved

That the minutes of the meeting held on 26th June, 2017, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

161/17 **Declarations of Interest**

None submitted.

162/17 **Deputations and Petitions**

There were no deputations submitted or petitions received.

163/17 **Local Government (Access to Information) Act, 1985 (as amended)**

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.

164/17 **Notification of any issues of importance for consideration at a future meeting**

There were no issues raised under this item.

165/17 **Annual Regulatory Powers of Investigation Act (RIPA) Report**

A report was submitted:-

(see annexed)

The Regulatory Services Manager presented the report and highlighted the salient points contained therein. In doing so, she advised the Committee that she had just learned that the Office of the Surveillance Commissioner (OSC) had been disbanded and would be replaced by another Governing Body in due course. In view of this, recommendation 2 of the report would need to be amended to grant authority to the Executive Director – Economy and Environment to amend to Corporate RIPA Policy and Procedures to reflect any changes necessary arising from the OSC being disbanded.

Furthermore, RIPA was currently being audited by Internal Audit and it was expected that the outcome of the Audit would be reported back to the Committee in the usual way in due course.

The report provided the Committee with a summary of surveillance activities which had been undertaken by the council under the Regulation of Investigatory Powers Act (RIPA) 2000 for the year ending 31 March 2016.

In addition, Members were provided with the opportunity to review the Corporate RIPA Policy and Procedures to ensure it was current; provided the required guidance to officers and ensured the Authority was compliant with the legal framework.

Members sought assurance around the use of RIPA and queried the drop in its use. Officers explained that some powers had been transferred to Department for Work and Pensions and the test to obtain RIPA authorisation had gotten much higher. The Council did, however, still pursue RIPA action where warranted.

The Committee requested that Officers undertake a comparison with other Local Authorities on their use of RIPA and that any feedback gained be circulated to Members. Officers advised that there was no obligation on Local Authority's to publish their RIPA data, but they would ask on the Committee's behalf and feedback any findings in due course.

Resolved that: -

1. the Council's use of the Regulation of Investigatory Powers Act (RIPA) 2000 for the year ending 31 March 2016 be noted and it also be noted that usage is consistent with the Council's policy and procedures.
2. authority be delegated to the Executive Director – Economy and Environment to amend to Corporate RIPA Policy and Procedures to ensure that is current; it provides the required guidance to officers and ensures the Authority is compliant with the legal framework.

166/17 **Risk Management Update: Corporate Risk Register**

A report was submitted:-

(see annexed)

The Internal Audit Manager presented the report and highlighted the salient points contained therein.

The report provided Audit Committee with an update of the corporate risk register (CRR) to enable the Committee to be satisfied that significant business risks had been identified and appropriate action taken to manage these risks. The Risk Appetite, as documented in the Corporate Risk Management Strategy, has been included for information at Appendix 1 to the report.

In addition, the report also provided the Committee with an update on the Assurance Framework. This document sought to identify the Council's sources of assurance for first and second lines of defence in order to identify areas where further assurance support was needed, and was based on the key risks identified in each directorate.

Members queried what would happen to risks placed under the ownership of Interim staff. Members were assured that all of the Risk Owners were Members of CMT and that if / when an Interim Director left the Authority, CMT would automatically pick up the risk(s) and reallocate it.

Members queried if anything should be on the action plan for risk 7. The Internal Audit Manager advised that there should be something on the action plan for this risk and she would check outside of the meeting and report back.

Members also referred to Appendix C where some of the risks had an inherent risk score and residual risk score whilst others didn't have any. The Internal Audit Manager advised that the assurance map had not been undertaken in Walsall before and it was very much a 'work in progress'. Furthermore, Members pointed out that some of the scorings on Appendix 3 didn't correspond with the scorings on the Assurance Map. In view of this, Members requested the Internal Audit Manager to reissue the document when the above issues had been rectified.

The Independent Member welcomed the first draft of the Assurance Map. However, he queried whether the first line of defence identified within the document was in fact a line of defence at all. He advised that he had previously suggested that an Assurance Framework would be useful for the Committee in diligently undertaking its duties.

The Independent Member continued, advising that he still held some concern in relation to the scoring of risks and that it wasn't as good as it could be. He reiterated his feelings that he had shared at previous meetings that the likelihood and impact scores appeared, to him, to be reversed. In view of this, he queried whether the scores were accurate and, if not, were they painting an accurate picture of the risks. In addition, he again reiterated the need for descriptors to provide the Committee with an understanding of what was trying to be portrayed.

In particular, the Independent Member referred to Risk No. 6 and stated that he felt this risk covered a multitude of risks, including data protection risks, and asked that Officers revisit it as he felt it was difficult for the Committee to gain assurance on this one in its current iteration. In addition, there were no timescales and target dates which also made it difficult for the Committee to gain assurances. There were some other areas of concern which the Independent Member indicated he would raise with the Internal Audit Manager directly outside of the meeting.

The Internal Audit Manager advised that the Risk Strategy would be reviewed in the near future and she would look into the points raised.

A Member raised her concern in relation to Risk No. 11 and the current situation within Adult Social Care in relation to a number of matters including staffing and morale. A request was made to see if an Audit could be undertaken on this particular area to help ascertain the cause of the issues. Following a lengthy debate on the matter, it was agreed that this particular risk should be referred to the Social Care and Health Scrutiny Committee for further investigation. Another Member advised that there would be a staff survey which would be undertaken for the first time in a number of years which he hoped would bring to light any such issues. The independent Member welcomed the news of a staff survey and advised that he hoped the Council would take appropriate action on its findings.

Another Member queried why Risk Nos. 6 and 11 had no second or third line of defence detailed. The Internal Audit Manager advised that the document was still a 'work in progress' and that in-year updates would provide such details.

Resolved that: -

1. the corporate risk register (attached to the report as Appendix 2) be noted.
2. the removal of corporate risks (3) and (4), as proposed by CMT, be approved.
3. the inclusion of corporate risk (11), as proposed by CMT, be approved.
4. it be noted that the Assurance Framework will be updated to reflect the above changes once approved.
5. the Internal Audit Manager re-circulates the updated version of the Assurance Map addressing the above raised concerns.
6. that Risk No. 11 be referred to Social Care and Health Scrutiny Committee for further investigation.

167/17 **Financial Health Indicators 2017/18**

A report was submitted:-

(see annexed)

The Internal Audit Manager presented the report and highlighted the salient points contained therein.

The report detailed the financial health indicators for the first quarter of the year (to 30th June, 2017) as set out in Appendix 1 to the report, including the current year end forecast position for both revenue and capital.

Members considered the report and asked the following questions for the Head of Finance to respond to in due course.

1. On the Council Tax Revenue for 2016/17 it showed 95.5% actual collection rate. Why had this percentage decreased from the previous year;
2. Where was the Saddlers centre purchase referenced within the indicators;
3. Referring to the shortfall of £3.79M, what was in place to ensure it wouldn't happen.
4. Referring to the Gearing Effect of Capital Financing Estimates, why was it at 0.06% when the target was 5.00%

Resolved that: -

1. The Financial Health Indicators be noted.

2. The Head of Finance responds to the above questions via email in due course.

168/17 **Internal Audit Progress Report 2017/18**

A report was submitted:-

(see annexed)

The Internal Audit Manager presented the report and highlighted the salient points contained therein.

The report provided the Committee with an update on Internal Audit's progress for 2017/18.

Members queried if the Combined Authority would fall under Internal Audit's responsibility. The Head of Internal Audit advised that the Combined Authority was its own entity with its own Audit arrangements. However, it remained on the plan for now pending further information / instruction from the Executive Director – Economy and Environment.

Arising from a discussion around Social Care Audits, Domiciliary Care in particular, a Member wished to have her concerns recorded that she did not feel assured on this area and did not feel it would be appropriate to postpone.

Members queried how requests for postponements were approved and who was authorised to request one. The Internal Audit Manager advised the

Committee of the mechanism in place for approving postponements which included being overseen and approved via the CFO.

In relation to the Domiciliary Care matter, the Head of Internal audit advised that there had been a delay in the Policy which meant that there would be insufficient data at present to test and establish if it was working or not. In view of this, the postponement was a sensible approach. The Independent Member stated that the mechanism for requesting a postponement had been explained to the Committee and it appeared to be a reasonable response in circumstances of this case. Members commented that it would have been useful for the Committee if more narrative around such matters had been provided within the report to help the Committee undertake its business. In addition it would also have been useful for the report to detail the scope of the Audits.

The Independent Member referred to the numerous ICT Areas on page 11 of the progress report and advised that he was surprised that no status had been agreed for any of them. The Head of Internal Audit clarified that these had now been agreed but had not been in time for when the paperwork had been dispatched.

Referring to page 25 of the report, a Member queried if there were any updates in relation to the appointeeships issue. The Internal Audit Manager advised that the Council was still waiting on updates from the DWP.

Resolved that contents of the report be noted, in particular the change to the programme of audits for Adult Social Care following the update to the Directorate Risk Register.

169/17 **National scheme for Auditor appointments with Public Sector Audit Appointments (PSAA) as the 'appointing person'**

A report was submitted:-

(see annexed)

The Clerk advised that the Head of Finance had asked him to introduce the report and state that it was straight forward and self explanatory. If any Members had any questions, he would record and pass them onto the Head of Finance to respond to directly at a later date.

The report detailed the outcome for the appointment of the external auditor to the Council for the 2018/19 accounts and beyond, as the current arrangements only covered up to and including the 2017/18 audits.

Resolved that it be noted that Grant Thornton (UK) LLP have been appointed as the Council's external auditor by the Public Sector Audit Appointments (PSAA) for 5 financial years commencing 1 April 2018 and that the Council does not propose to object to this appointment.

170/17 **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.

171/17 **Phoenix 10 Project**

A report was submitted:-

(see annexed)

The Team Leader – Borough Wide Development presented the report and highlighted the salient points contained therein.

The Independent Member requested future update reports to include risk timescales and also requested Officers to review the risks scores as they appeared to him to be reversed.

A Member also queried if the current risk scoring was a true / accurate reflection of where the scheme was at present as a lot had changed since it had originally been undertaken. The Team Leader – Borough Wide Development agreed to review this matter.

Resolved that: -

1. the contents of the report be noted.

2. a further update report be presented to a subsequent meeting of Audit Committee.

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

Termination of Meeting

The meeting terminated at 7.28 p.m.

Chair: ……………………………………

Date: ……………………………………