

AUDIT COMMITTEE

Thursday, 30th September, 2004 at 6.00 p.m.

Conference Room at the Council House, Walsall

Present

Councillor Turner (Chairman)
Councillor Martin (Vice-Chairman)
Councillor Chambers
Councillor Harris
Councillor Robertson

109/04 Changes in Membership

The Committee noted the under-mentioned change in membership for the duration of the meeting:-

Delete: Councillor Griffiths
Substitute: Councillor Harris

110/04 Apologies

Apologies for non-attendance at the meeting were submitted on behalf of Councillors Griffiths, D. Pitt and Mrs. Shires.

111/04 Minutes

Resolved

That the minutes of the meeting held on 22nd July, 2004, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

112/04 Declarations of Interest

Councillor Martin declared a personal non-prejudicial interest in any items relating to Queen Mary's High School and Park Hall Community Association.

Councillor Robertson declared a personal non-prejudicial interest in any item relating to New Deal.

Councillor Turner declared a personal non-prejudicial interest in any item relating to St. James J.M.I. School.

113/04 **Deputations and Petitions**

No deputations were received or petitions submitted.

114/04 **Late items to be introduced by the Chairman**

There were no late items to be introduced by the Chairman.

115/04 **Local Government (Access to Information) Act, 1985**

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 by reason of Section 100A of the Local Government Act, 1972.

116/04 **Private session**

Exclusion of Public

Resolved

That, during consideration of the following item on the agenda, the Committee considers that the item for consideration is exempt information by virtue of Part I of Schedule 12A of the Local Government Act, 1972 and accordingly resolves to consider that item in private session.

117/04 **Annual Report of the Chief Internal Auditor on the overall adequacies of the Internal Control Environment**

The report of the Chief Internal Auditor was submitted:

(see annexed)

David Blacker enlarged upon the report for the benefit of the Committee.

Councillor Robertson referred to Paragraph 5.4 of the report and the recommendations made in respect of New Deal. He asked if checks were

made on how money was being spent. David Blacker explained the investigations that had been carried out and how the recommendations had been arrived at. He added that there was still ongoing discussion on certain areas of New Deal and SRB operations.

Councillor Robertson referred to project management. David Blacker replied that good project management was essential and some strengthening was required here.

Referring to allocation of funding, Carole Evans advised that the procedure had changed from an old fashioned bidding system to outcome based commissioning for funding allocation. Government Office West Midlands was happy with the new way of working and had observed at the Commissioning Executive that we were an example of best practice.

Councillor Chambers referred to Section 7 of the report relating to fraud and corruption. He referred to the whistle blowing procedure and asked if Members could be supplied with a copy. He asked if it was robust enough to protect the individuals concerned. David Blacker replied that every complaint was recorded and investigated and the procedure was robust enough to protect those involved. The procedure is available from the intranet.

Councillor Chambers asked if the procedure reflected best practice. David Blacker replied that it did and that it was CIPFA approved.

Councillor Turner expressed concern over partnership working and suggested that a report should be produced setting out what was expected from partners in terms of good financial practice. David Blacker replied that the procedure which had been put in place had been successful in reducing problems within the system.

Carole Evans reported that the robust partnership protocol which had been put in place for SRB would mean fewer problems arising in the future.

Brian Warwick stated that external audit would examine the partnership process as part of their annual audit programme.

After further discussion it was,

Resolved

That the report be noted.

(Exempt information under paragraphs 1, 3, 5 & 7 of Part I of Schedule 12A of the Local Government Act, 1972)

118/04 **Public Session**

Non-Executive Functions

119/04 **Statement of Accounts 2003/04**

Report to those charged with governance concerning the audit of the financial statements (SAS610)

The report of the Audit Commission was submitted:

(see annexed)

John Gregory reported that he was happy to sign off the accounts with an unqualified opinion and to sign the Audit Certificate to this effect. He advised that Walsall was the first Local Authority in the West Midlands to complete its accounts and indicated that everything had gone well. Walsall's improved situation had continued to progress.

Brian Warwick circulated a revised copy of the draft Auditor's report (Appendix 1) to Members present at the meeting:

(see annexed)

Referring to the problems experienced with the NURCISS system, he stated that the Head of Finance in Social Care and Supported Housing had already recognised the problems and had taken steps to address them, but had been unable to fully address them before the closure of the accounts. The system had been improved and should now work correctly. NURCISS would provide robust information later in the year. The Commission would undertake further investigations of NURCISS in 2005.

Following further questions from Members it was,

Resolved

That the report be noted.

Statement of Accounts 2003/4 (Post Audit)

The report of the Executive Director was submitted:

(see annexed)

Referring to page 5 of the report, Councillor Chambers asked if there had been any claw back of funds as a result of programme spend not being achieved. Vicky Crowshaw replied that there had been no claw back.

Councillor Martin referred to page 31 of the report regarding the reserves. Carole Evans replied that the balance showed that the Council was now in a stable position. In the past, reserves had been as little as £8,000.00 but now they were at a level appropriate for a Council of this size which had been determined using a risk assessment. She added that the Housing Revenue Account had been closed for the final time, following the transfer of the housing stock to Walsall Housing Group, showing a credit balance of £2 million. In approving the budget for 2004/05, the Council had used some of the reserves to fund one-off investments. The Council required general reserves of £4 million but by the end of 2004, the balance would be nearer £5 million.

Following further questions from Members which were responded to by officers, it was,

Resolved

That the Committee:

- (1) Receives the Statement of Auditing Standard (SAS) 610 report from the Audit Commission on their audit of the 2003/04 statement of accounts and agrees the key messages;
- (2) Notes that there have been agreed amendments made to the accounts during the audit;
- (3) Receives and endorses the final post audit statement of accounts for 2003/2004;
- (4) Authorises the Executive Director (CFO) to distribute copies of audited statement of accounts to all partners and stakeholders.

121/04 **Date of Training Session**

It was agreed that the training session would take place on Thursday, 14 October, 2004 in a Conference Room commencing at 6.00 p.m.

122/04 **Internal Audit: Performance for the 3 months ending 30 June, 2004**

The report of the Executive Director was submitted:

(see annexed)

David Blacker enlarged upon the report for the benefit of the Committee and drew attention to the targets and performance indicators set out in page 3.

Councillor Turner requested that the staff be thanked for all their hard work.

Resolved

That the Committee notes the service's high level of achievement against its performance indicator targets.

123/04 **Agency Staffing in Social Services**

A report from the Audit Commission was submitted:

(see annexed)

Brian Warwick reported that the Action Plan had been discussed with David Martin and Daryl Harman. It was too early to assess the results yet but the review had been very thorough and should be successful. He added that contracts would soon be in place to ensure that quality staff would be in post at the right price so Social Care could only gain.

Councillor Turner stated that he was pleased with the response of the service to the Action Plan.

Councillor Turner requested that an update on the progress report be submitted to a future meeting of the Committee.

Councillor Robertson expressed concern about stress amongst staff. He asked if it was a major problem. Brian Warwick replied that he was not aware of any specific reasons for high sickness levels but a continual shortage of staff could lead to elevated stress levels in remaining employees. He added that back problems were a major factor in sickness levels due to the nature of the work in this service.

After further discussion it was,

Resolved

- (1) That the Action Plan progress report be noted and the progress made be welcomed;
- (2) That a further report on progress made be submitted to a future meeting of the Committee.

124/04

Annual Audit and Inspection Plan 2004/05

The report of the Audit Commission was submitted:

(see annexed)

Brian Warwick enlarged upon the report and indicated that findings were based on risk assessment, officer discussions and statutory requirements. He stated that the Audit Inspection Plan would meet the needs of the Council and specific audits had been identified. Referring to page 7 of the report, Brian Warwick drew attention to the planned outputs and the key officer contacts.

Referring to fees contained on page 2, Brian Warwick stated that an additional fee of £128,000 would be made for grant claim certification work. This was a reduction from the £139,000 charged in 2003/04.

Councillor Robertson referred to page 3 of the report regarding Community Associations and grant spending. Brian Warwick replied that the Commission would check that grant money was being used for what it was intended to be used for. He added that no concerns had been identified.

Councillor Chambers referred to the fee charges set out on page 2. He asked if the 2002/4 period was correct. Brian replied that it was correct as it related to over two years. However, the audit year end had now changed so, in future, fees would be charged for one year only.

Referring to the planned outputs on page 7 of the report, Councillor Chambers questioned whether partnership working could be brought forward. Brian Warwick stated that priorities could be changed if Members so wished. Councillor Martin referred to the review of NURCISS and asked if work on that could be brought forward. Brian Warwick replied that changes which had been implemented needed time to bed in so it would be inappropriate to consider it earlier than January, 2005.

After further discussion it was,

Resolved

That the Audit and Inspection Plan 2004/2005 be received and endorsed.

125/04

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 Part I of Schedule 12A of the Local Government Act, 1972 and accordingly resolves to consider those items in private session.

126/04

Submission of Internal Audit Reports for Scrutiny

The report of the Executive Director was submitted:

(see annexed)

David Blacker reported that all recommendations had been implemented.

Resolved

That the report be noted.

(Exempt information under paragraphs 1, 3, 5 and 7 of Part I of Schedule 12A of the Local Government Act, 1972)

127/04

Internal Audit: Report for the 3 months ending 30 June, 2004

The report of the Executive Director was submitted:-

(see annexed)

David Blacker enlarged upon the report and asked Members to select a sample of completed audit reports for detailed scrutiny. Following a detailed discussion, Members selected Education Partnerships, Contracts Overview and SRB.

Resolved

That the Committee:

- (1) Notes the service's high level of achievement during the period against performance indicator targets;
- (2) Selects Education Partnerships, SRB and Contracts Overview for detailed scrutiny.

(Exempt information under paragraphs 1, 5, 7 and 14 of Part I of Schedule 12A of the Local Government Act, 1972)

Termination of meeting

There being no further business, the meeting terminated at 7.25 p.m.