

AUDIT COMMITTEE

Tuesday, 19th January, 2010 at 6.00 p.m.

Conference Room at the Council House, Walsall

Present

Councillor Martin (Chair)
Councillor Rochelle (Vice-Chair)
Councillor Chambers
Councillor Sears
Councillor D. Shires

665/10

Apologies

Apologies for non-attendance were submitted on behalf of Councillor Ault, Councillor Robertson and Mrs. McLeod.

The Chair reported that Mrs. McLeod had written to her stating that she was retiring from her position on the Committee due to ill health problems. In view of this, the Committee asked that their thanks be minuted and to wish her well for the future. The Chair stated that she would reply to Mrs. McLeod's letter personally to thank her for her involvement on the Committee.

James Walsh, Assistant Director - Finance, then reported that David Blacker was due to retire from the Council at the end of March, 2010. Members of the Committee wished to extend their thanks to David for all the work he had undertaken over the years and to wish him well in his retirement.

The Chair then took the opportunity to circulate a KPMG 'Ten To-Do's for Audit Committee' document and hoped that Members would find it useful.

666/10

Minutes

Resolved

That the minutes of the meeting held on 8th December, 2009, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chair as a correct record.

667/10 **Declarations of Interest**

There were no declarations of interest.

668/10 **Deputations and Petitions**

There were no deputations submitted or petitions received.

669/10 **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.

Non-Executive Functions

670/10 **Presentation on Risk Management Methodology**

Ann Johnson, Corporate Risk and Insurance Manager, delivered a presentation on corporate risk management:-

(see annexed)

During her presentation, Ann explained to Members the following:-

- What risk management was;
- Why it was important;
- What the benefits of risk management were;
- What methodology the Council had adopted;
- What the Authority had done to embed risk management within the organisation;
- What Councillors roles were;
- What the Audit Committee's role was;
- Future developments of risk management.

At the conclusion of the presentation, Ann stated that training sessions would be arranged for risk champions and Members alike in the near future.

The Committee thanked Ann for her presentation.

Members then highlighted that in the future, it would be useful to have a glossary of terms within such documents to explain the various acronyms contained within the presentation.

Resolved

That the presentation be noted.

671/10

Revised Corporate Risk Management Strategy (CRMS)

A report was submitted:-

(see annexed)

Ann Johnson, Corporate Risk and Insurance Manager, presented the report on the Revised Corporate Risk Management Strategy (CRMS).

The Corporate Risk Management Strategy was last approved in January, 2009. The strategy had been revised and endorsed by the Corporate Management Team and was now before the Committee for its approval. If approved by Committee, the strategy would be signed off by the Chair and the Chief Executive before being referred to Cabinet for approval.

Members sought clarification around who the Member champion was, what types of evidence would be necessary to demonstrate evidence of compliance and whether the Committee could receive assurance that the business continuity strategies were fit for purpose.

James Walsh responded stating that it would be beneficial for the Committee to receive a report on Business Continuity Strategies from Alan Boyd, the Council's Emergency Planning Manager, who would be in the best position to give the Committee those assurances.

Resolved

That:-

- (1) the revised draft Corporate Risk Management Strategy be endorsed;
- (2) the revised Corporate Risk Management Strategy be referred to Cabinet for approval;
- (3) Ann Johnson undertakes to arrange for Alan Boyd to present a report on business continuity strategies to a future meeting of the Audit Committee.

Use of Resources - Report of Audit Commission 2008/09

A report was submitted:-

(see annexed)

Jon Roberts from Grant Thornton presented the report on the 2009 Use of Resources and delivered a subsequent presentation:-

(see annexed)

Jon took Members through the presentation and highlighted the salient points contained therein.

The Council's external auditors were required to conclude on whether Walsall had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Furthermore, auditors were also required to score Council's performance in this area as part of the comprehensive area assessment.

The Council had been assessed at Level 3 for managing finances and Level 2 for governing its business and managing resources. In view of this, the Committee was requested to note the contents of the report and approve the action plan as now submitted.

On the whole, Mr. Roberts stated that it was a good report and the Council should be satisfied with its achievements.

Members sought clarification in relation to why no score had been received in relation to workforce management and how the Council could improve upon its score for commissioning and procurement. Councillor Chambers requested that Mr. Roberts produce a briefing note on workforce management as he felt this would be useful for Members.

At the conclusion of the debate, the Committee wished to have its thanks recorded to the various officers involved in attaining such a good score as well as its thanks to the staff from Grant Thornton for all their hard work and participation.

The Committee also requested that future documents be produced in larger print to make them easier to read.

Resolved

That the contents of the report be noted and the action plan as now submitted be approved.

673/10

Annual Audit letter 2008/09 - Report of Audit Commission

A report was submitted:-

(see annexed)

Kyla Bellinghall from Grant Thornton, presented the report on the Annual Audit letter 2008/09.

The report set out the external auditor's annual audit and inspection letter for 2008/09 which summarised the key issues arising from the work that Grant Thornton had carried out in relation to the year ending 31st March, 2009.

Members sought further clarification on various issues contained within the letter in relation to School Balances and Building Schools for the Future. In particular, the Committee were keen for the Childrens and Young People Scrutiny and Performance Panel and Serco to be engaged in the process.

Councillor Rochelle requested further information on how the Housing 21 Private Finance Initiative (PFI) operated.

Resolved

That the report be noted.

674/10

2009 Inspections Outcomes and Annual Audit and Inspection Letter Update (2007/08)

A report was submitted:-

(see annexed)

Helen Dudson, Performance and Scrutiny Manager, presented the report on the 2009 Inspections Outcomes and Annual Audit and Inspection letter update.

The report detailed the outcomes of various inspection activities in the 2009 calendar year. Principally, the report set out the results of the first comprehensive area assessment (CAA) published on 9th December, 2009 but also included other external judgements of specific services or elements of Council activity which had informed the CAA but were not directly a part of it.

Overall, the inspection judgements were broadly in line with other comparable Local Authorities with some areas of a strong performance and other areas where improvements were required. In addition, the report provided an update on the activity that was in train to respond to the

Audit Commission annual audit and inspection letter for 2007/08 that had been received in April, 2009.

The Committee sought further clarification upon what the Leadership Forum was as well as its remit.

Resolved

That the contents of the report be noted.

675/10 **Internal Audit Activity for Nine Months ending 31st December, 2009**

A report was submitted:-

(see annexed)

David Blacker, Chief Internal Auditor, presented the report on Internal Audit Activity for the Nine Months ending 31st December, 2009.

The report highlighted the Internal Audit's activity for nine months ending 31st December, 2009 and, in doing so, outlined the ongoing and completed work as well as providing performance information.

Furthermore, David Blacker reported that he had now gained approval to appoint to the two vacancies within his section.

The Committee were pleased with the performance rate and thanked David Blacker and his team for all their hard work.

Resolved

That:-

- (1) it be noted that in 2009/10 Internal Audit has delivered on all of its performance targets to date, maintaining a high level of overall performance for the year;
- (2) the Strategic Regeneration Framework and Links to Work reports be selected for detailed scrutiny from amongst the completed audit reports.

676/10 **Regional Housing Pot Internal Audit Report**

A report was submitted:-

(see annexed)

David Blacker, Chief Internal Auditor, presented the report on Regional Housing Pot Internal Audit report.

In scrutinising the Regional Housing Pot Internal Audit report at its meeting on 8th December, 2009, Audit Committee Members had requested assurance from Council managers that the grant monies referred to within the report were not at risk of having to be potentially repaid.

The report sought to detail the Housing Standards and Improvement manager's response to this request.

The Committee requested that this item be re-visited in a few months time to see if those assurances had materialised. David Blacker suggested that this issue could be included in next year's audit work programme and a report be presented to a future meeting.

Resolved

That:-

- (1) the contents of the report be noted;
- (2) this issue be included in next year's audit work programme and a report presented to a future meeting of the Committee.

677/10

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.

678/10

Internal Audit Activity for the Nine Months ending 31st December, 2009

A report was submitted:-

(see annexed)

David Blacker, Chief Internal Auditor, presented the Internal Audit Activity for the Nine Months ending 31st December, 2009 report.

The report presented Internal Audit's unplanned irregularity and consultancy work activity for the nine months ending 31st December, 2009 in detail.

Resolved

That the contents of the report and Appendix be noted.

(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 7.42 p.m.

Chair:

Date: