

AUDIT COMMITTEE

Tuesday, 25th September, 2012 at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Councillor Hughes (Chairman)
Councillor Illmann-Walker (Vice-Chairman)
Councillor Chambers
Councillor J. Fitzpatrick
Councillor Flower
Councillor D. Shires

In attendance

James Walsh, Chief Finance Officer
Vicky Buckley, Head of Finance
Rebecca Neill, Head of Internal Audit
Dan Mortiboys, Senior Finance Manager
Richard Walley, Lead Accountant
Rob Page, Senior Accountancy Officer
John Beavon, Area Manager, Trading Standards and Licensing
Ann Johnson, Corporate Risk and Insurance Manager
Paul Davies, Executive Director, Social Care and Inclusion
Peter Davis, Head of Community Care
Michael Hicklin, Service Manager, Provider Services
Gary Mack, Head of Provider Services
Keith Stone, Assistant Director, Neighbourhood Services
Jon Roberts, Grant Thornton
Perminder Sethi, Grant Thornton

990/12

Apologies

Apologies for non-attendance were submitted on behalf of Councillor Murray and Mr. A. Green.

991/12

Introductions

The Chairman informed the meeting that he had a prior commitment that he had to attend and would be vacating the chair at 7.00 p.m., at which point, the Vice-Chairman, Councillor Illmann-Walker, would take the chair.

992/12

Minutes

It was noted that the minutes of the meeting held on 3rd September, 2012 would be circulated at the next meeting.

None submitted.

993/12

Declarations of Interest

Further to Minute No. 982/12, Councillor Illmann-Walker advised that he was the Council's nominated representative on the Dudley and Walsall Mental Health Group, which was included as part of the no and limited assurance reports.

994/12

Deputations and Petitions

There were no deputations submitted or petitions received.

995/12

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.

996/12

Notification of any issues of importance for consideration at a future meeting

Councillor Chambers clarified if the follow-up report on HR and the recent Ofsted report would be coming back to a future Committee. Rebecca Neill advised that both reports were due to be submitted to the next meeting of the Committee in November.

997/12

Statement of Accounts 2011/12 - Annual Governance Statement and Review of Effectiveness

A report was submitted:-

(see annexed)

Vicky Buckley presented the report and highlighted the salient points contained therein.

Vicky advised the Committee of the new requirements within the Annual Governance Statement relating to the role of the Chief Finance Officer. With regard to this, it was highlighted that there was one area where the Council did not fully comply with the requirements which related to the reporting arrangements for the Chief Finance Officer. However, the alternative arrangements that were in place were deemed to be adequate.

Councillor Chambers noted that the Council did not comply with the Code of Practice in that the Section 151 Officer was not a member of the Corporate Management Team. Jon Roberts (Grant Thornton) responded that the statutory responsibility for providing a Committee with assurance of the financial wellbeing of the Authority lay with the Chief Finance Officer alone and no one else. Responding to a request from Councillor Chambers, Vicky agreed to circulate a document produced by CIPFA on the role of the Chief Finance Officer. Furthermore, Vicky also advised that the Chief Executive had provided assurance that the reporting arrangements in place had provided adequate assurance of compliance.

Referring to the opinion of Grant Thornton concerning the effectiveness of Internal Audit, Councillor Chambers wished to know if there was any better rating other than the satisfactory indication given in the report. Jon Roberts reported that there was nothing higher than satisfactory and it was simply whether it was satisfactory or unsatisfactory.

Resolved

- (1) That the new requirement within the Annual Governance Statement to contain a statement on whether the Authority's financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the Chief Finance Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government be noted;
- (2) That the findings arising from the Annual Governance Effectiveness Review, including the review of assistance of internal control and internal audit be noted;
- (3) That it be noted that the final Annual Governance Statement will be signed by the Chief Executive and Leader as close to 25th September, 2012 Audit Committee date as possible to ensure that it is as up-to-date as possible;
- (4) That the Annual Governance Statement, as set out in Appendix 1, be approved, subject to any minor amendments arising from the above;
- (5) That the CIPFA document on the role of the Chief Finance Officer be circulated to all Members of the Committee.

Statement of Accounts 2011/12: Post Audit

A report was submitted:-

(see annexed)

An additional document was tabled detailing further minor amendments to the accounts. Prior to the meeting, Members were requested to submit any questions that they had on the accounts to the Finance Team to help them prepare responses to avoid any delay in providing a response at the meeting:-

(see annexed)

James Walsh presented the report and highlighted the salient points contained therein. In doing so, James reported that there had been a number of typographical errors identified since the paperwork had been despatched and he tabled a document which highlighted where those errors were located within the document as well as the associated corrections:-

(see annexed)

Furthermore, James highlighted two corrections for which adjustments had been required which related to schools and Birmingham Airport shares.

Perminder Sethi, Grant Thornton, in presenting his report to the Committee, supported the findings as outlined by James and drew Members' attention to the salient points as contained within his report.

Dan Mortiboys then provided Members with responses to all the pre-submitted questions that Members had tendered:-

(see annexed)

In response to an additional question from the Chairman, James reported that performance related pay for senior officers had ceased from April, 2011 onwards.

At the conclusion of this item the Committee wished to have their thanks recorded in the minutes to all the officers who had undertaken the hard work in preparing the accounts, including colleagues from Grant Thornton.

Resolved

That:-

- (1) the Annual Governance Report from Grant Thornton on their audit of the 2011/12 Statement of Accounts, as set out in Appendix 4, be noted;
- (2) it be noted that there have been agreed amendments made to the accounts during the audit;
- (3) the Letter of Representation, as set out in Appendix 3, be endorsed;
- (4) the final Post-Audit Statement of Accounts for 2011/12, as set out in Appendix 1, be approved, subject to the additional corrections as set out in the tabled document now annexed and as reported by James Walsh at the meeting;
- (5) the Vice-Chairman of the Committee be approved to sign and date the accounts, as required under the Accounts and Audit (England) Regulations, 2011;
- (6) the Chief Finance Officer (CFO) be authorised to distribute copies of the audited Statement of Accounts to partners and stakeholders alongside the Annual Governance Statement 2011/12.

Further to Minute No. 991/12 the Chairman left the meeting at 6.55 p.m. during the consideration of this item and did not return. The Vice-Chairman, therefore, fulfilled the position of Chairman for the remainder of the meeting.

999/12

Annual Report of the Audit Committee 2011/12

A report was submitted:-

(see annexed)

Rebecca Neill presented the report and highlighted the salient points contained therein.

Councillor Flower advised that the Appendix to the report needed to be amended to reflect that the Committee had recommended to Council an increase in the number of Independent Members on the Audit Committee from 1 up to a maximum of 3 Independent Members.

Resolved

That the annual report of the Audit Committee 2011/12 be approved and presented by the Chairman to the next meeting of Council, subject to the Appendix being amended to reflect that the Committee, and subsequently Council, has now approved an increase in the number of Independent Members on the Audit Committee from 1 up to a maximum of 3 Independent Members.

1000/12 **Regulation of Investigatory Powers Act (RIPA) 2000**

A report was submitted:-

(see annexed)

John Beavon presented the report and highlighted the salient points contained therein.

Resolved

That the Council's use of the Regulation of Investigatory Powers Act (RIPA) 2000 be noted.

1001/12 **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.

Summary of items considered in private session

1002/12 **Limited or No Assurance Internal Audit Reports**

Councillor Chambers and Councillor Illmann-Walker were invited to attend the closure meeting on the Pay and Grading follow-up audit at a date to be arranged in the future.

1003/12 **Community Mental Health Integrated Team**

The Committee noted the report.

1004/12 **Community Alarm Service**

The Committee noted the report.

1005/12 **Skip permit**

The Committee noted the report.

1006/12 **Activity in relation to the former Pinfold Centre 2010/11**

That Committee noted the report.

1007/12 **Risk Management Update 2012/13**

Resolved

The Committee noted the corporate risk register.

Termination of meeting

The meeting terminated at 8.56 p.m.