

AUDIT COMMITTEE

Monday 20th April, 2015 at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Councillor Illman-Walker (Vice-Chairman)
Councillor Barker
Councillor Craddock
Councillor Flower
Councillor Hughes
Councillor Robertson

Mr A Green (Independent Member)
Mrs P Hepburn (Independent Member)

In attendance

Chief Finance Officer
Head of Internal Audit
Head of Legal and Democratic Services
Head of Democratic Services

2 x Representative from Grant Thornton

The Interim Assistant Director – Social Care and Inclusion attended for Item 15 only (Independent Sector – Residential and Nursing)

1259/15

Chair

The Clerk advised that the Chairman had submitted his apology and the Vice-Chair was running a little late. In view of this, the Clerk sought a nomination from amongst the Members present to Chair the meeting up until the Vice-Chair had arrived.

Councillor Flower was duly nominated to Chair the meeting until the arrival of the Vice-Chair.

Councillor Flower in the Chair.

1260/15

Apologies

Apologies were received on behalf of Mr F Bell (Chairman) and Councillor Chambers.

1261/15 **Minutes**

The minutes of the meeting held on 23rd February, 2015, were submitted.

(see annexed)

Resolved that the minutes of the meeting held on 23rd February, 2015, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

1262/15 **Declarations of Interest**

There were no declarations of interest.

1263/15 **Deputations and Petitions**

There were no deputations submitted or petitions received.

1264/15 **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.

1265/15 **Notification of any issues of importance for consideration at a future meeting**

There were no issues raised.

1266/15 **Reporting Requirements under Part 3.5, Clause 2 Council Constitution**

A report was submitted:-

(see annexed)

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

Members considered the report and the advice of the Head of Legal and Democratic Services as contained therein.

Resolved that: -

1. The Monitoring Officer amend Part 3.5 Clause 3 to remove the requirement for reporting Chief Officer decisions to the Audit Committee;
2. That the above amendment be included in a report to Council as required by the Constitution.

1267/15 **Annual Review of the Scheme of Delegations**

A report was submitted:-

(see annexed)

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

Members considered the report and sought clarification on a number of the proposed amendments, as set out below: -

- Councillor Barker asked, in relation to 16.28, was this delegation to be undertaken by another Officer from now on or not undertaken at all;
- Councillor Flower asked, in relation to 16.52, what the reason was for the subtle change in language;
- Councillor Robertson asked, in relation to 16.112, was there a requirement to consult which had now been removed;
- Councillor Flower asked, in relation to 21.12, if Tree Preservation Orders (TPOs) were to be deleted from the delegations, what would be the process for dealing with TPOs in the future.

The Head of Democratic Services agreed to liaise with the relevant Chief Officers and co-ordinate a response to Members on the above points.

Resolved that: -

1. the revisions to Officer Delegations, as set out in the Appendix, be noted;
2. the report be circulated to Group Leaders and Independent Members for information.

1268/15 **Revised Corporate Risk Management Strategy (CRMS) 2015/16**

A report was submitted:-

(see annexed)

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

Members considered the report and sought assurance on a number of aspects relating to the Revised Corporate Risk Management Strategy.

In particular, Mr Green stated that he held some concern in relation to the fact that there was nothing in the strategy which indicated the Authority's risk appetite and how risks might be escalated / deescalated. In addition, he added that he would have expected to see the risk matrix as part of the Strategy document as he felt it was integral to the Risk Management process.

The CFO agreed to amend the strategy to address the matters raised above.

Mr Green then sought assurance around the recommendation. The report asked for the Committee to endorse the Strategy. He queried as to whether or not the Committee actually held the authority to undertake the suggested course of action. Furthermore, he questioned whether the Committee was advising on assurance or seeking assurance. His view was that the Committee's role was to seek assurance.

A representative from Grant Thornton clarified that the Committee's role was indeed to seek assurance.

The CFO referred Members to the Committee's Terms of Reference to provide clarity on its role.

The Chair sought a way forward and asked Mr Green if he wished to suggest an alternative form of words to help construct an agreeable recommendation.

Mr Green advised that he felt it would be more suitable if the Committee were to note the strategy, subject to the amendments referred to above.

The CFO advised that he would prefer the Committee to endorse the Strategy as something more positive than noting was required.

A discussion ensued on the wording of the recommendation, following which it was moved by the Chair and duly seconded by Mr Green, and carried: -

Resolved that, subject to the amendments referred to above, the revised Corporate Risk Management Strategy be noted.

The Vice-Chairman (Councillor Illman-Walker) arrived during consideration of this item, at 6.20pm, and assumed the role of Chair from the next item onwards.

Risk Management Update**Councillor Illman-Walker in the Chair**

A report was submitted and a revised Appendix was tabled:-

(see annexed)

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

Members considered the report and the various risks identified therein.

In particular, Councillor Hughes sought further assurance in relation to 7.5 of the report. The CFO advised that it would be the responsibility of the Executive Directors to manage this in the future and he would devise a method to keep the Committee apprised of any issues.

Councillor Barker sought assurance in relation to 7.3 of the report (Fair and correct holiday pay). The CFO advised that he was in the process of preparing a report for Members on this very matter. There were still a few factors which remained unclear at present, but as soon as these issues had been resolved he would circulate the report to Members.

Councillor Craddock sought assurance on who would be taking over on the Risk Register for the items placed against the exiting Executive Director of Neighborhoods, who was due to retire in the near future. The CFO advised that this matter was being explored at present and by the time the Committee next received the Register, the matter would be addressed.

Councillor Robertson commented that he would like to see greater support for the Voluntary Sector in the future as he felt it would be critical to how services would be delivered going forward.

Mr Green sought an assurance in relation to Risk No. 1 in terms of why the rating had dropped as quickly as it had. The Chief Finance Officer advised that this risk was a new risk in September 2014. He advised that the Council now knew that the likelihood was much lower than previously anticipated, hence the drop in its risk scoring.

Mr Green queried what the nature of the risk was associated with Risk No. 21. The CFO advised that it related to the change of a computer system and the associated risk associated with it not delivering what it had been anticipated to deliver. Mr Green requested that future reports include some clarity within the descriptions in the form of a narrative so that Members were able to easily glean what the nature of each individual risk was.

Mr Green, in relation to Risk Nos. 11 and 16, enquired why there were still a number of "TBA's" against both risks. The Chief Finance Officer advised

that these particular risks had now been updated and he would arrange for Members to be updated via a briefing note.

In relation to there being more responsibility and less controls being in place and the potential for exploitation, Councillor Craddock queried whether the CFO was comfortable with the level of Audit Staff in place to monitor such aspects. The CFO advised that resources had and would be cut proportionately across the Council. The Council would not be able to undertake the same amount and level of work in the future. In view of this, controls would need to be maximized and resources would need to be directed more intelligently with a pragmatic approach. The Head of Internal Audit confirmed that Audits were undertaken on a sample basis and that resources would be targeted accordingly in the future. In addition, she highlighted a number of successful frauds which had been identified by Audit Officers via their routine work.

Councillor Robertson, in referring to Page 21, enquired if any Councillors had sat on, or been involved with, the Contest Group as he felt Members should be aware of this. The CFO agreed to investigate and advise Councillor Robertson on this matter.

Resolved that: -

1. the Corporate Risk Register, as set out at Appendix 1, be noted;
2. the horizon scanning items which may appear on future risk registers, if appropriate to do so, be noted;
3. future reports include a narrative concerning the nature of each individual risk;
4. the CFO arranges for a briefing note to be sent to Members providing an update in relation to Risk Nos. 11 and 16;
5. the CFO informs Councillor Robertson in relation to whether or not Councillors have been involved in the Contest Group associated with Risk No. 5.

1270/15 **Accounting Policies 2014/15**

A report was submitted:-

(see annexed)

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

Members considered the report and: -

Resolved that the accounting policies, for use in the completion of the financial statements for 2014/15, be noted.

1271/15 **Review of Constitution – Part 4; Section 7 – Financial Rules**

A report was submitted:-

(see annexed)

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

In addition, the CFO advised that the Chair had contacted him and suggested that 8.6 (3) should be revised to define what was 'regular'. However, the CFO advised that he would prefer to keep the existing wording as set out to provide some flexibility.

Members considered the report and: -

Resolved that the amendments to the Finance Procedure Rules, as contained within Appendix 1, be approved for inclusion in the updated Constitution at its annual meeting in June, 2015.

1272/15 **Protecting the Public Purse and Anti Fraud and Corruption Arrangements**

A report was submitted and some additional information was tabled:-

(see annexed)

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

Members considered the report and sought assurance around the Freedom of Information Act and Data Protection Act matters related with fraud investigations.

Members congratulated Officers in pursuing the various successful fraud claims.

Resolved that the contents of the report be noted.

1273/15 **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.

1274/15 **Risk Management Update**

A report was submitted:-

(see annexed)

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

Members considered the report and it was: -

Resolved that the Corporate Risk Register be noted.

1275/15 **Independent Sector – Residential and Nursing**

A report was submitted:-

(see annexed)

The Assistant Director – Social Care and Inclusion presented the report and highlighted the salient points contained therein.

Members considered the report and provided a robust challenge. In doing so, Members sought assurance that the various outstanding actions were being managed efficiently and effectively in a timely manner.

Following a lengthy deliberation on the matter it was: -

Resolved that the progress being made be noted and that a further progress report be submitted in September, 2015.

1276/15 **No and Limited Assurance Internal Audit Reports**

A report was submitted:-

(see annexed)

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

Members considered the report and it was: -

Resolved that the contents of the report be noted.

Termination of meeting

The meeting terminated at 7.43p.m.

Chair:

Date: