

AUDIT COMMITTEE

Monday, 1st March, 2010 at 6.00 p.m.

Conference Room at the Council House, Walsall

Present

Councillor Martin (Chairman)
Councillor Rochelle (Vice-Chairman)
Councillor Chambers
Councillor Robertson
Councillor D. Shires

679/10

Apologies

Apologies for non-attendance were submitted on behalf of Councillors Ault and Sears.

680/10

Minutes

Resolved

That the minutes of the meeting held on 19th January, 2010, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

681/10

Declarations of Interest

There were no declarations of interest.

682/10

Deputations and Petitions

There were no deputations submitted or petitions received.

683/10

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

684/10

Presentation on Risk 11 - Lack of agreed explicit operating model for adequate support services

Paul Milmore, Head of Business Solutions, made a presentation with the aid of slides, a copy of which was handed to Members present at the meeting:-

(see annexed)

Ann Johnson circulated the Strategic Risk Assessment for Risk 11 to Members:-

(see annexed)

Councillor Chambers asked who owned the risk. James Walsh replied that Rory Borealis was the risk owner.

Councillor Chambers felt that this was an important piece of work which would inform Councillors for the future. He asked that a report on the Procurement Service Review - Internal Audit and Serco Partnership, be submitted to a future meeting of the Committee.

Councillor Robertson referred to the need to streamline the management structure as cuts in funding would mean that changes to services would have to happen. He asked how long the changes would take to implement and indicated that the risk was that change would not happen quickly enough.

Paul Milmore reported that Working Smarter would help to improve what the Council does and those services which customers no longer required would be phased out.

James Walsh stated that Working Smarter would be brought through in the budget process which would also help to strip out inefficiencies in services.

Councillor Mrs. Shires asked how the whole organisational LEAN evaluation would be carried out. Paul Milmore replied that a pilot study would be carried out in Adult Social Care over three days in March, 2010. It would involve the Chief Executive, the Leader of the Council and Executive Directors and Assistant Directors accessing and living the customer experience in Adult Social Care. It would then be rolled out across the whole of the Council in April and May, 2010 to help build a new Council operating model.

Councillor Mrs. Shires asked why Adult Social Care had been chosen for the pilot. Paul Milmore replied that that service had offered itself up to receive the investigation.

After further discussion it was,

Resolved

That the presentation by Paul Milmore regarding Risk 11 - Lack of agreed explicit operating model for adequate support services be noted.

685/10 **Presentation on Risk No. 4 - Lack of exit strategy for external grant funded services**

Ann Johnson reported that Clive Wright, Director of Walsall Partnership, who was to make the presentation, had been delayed at another meeting. The Committee agreed to defer consideration of this matter until later in the meeting.

686/10 **Approval of the corporate integrated planning and performance framework**

It was reported that consideration of this matter had been deferred to the next meeting of the Committee.

687/10 **Corporate Financial Performance 2009/10**

A report was submitted:-

(see annexed)

James Walsh enlarged upon the report and stated that the information contained in it was out of date as the Council's overspend was now down to approximately £2 million. He stated that a further report on this matter would be submitted to the April meeting of the Committee. He drew attention to the fact that significant pressure remained on certain services e.g. young people's services and reported that the Capital Programme was forecast to underspend by £3.473 million because of re-phasing and slippage of projects into 2010/11. He added that the situation could get worse before it got better and that tight control of non-essential spending was beginning to have an effect.

James Walsh drew attention to the major variances to the budget contained in Appendix A to the report. Councillor Robertson referred to Children's Services and reported that Looked After Children (LAC) now stood at 495.

Councillor Chambers referred to the lack of analysis of slippage in the Capital Programme. He asked whether it related to underspending or re-phasing. James Walsh replied that the slippage was due to re-phasing of projects. There was no underspending.

Councillor Chambers asked for information on what had caused projects to slip. James Walsh agreed to report back on this matter to the next meeting of the Committee.

Councillor Martin referred to variances to the resources budget and to the non-realisation of agency tax income arising from fewer agency staff being recruited.

James Walsh explained the situation.

Councillor Martin referred to the New Deal succession costs (£203,000). James Walsh agreed to report back on this matter to the next meeting of the Committee.

Resolved

- (1) That the currently predicted year end forecasts and action being taken to address this be noted;
- (2) That a report on slippage on projects and New Deal succession costs be submitted to the next meeting of the Committee.

688/10

Submission of Internal Audit reports for scrutiny

A report was submitted:-

(see annexed)

Strategic regeneration framework

David Blacker enlarged upon the report and stated that the strategic regeneration framework had received a limited assurance audit opinion. Of the ten actions for improvement made, three were high priority. He added that Simon Tranter, Head of Regeneration, Development and Delivery, was in attendance to answer questions.

Simon Tranter confirmed that all ten actions had now been completed.

Councillor Chambers reported that the Project Reference Groups were working well and consultation with local people was very good.

Councillor Robertson referred to the Goscote Project Group and to the difficulties experienced in getting the balance of membership right. He also referred to the problems which had arisen because meetings of the

Group had not been adequately minuted. He added that proper pathways for the dissemination of information were vital.

Councillor Rochelle referred to Reference 3.4 of the audit opinion and action plan and asked whether training for Members would be useful. Simon Tranter replied that a number of things had been done to improve the situation, including the setting up of a Joint Care Strategy Support Group. Regeneration Scrutiny Board had also considered the matter and was given regular updates. He added that the entire programme was running on various timescales but the key issue was the bringing forward of investment. Liaison with the HCA was also very important.

Simon Tranter reported that partnership working had improved considerably and there were opportunities for engagement with Members through the scrutiny process. He added that the LNPs received regular updates as well.

Councillor Robertson indicated that it would be good if young people could be given the opportunity to comment on the Goscote proposals through a “blog spot”.

Councillor Martin referred to Reference 1.1 of the audit opinion and action plan which seemed to suggest that out of date information had been used in the preparation of the strategic regeneration framework. Simon Tranter replied that the strategic regeneration framework was adopted in 2006 using a whole range of data, including the census which had been taken in 2001. He added that each area had its own framework and up to date information was used wherever possible. However, most of the data was pre-recession so it needed re-visiting.

Councillor Martin referred to Reference 2.1 of the audit opinion action plan regarding projects not duplicating or conflicting with each other. Simon Tranter replied that the Local Authority was working closely with the HCA and WHG to improve this. He added that a new governance process was now in place and the structure was fit for purpose.

Resolved

That the report be noted.

Links to Work

David Blacker reported that the last audit report on Links to Work had been carried out in September, 2006 when ten high priority actions had been identified. These were confirmed and implemented by the Project Manager, Links to Work, in June, 2007. In a follow up audit, it had been noted that six of the ten high priority actions had been fully implemented but four remained partially implemented or unimplemented. A Manager had been advised to implement them as

a matter of urgency as a further audit review of the service was about to commence.

Graham Jones, Manager - Links to Work stated that when the follow up audit had been carried out he had approached Internal Audit for advice and could confirm that nine out of ten of the high priority actions had been completed. The tenth could not be implemented as the Council had no policy in place to enable it to go ahead.

Councillor Rochelle referred to the matter of the safe. Graham Jones replied that the old safe was unnamed so the insurers would only insure it for £2,000 and this figure was regularly exceeded. A new named safe had now been purchased and insurers had increased the cash limit which could be kept in it. However, new working practices meant that there was no more than £1,000 kept in the safe at any time.

Resolved

That the report be noted.

689/10

Presentation on Risk No. 4 - Lack of exit strategy for external grant funded services

A copy of the strategic risk assessment relating to Risk 4 was circulated to Members present at the meeting:-

(see annexed)

Ann Johnson reported that Walsall Council had a number of services/activities that were funded through external grants. Not all had clear exit strategies meaning that when the grant stopped, there were no plans as to how services would be funded if they were to continue.

Clive Wright stated that if grant funding came to an end and there was no exit strategy in place, then budgets could be affected. He referred to the management action plan which was being drawn up but indicated that it was still awaiting approval. Drawing attention to the assessment of risk score for Risk 4, Clive Wright suggested that it should be revised up from $2 \times 5 = 10$ to $3 \times 5 = 15$. He confirmed that the risk register was now firmly embedded and Executive Directors/Assistant Directors must ensure that the grants manual was updated regularly. A partnership group looked at grant funding and partners could become the accountable body for certain risks easing the burden on the Local Authority. He added that although the plans were robust they had not yet been tested.

Councillor Chambers referred to the importance of the grants manual and asked where it sat. James Walsh replied that it was a modest sized

document containing a number of checklists and was located on the intranet.

Councillor Chambers asked whether scrutiny would investigate whether the grants manual was fit for purpose. James Walsh replied that this Committee could scrutinise the grants manual if Members wished.

Councillor Robertson felt that if grant funded schemes had clearly defined exit strategies then long term sustainability would be enhanced.

Clive Wright reported that Executive Directors across all directorates would have an input. At the recent Walsall Partnership meeting, all schemes put forward under performance reward grant had been rejected because exit strategies had not been included.

Ann Johnson reported that CMT had been considering the matter for some time. A new column had been included in the grants manual requiring an exit strategy to be confirmed. The robustness of procedure would be considered regularly.

Councillor Rochelle asked if there was an exit strategy in place for PCSOs as he was aware of the concern that had arisen when wardens had been lost because of the lack of an adequate exit strategy.

Clive Wright stated that the police should be requested to review this risk. He would ask the question of Chief Superintendent Kevin Bulass.

After further discussion it was,

Resolved

That the presentation be noted.

690/10

Protecting the Public Purse - Fraud Update

A report was submitted:-

(see annexed)

David Blacker enlarged upon the report and stated that this assisted in providing assurance for internal control purposes. He drew the Committee's attention to the checklist (Appendix 1 refers) and to the single person discount claims which had been the subject of a major fraud prevention exercise in October, 2008 when over 2,800 discount entitlements were cancelled. He indicated that there was a strong counter fraud culture within the organisation and that the anti fraud/corruption and whistle blowing policies had recently been refreshed.

David Blacker drew attention to the fraud and corruption survey 2008/09 (Appendix 2 refers) and added that the Audit Commission would report the results of the survey later in the year.

Councillor Martin referred to Question 25.3 - Do you have a counter fraud corruption plan. The answer was no. David Blacker replied that it would be possible to introduce one. James Walsh stated that as there was a counter fraud policy in place, it could be turned into a plan quite easily.

Councillor Chambers referred to Question 2.1 of the survey and asked about the value quoted (£424,829). James Walsh replied that when fraud was detected, the Local Authority always prosecuted the fraudster in an attempt to recover all of the fraudulently obtained payments. He added that the proceeds of earnings were taken out to ensure money was recouped.

Councillor Robertson asked how Walsall compared with other Local Authorities in the area. James Walsh replied that Walsall was used as an example of best practice for other Councils.

Resolved

That the report be noted.

691/10

Private Session

Exclusion of Public

Resolved

That, during consideration of the remaining item on the agenda, the Committee considers that the item for consideration is 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 that item in private session.

Summary of Items considered in Private Session

692/10

Internal Audit workplan 2010/11

The Committee considered a report of the Executive Director (Resources) regarding this matter and 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)

693/10

Retirement of David Blacker

Councillor Martin referred to David Blacker's imminent retirement. She thanked him for his services to the Committee and the Council spanning many years. She wished him a long and happy retirement. Councillors Robertson and Mrs. Shires concurred with Councillor Martin's comments and it was,

Resolved

That a vote of thanks be recorded for the services of David Blacker to the Committee and he be wished a long and happy retirement.

Termination of meeting

There being no further business, the meeting terminated at 7.47 p.m.

Chair:

Date: