

## **AUDIT COMMITTEE**

**Monday, 20<sup>th</sup> June, 2011 at 6.00 p.m.**

**Conference Room, Council House, Walsall**

### **Present**

Councillor Turner (Chairman)  
Councillor Barker  
Councillor Flower  
Councillor Illmann-Walker  
Councillor Murray  
Councillor Robertson  
Mr. A. Green (Independent Member)

847/11

### **Apology**

An apology for non-attendance was submitted on behalf of Councillor Chambers.

848/11

### **Substitution**

Councillor Illmann-Walker substituted for Councillor Chambers for the duration of the meeting.

849/11

### **New Members**

Councillor Turner thanked the retiring Members of the Committee and welcomed new Members and the Independent Member, Mr. Green.

850/11

### **Minutes**

#### **Resolved**

That the minutes of the meeting held on 12<sup>th</sup> April, 2011, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

- 851/11      **Declarations of Interest**
- Councillor Robertson declared an interest in any item relating to New Deal.
- 852/11      **Deputations and Petitions**
- There were no deputations submitted or petitions received.
- 853/11      **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.
- 854/11      **Notification of any issues of importance for consideration at a future meeting**
- No issues of importance for consideration at a future meeting were reported.
- 855/11      **The roles and responsibilities of the Audit Committee**
- The report of the Chief Finance Officer was submitted:-
- (see annexed)
- James Walsh (Chief Finance Officer) enlarged upon the report for the benefit of the Committee.
- Resolved**
- That the contents of the report be noted and the Work Plan set out in Appendix 1 to the report be approved.
- 856/11      **External Audit Interim Audit**
- The report of the Chief Finance Officer was submitted, together with the interim report from Grant Thornton:-
- (see annexed)

Jon Roberts (Grant Thornton) enlarged upon the report for the benefit of the Committee. He indicated that the final report on the working of the Audit Committee would be submitted in September. He added that it was a positive report and the Council had done well in implementing International Financial Reporting Standards.

After detailed discussion it was,

**Resolved**

That the reports be noted.

857/11

**Future of Local Public Audit**

The report of the Chief Finance Officer was submitted:-

(see annexed)

Jon Roberts (Grant Thornton) reported that Grant Thornton might tender for the audit procedure so he may have an interest to declare in the future.

Rebecca Neill (Head of Internal Audit) enlarged upon the report summarising the Government's consultation paper on the future of local public audit and indicated that responses were required by 30<sup>th</sup> June, 2011. She requested Members' views.

Several Members expressed concern that Elected Members would not be in the majority on Audit Committee although an independent Chair could be supported to aid transparency for the public.

Mr. Green (Independent Member) stated that he was unsure whether Independent Members should control the Audit Committee as the cost involved in carrying out the proposed changes may be high.

Councillor Murray asked whether sufficient Independent Members could be found. Rebecca Neill stated that the Council had received a limited response in its quest for an Independent Member for Audit Committee but that the Council had attracted the appropriate calibre of candidates from which to select. She said that it may, however, be difficult to appoint sufficient Independent Members should more than one Independent Member be required. She also stated that the consultation document included the possibility of joint Audit Committees.

Councillor Murray felt that if all large public bodies were following this route, then it would be even harder to appoint appropriate candidates.

Councillor Flower felt that the existing Audit Committee worked well so why should it be changed. Referring to auditing fees, he questioned whether spending large sums on external audit contributed to value for money. He requested that his view be expressed with regard to the audit of probation trusts, in that there should be increased local audit arrangements and more joint working with the Local Authority.

Councillor Barker referred to the importance of local accountability which he felt would be lost if Elected Members were in the minority on Audit Committees. He was not in favour of a Black Country Audit Committee but would accept an independent Chair for Audit.

After further discussion it was,

### **Resolved**

That the report be noted and the Head of Internal Audit and the Head of Finance be authorised to finalise the Council's response to the consultation paper, taking into account the Committee's views, in conjunction with the Assistant Director - Finance (Section 151 officer).

858/11

### **Bribery Act, 2010**

The report of the Chief Finance Officer was submitted:-

(see annexed)

Rebecca Neill (Head of Internal Audit) enlarged upon the report and indicated that the Act would come into force on 1<sup>st</sup> July, 2011 and would deal only with bribery. The Act would create four new offences:-

- Bribing another person
- Offences relating to being bribed
- Bribery of a foreign official
- Failure of a commercial organisation to prevent bribery

She added that the Council's policies were considered to be bribery proof and should provide the Council with a defence under the Act.

Councillor Illmann-Walker asked if the Act related to contractors. Rebecca Neill confirmed that it did. He asked if consideration could be given to including a termination clause in contracts if suppliers were convicted of bribery. Rebecca Neill stated that officers from procurement had been involved in reviewing the implications of the Bribery Act and were reviewing procurement arrangements in light of this.

Councillor Murray asked whether it was likely that bribery would take place in Walsall. Rebecca Neill replied that a risk assessment was being carried out, but that procedures and arrangements in place, mitigated the risk of bribery taking place. The Council's policies and procedures to prevent bribery were in place and considered to be robust.

James Walsh reported that the Code of Governance and values instilled by the Council should combat any problems. Although bribery could not be completely eradicated, procedures were in place to prevent it and these should provide a legitimate defence.

After further discussion it was,

**Resolved**

That the report be noted.

859/11

**Annual report into the overall adequacies of the Internal Control Environment**

The report of the Chief Finance Officer was submitted:-

(see annexed)

Rebecca Neill (Head of Internal Audit) enlarged upon the report and drew attention to the summary of opinion on page 3. She stated that based on the work undertaken by Internal Audit in 2010/11, she was able to confirm that Walsall Council's overall system of internal control facilitates the effective provision of the Council's functions and provides a satisfactory level of assurance regarding the effective, efficient and economic exercise of the Council's functions.

Councillor Robertson referred to the fact that implementation and recommendations were still a problem and that firm action should be taken against managers who do not implement them fully. Rebecca Neill replied that the Chief Executive had instructed Executive Directors to ensure that performance in this area improves. This performance will continue to be monitored.

Councillor Flower expressed concern about Electoral Registration and the New Art Gallery. Rebecca Neill replied that an action plan had been put in place for Electoral Registration and that a follow-up audit was currently taking place at the New Art Gallery, which should improve assurances in these areas.

**Resolved**

That the report be noted.

860/11

### **Summary of decisions taken under Chief Officer delegations**

The report of the Executive Director for Neighbourhood Services was submitted:-

(see annexed)

James Walsh (Chief Finance Officer) enlarged upon the report for the benefit of the Committee.

Councillor Flower requested that a standard format for the report should be introduced and asked if the information was reported back to Cabinet. James Walsh replied that the Constitution did not require the delegations report to be reported back to Cabinet but the Committee could make a recommendation that Cabinet should be able to review it if they wished.

#### **Resolved**

That the Committee notes the key and significant decisions taken by Executive Directors as contained in the Appendix to the report.

861/11

### **Regulation of Investigatory Power Act (RIPA)**

The report of the Executive Director for Neighbourhood Services was submitted:-

(see annexed)

Rebecca Neill (Head of Internal Audit) enlarged upon the report and drew attention to the table contained in the Appendix to the report which showed the use of RIPA powers from 1<sup>st</sup> April, 2007 to 31<sup>st</sup> March, 2011.

After further discussion it was,

#### **Resolved**

That the surveillance activities undertaken by the Council under the Regulation of Investigatory Power Act (RIPA) 2000 for the year ending 31<sup>st</sup> March, 2011 be noted.

862/11

### **Internal Audit Activity for the Year Ending 31<sup>st</sup> March, 2011**

The report of the Chief Finance Officer was submitted:-

(see annexed)

Rebecca Neill (Head of Internal Audit) enlarged upon the report.

After further discussion it was,

**Resolved**

That the Committee notes that in 2010/11 internal audit has delivered on all of its performance targets, maintaining a high level of overall performance for the year.

863/11

**Pursuant to Minute No. 839/11, to agree a date for a special meeting of the Audit Committee to consider the following Limited and No Assurance Reports:-**

- **Transition and leaving care**
- **CCTV/surveillance**
- **Home care establishments**

It was agreed that officers would select a number of dates for the special meeting to be offered to Members and the date which obtained majority support would be used.

864/11

**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.

865/11

**Internal Audit Activity for the Year Ending 31<sup>st</sup> March, 2011**

The report of the Chief Finance Officer was submitted:-

(see annexed)

Rebecca Neill (Head of Internal Audit) enlarged upon the report and explained that the Appendix detailed the irregularity and consultancy work undertaken by internal audit.

After further discussion it was,

**Resolved**

That 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 7.55 p.m.

Chair: .....

Date: .....