

## **AUDIT COMMITTEE**

**Monday, 26<sup>th</sup> September, 2011 at 6.00 p.m.**

**Conference Room, Council House, Walsall**

### **Present**

Councillor Turner (Chairman)  
Councillor Chambers (Vice-Chairman)  
Councillor Barker  
Councillor Flower  
Councillor Hussain  
Councillor Illmann-Walker (substitute for Councillor Robertson)  
Councillor Murray  
Mr. A. Green (Independent Member)

### **In Attendance**

Councillor Towe

873/11

### **Apology**

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

874/11

### **Minutes**

The minutes of the meetings held on 20<sup>th</sup> June, 2011 and 13<sup>th</sup> July, 2011 were submitted:-

(see annexed)

### **Resolved**

- (1) That the minutes of the meeting held on 20<sup>th</sup> June, 2011, be agreed, subject to the fourth paragraph of Minute No. 857/11 on page 3 being changed from "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." to read "Mr. Green stated that he held concerns about the implications of the proposals as he felt it would fundamentally affect the accountability arrangements of the Council."

(2) That the minutes of the special meeting held on 13<sup>th</sup> July, 2011, be agreed, subject to the following amendments:-

(a) That the sixth bullet point on page 4 under Minute No. 871/11 be changed to read “Mr. Green raised his concerns at the repeated instances of the failings identified within the report which suggested some deep rooted problems in culture and asked if disciplinary action had been taken where appropriate”;

(b) That the sixth bullet point on page 5 under Minute No. 871/11 be changed to read “Rebecca advised Mr. Green that it would be included in next year’s work programme.”

875/11 **Declarations of Interest**

There were no declarations of interest.

876/11 **Deputations and Petitions**

There were no deputations submitted or petitions received.

877/11 **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.

878/11 **Notification of any issues of importance for consideration at a future meeting**

No issues of importance for consideration at a future meeting were reported.

879/11 **Review of the Council’s Arrangements for Securing Value for Money**

The Chairman reported that he had brought this item forward on the agenda in view of the fact that Councillor Towe was in attendance and wished to speak to the report. Councillor Towe had another commitment to attend later on that evening and the Committee agreed to change the order of business in line with Council Standing Order 14(c) to accommodate him.

A report was submitted:-

(see annexed)

Councillor Towe, Cabinet Member for Finance and Personnel, gave a brief overview of the report and hailed it as a good news story which highlighted Walsall's strong and robust arrangements for financial resilience.

Mr. Jon Roberts, Grant Thornton, also gave a brief overview from Grant Thornton's perspective on the matter stating that this had been the first year in which the Council had undertaken this process under the new format and the Council had passed all tests it had been measured against.

Mr. Ian Barber, Grant Thornton, then guided Members through the details of the Grant Thornton report and highlighted the salient points contained therein.

There then followed a period of questioning by Members in relation to:-

- The consistency of the application of the Bradford Factor policy
- The accuracy of the indicated figures for highway maintenance;
- If there were figures available relating to any compensation paid out arising from the cutbacks in relation to pot hole claims made by the public;
- What results had been achieved following the "input from staff into efficiency options".

At the conclusion of this item, the Chairman ensured that Members were content with the assurances received from both the information contained within the report and the responses given by officers at the meeting.

### **Resolved**

That the external auditor's report on its review of the Council's arrangements for securing financial resilience and economy, efficiency and effectiveness be received and that the Council's response to the report be noted.

880/11

### **Annual Report on Treasury Management 2010/11, Treasury Management Policies and Mid-Year Review 2011/12**

A report was submitted:-

(see annexed)

Michael Tomlinson, Corporate Financial Systems and Treasury Manager, presented the report and highlighted the salient points and significant details as contained therein.

There then followed a period of questioning by Members in relation to:-

- How prudential indicators were set;
- Whether there was a reliance on capital slippage to assist in cash management;
- What the tolerance levels were in respect of certain prudential indicators;
- Whether consideration had been given to rescheduling debt to take advantage of better interest rates;
- Whether tolerance levels could be detailed in future reports to indicate whether they had been met or not;
- Whether re-financing other Local Authority debt (former West Midlands County Council debt) had been explored.

In response to the question on 'tolerance levels', Michael advised that the prudential indicators were met if the variation within target was not adverse. In addition, it was agreed that an additional narrative with regard to 'tolerance levels' would be shown in future reports.

At the conclusion of this item, the Chairman ensured that Members were content with the assurances received from both the information contained within the report and the responses given by officers at the meeting.

**Resolved** to recommend to Council

That the following documents be noted and endorsed:-

- (1) the Treasury Management Annual Report for 2010/11, as set out in Appendix A of the attached report;
- (2) the Treasury Management Policies, as set out in Appendix B;
- (3) the mid-year review April to August, 2011, as set out in Appendix C.

881/11

### **Statement of Accounts 2010/11: Post Audit**

A report was submitted:-

(see annexed)

James Walsh, Chief Finance Officer, presented the report and highlighted the salient points and significant details as contained therein.

James reported that the finance team have been very successful in producing a set of accounts, adopting international reporting standards for the first time. Only a few minor agreed adjustments had been required from the draft accounts produced on June 30 2011. In addition, James reported that Walsall generally worked to a very high standard which was duly reflected by Grant Thornton's endorsement of the statement of

accounts. In closing, James commended the hard work of his officers in their achievements on this matter.

Dan Mortiboys, Service Accounting and Financial Reporting Manager, then undertook to guide Members through the summary of the accounts in detail.

Jon Roberts, Grant Thornton, then introduced the annual governance report and highlighted the salient points contained therein. In doing so, Jon echoed James' commendation for officer's hard work on the accounts. In closing, Jon introduced Nicola Coombe, Grant Thornton, who in turn guided Members through the more detailed aspects of the report.

There then followed a period of questioning by Members, in particular relating to:-

- Whether the Committee should be worried about the negative balance;
- How the budget would be affected should more schools become Academies in the future;
- If prior year adjustments would be reflected in next year's balance sheets and if any impact as a result of this would be reported back to the Committee;
- How the capital expenditure in the accounts compared to the capital expenditure, as contained within the Treasury management report;
- Whether the Committee should be concerned about the pensions liabilities;
- What the reason was behind the increase in assets of £10 million between 2008/09 to 2010/11.

At the conclusion of this item, the Chairman ensured that Members were content with the assurances received from both the information contained within the report and the responses given by officers to their questioning at the meeting.

### **Resolved**

That:-

- (1) the annual governance report from Grant Thornton on their audit of the 2010/11 statement of accounts and the key messages within be received and noted;
- (2) the summary of accounts and the final post audit statement of accounts for 2010/11 be noted;

- (3) it be noted that there have been agreed amendments made to the accounts during the audit and the accounting adjustments formally considered;
- (4) the letter of representation be endorsed;
- (5) the Chief Finance Officer be authorised to distribute copies of the audited statement of accounts to partners and stakeholders.

882/11

### **Anti Fraud and Corruption Arrangements**

A report was submitted:-

(see annexed)

Rebecca Neill (Head of Internal Audit) presented the report and highlighted the salient points contained therein.

There then followed a period of questioning as to why data matching only took place every two years.

At the conclusion of this item, the Chairman ensured that Members were content with the assurances received from both the information contained within the report and the responses given by officers at the meeting.

#### **Resolved**

That:-

- (1) the contents of the report be noted;
- (2) the refreshed anti-fraud and corruption policy and strategy, including the response plan, be endorsed.

883/11

### **Annual Report of the Audit Committee 2010/11**

A report was submitted:-

(see annexed)

Rebecca Neill (Head of Internal Audit) presented the report and highlighted the salient points contained therein.

#### **Resolved**

That the annual report of the Audit Committee 2010/11 be approved and presented by the Chairman of the Audit Committee to the next meeting of the Council.

884/11

## **Scrutiny of Council Payments: Over £500 Payments List**

A report was submitted:-

(see annexed)

Rebecca Neill (Head of Internal Audit) presented the report and highlighted the salient points contained therein. In addition, Rebecca sought the Committee's view on whether Members still wished for this item to be presented at future Committees.

There then followed a period of questioning by Members in relation to:-

- Whether the 640 visitors to the site were 'hits' or 'unique visitors';
- Whether redacted data that was time limited was released for public dissemination once the time limit or reason for the information being redacted had expired;
- Whether, in future, some of the redacted data could highlight what area it related to without revealing the detailed private information;
- What level of seniority officers were approved to purchase goods on the Council's credit cards.

Members then expressed their wishes to continue to receive this report at future meetings and to review this position in the future.

### **Resolved**

That:-

- (1) the contents of the report be noted;
- (2) that it be agreed that this report continues to be presented to the Committee and the need for it to be presented to Committee be reviewed in the future.

885/11

## **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.

### **Summary of item considered in private session**

886/11 **Risk Management Update 2011/12**

The Committee noted the updated corporate risk register.

### **Termination of meeting**

There being no further business, the meeting terminated at 7.56 p.m.