

AUDIT COMMITTEE

Monday 15th April, 2013 at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Councillor Hughes (Chairman)
Councillor Illmann-Walker (Vice-Chairman)
Councillor Chambers
Councillor Fitzpatrick
Councillor Murray
Councillor D. Shires
Mr A Green

In attendance

James Walsh, Chief Finance Officer
Rebecca Neill, Head of Internal Audit
Vicky Buckley, Head of Finance
Tony Cox, Head of Legal and Democratic Services
John Garner, Head of Democratic Services
Jamie Morris, Executive Director Neighbourhood Services
Maria Gilling, Principal of Walsall Adult and Community College
Craig George, Benefits Investigations Manager
Ann Johnson, Corporate Risk and Project Manager

1049/13 **Apologies**

An apology for non attendance was received on behalf of Councillor Flower.

105013 **Minutes**

The Minutes of the meeting held on 25th February, 2013, were submitted.

(see annexed)

Resolved

That the Minutes of the meeting held on 25th February, 2013, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

Arising from the Minutes, Councillor Illmann-Walker advised that he had not received a response to his question in relation to Minute No. 1041/13 (Children's Services Safeguarding Children Improvement Progress). It was, therefore, agreed that a response on this matter be chased up.

In addition, the Chair asked when a response to Minute No. 1036/13 (Minutes) would be forthcoming. James Walsh (Chief Finance Officer) advised that a response would be reported back to the next meeting.

1051/13 **Declarations of Interest**

There were no declarations of interest.

1052/13 **Deputations and Petitions**

There were no deputations submitted or petitions received.

1053/13 **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.

1054/13 **Notification of any issues of importance for consideration at a future meeting**

No items were put forward for consideration at a future meeting.

1055/13 **Annual Review of the Scheme of Delegations**

A report was submitted:-

(see annexed)

John Garner, Head of Democratic Services, presented the report and highlighted the salient points contained therein.

Members challenged certain aspects of the delegations and received assurances from Officers present regarding the necessity for the amendments.

In particular, Councillor Illmann-Walker raised the following concerns and asked for a briefing note on the matters: -

1. Further to the new Delegation 13.2 (Domain Names) and with reference to Social Networking accounts that the Council Managed, i.e. the Council's Twitter and Facebook accounts, a Member wished to know if the information held under these accounts was affected by data protection in terms of personal information held. Rebecca Neill, Head of Internal Audit, agreed to co-ordinate a response on this matter.
2. Referring to the change in delegation 16.29 (Provision of education to individual pupils "otherwise than in school") the same Member sought clarification on what exactly this Delegation related to. Tony Cox, Head of Legal and Democratic Services, agreed to co-ordinate a response on this matter.

Resolved

1. that the report be circulated to Group Leaders and Independent Member for information;
2. that responses to the above queries be co-ordinated by the Officers highlighted and sent directly to the Member concerned.

1056/13

Change in the Order of Business

At this juncture in the meeting, the Chair sought the Committee's agreement to change the order of business, pursuant to a request from Jamie Morris, Executive Director Neighbourhood Services, to bring Agenda Item No. 13 (WACC Ofsted) forward in line with the provision of Standing Order No. 14 (c).

Resolved

That, in line with Standing Order 14 (c), the order of business be changed to bring forward Agenda Item No. 13 (WACC Ofsted).

1057/13

WACC Ofsted

A report was submitted:-

(see annexed)

Jamie Morris, Executive Director Neighbourhood Services, and Maria Gilling, Principal of Walsall Adult and Community College, presented the report and highlighted the salient points contained therein. In particular, Jamie sought the Committee's opinion as to whether such reports should be presented to the Committee in the future.

A discussion ensued in relation to the response which was awaited further to Minute No. 10/36/13 whereby James Walsh, Chief Finance Officer, had written out to Executive Directors seeking to establish if any external agencies had been undertaking Audits within their Directorates. Rebecca Neil, Head of Internal Audit, advised that caution should be exercised when considering this point because such pieces of work were not 'official Audits' and were very different to Audits carried out by both Internal and External Audit. Rebecca went on to explain that, on occasion, an Executive Director may commission an external agency to undertake a special piece of work in relation to a specific matter within their Directorate. However, such work was not an 'official Audit', nor was it an official Audit opinion form either Internal or External Audit. Furthermore, arising from the Email that James had sent to Executive Directors, Rebecca provided an assurance that, should any matter of concern come to light as a result of such undertakings, she would investigate and report back to the Committee as required. In closing, Rebecca assured the Committee that all official Internal and External Audits were always reported to the Committee.

Returning to the debate in relation to whether reports similar to the one now presented to Committee should be considered at future meetings of the Committee or not, the general consensus was that such reports were not necessary. To receive all such reports would place an unduly large amount of unnecessary work and strain on the Committee which should be spent focusing on essential and warranted business. Furthermore, only reports where control weaknesses had been identified or concerns in relation to Governance and such other related matters should be considered.

At the conclusion of the debate, Maria responded to questions in relation to if there was likely to be any issues or potential problems on the horizon which may impinge upon WACC retaining its outstanding status.

The Committee extended its appreciation and congratulations towards the Officers involved in gaining such an excellent Ofsted report.

Resolved

That the outcome of the Ofsted inspection relating to Walsall Adult and Community College be noted.

1058/13

Codes of Conduct

A report was submitted:-

(see annexed)

Tony Cox, Head of Legal and Democratic Services, presented the report and highlighted the salient points contained therein.

In particular, Tony distinguished between the two different Codes (Members and Officers) and provided detail on the historical background to both. In particular, Tony had identified that the Employees Code of Conduct was overdue for a review and advised that he had reported this fact to the new Head of Human Resources, Steve McGowan, whom had only been in post since 1st April, 2013. In view of this, the Committee was advised that this Code would be reviewed within the next 12 months.

The Committee then debated the matter and the role of the Independent Member was questioned in relation to declaring interests, taking into account that the position was a non-voting one. As this affected both the current Independent Member, as well as any future Independent Members appointed to the Committee, it was agreed that a response on this matter would be reported back to a subsequent meeting by Tony.

A discussion around whether 17.4 (Membership of Closed Societies) within the Officer Code of Conduct should also extend to the Member Code of Conduct took place. Tony advised that he would ask for this matter to be considered by the Standards Committee as part of the wider review of the Constitution that it would be undertaking next Municipal Year.

Arising from further discussions on this item, the Employee Volunteering Procedure which had previously been agreed and approved at a meeting of the Appointments Board on 2nd February, 2012, was referred to. Members requested that a follow-up on this issue be reported back to the Committee to help identify what take-up there had been from staff as a consequence of this Procedure.

Resolved

1. that the report be noted;
2. that Tony Cox prepare a response for a subsequent meeting in relation to the position of Independent Members in declaring interests;
3. that the Standards Committee be requested to consider at a future meeting whether Membership of Closed Societies, as contained within the Officer Code of Conduct, should also extend to the Members Code of Conduct;
4. that Steve McGowan prepare an update for a future meeting of the Committee on the staffing impact of the employee Volunteering Procedure.

Review of the Effectiveness of the Audit Committee

A report was submitted:-

(see annexed)

Rebecca Neil, Head of Internal Audit, presented the report and highlighted the salient points contained therein. In addition, Rebecca advised that the Committee's input was required for Questions 13, 15, 20, 45 and 52 in particular.

In relation to Question 13 (Have all Members' skills and experiences been assessed and training given for identified gaps), it was agreed that all Members would be emailed this question individually (in confidence) and asked to provide their responses directly to Rebecca Neill.

Arising from further discussions on Q13, it was suggested that an additional meeting should be added to the Committee's schedule of meetings at the beginning of the Municipal Year which would be reserved solely for Audit Training for Members. Additionally, Vicky Buckley, Head of Finance, proposed to send an adapted work programme which showed each report considered by the Committee during the 2012/13 Municipal Year. This adapted work programme would be accompanied by a tick-list to help indicate if / where Councillors felt that they would have benefited from further knowledge or experience to help them in considering the various issues.

With reference to Question 15 (Are Members sufficiently independent of other key committees of the Council), this was discussed and no particular issues or concerns were identified.

In regard to Question 20 (Are meetings free and open without political influence being displayed), Mr Green, as the Committee's Independent Member, confirmed that he had no issues or concerns and confirmed that he was satisfied that meetings were conducted 'apolitically'.

Arising from further discussions on Q20, reference was made to meetings in the past where all agenda included an item whereby Members were required to declare the existence of any party whips. It was felt that the inclusion of such an item on future agenda would seek to strengthen the 'apolitical' stance of the Committee.

In relation to Questions 45 & 52 (Does the Audit Committee hold periodic private discussions with the Head of Internal Audit / External Auditor), the Committee held a lengthy discussion on the matter. Following detailed deliberations, the general consensus of the Committee was that it could prove useful if a facility were available whereby the Committee could engage with the Head of Internal Audit and then the External Auditor (independent of one another where necessary) on any matters of interest / concern following the conclusion of each Committee meeting.

Additionally, it was suggested that such a facility could be incorporated within the Committee's Terms of Reference.

Resolved

1. that progress against the action plan following Grant Thornton's 2009/10 review of the Audit Committee Effectiveness, as set out in Appendix 1, be noted;
2. that the feedback set out above from Members be incorporated into Committee's current effectiveness evaluation checklist.
3. that the suggestions set out above by Members be noted and implemented, following consideration by Officers, where viable.

1060/13 **Accounting Policies 2012-13**

A report was submitted:-

(see annexed)

Vicky Buckley, Head of Finance, presented the report and highlighted the salient points contained therein.

Arising from discussions around the 'Events after the balance sheet date' section, the Committee felt that it would be useful to include the contingency / liability definitions and procedures within the Policy and to have them circulated to Members for information. Vicky Buckley, Head of Finance, commented that it was difficult to provide liability definitions in view of the criteria involved. She, therefore, suggested that more information could be included within the back-up guidance and that this matter ought to be picked-up and expanded upon during future Members Training sessions.

Resolved

That the accounting policies, as set out, for financial year 2012/13 be approved and that the issue identified above be picked up in future Member training sessions.

1061/13 **Protecting the Public Purse & 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.

Also in attendance was Craig George, Benefits Investigations Manager, who briefed the Committee on the benefit fraud side of the matter. In doing so, Craig reported that the recent article on benefit fraud within the local press had been inaccurate in view of the fact that it had contained incorrect figures. He, therefore, provided the Committee with the accurate and up to date figures.

Following a discussion on this matter, the Committee thanked Craig and his team for all the hard work undertaken.

Resolved

That the report be noted.

1062/13 **Regulation of Investigatory Powers Act (RIPA) 2000**

A report was submitted:-

(see annexed)

Jamie Morris, Executive Director Neighbourhood Services, presented the report and highlighted the salient points contained therein. In particular, Jamie Morris advised that the Office of the Surveillance Commissioner (OSC) inspection would now be undertaken on 20th May and not on 2nd May as stated within the report.

Clarity was sought as to whether or not the Council utilised the Covert Human Intelligence Source (CHIS) method of surveillance or note. The Committee were advised that the Council did not utilise this method.

The Committee held a general discussion on the matter, following which it was: -

Resolved

1. that the updated Corporate Policy and Procedures on the Regulation of Investigatory Powers Act (RIPA) 2000, as attached at Appendix 1, be noted;
2. it be noted that the forthcoming inspection of the Council's RIPA Policy and Procedures will take place on 20th May by the Office of the Surveillance Commissioner (OCS);
3. the Council's use of RIPA be noted.

1063/13

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

1064/13

Submission of Corporate Risk for Scrutiny

A report was submitted:-

(see annexed)

Ann Johnson, Corporate Risk and Project Manager, presented the report and then invited Jamie Morris, Executive Director Neighbourhood Services, to highlight the salient points contained therein.

Following a robust challenge by Members, the Committee deliberated the matter and it was then:-

Resolved

That the contents of the report be noted.

(Exempt information under Paragraphs 1 and 4 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

1065/13

Risk Management Update 2012/13

The Committee noted the updated Corporate Risk Register.

(Exempt information under Paragraphs 1 and 4 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

Termination of meeting

The meeting terminated at 8.50p.m.