

## **AUDIT COMMITTEE**

**Monday, 25<sup>th</sup> February, 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 Flower  
Councillor Murray  
Councillor D. Shires

### **In attendance**

James Walsh, Chief Finance Officer  
Rebecca Neill, Head of Internal Audit  
Rose Collinson, Interim Executive Director of Children's Services  
Jon Roberts, Grant Thornton  
Perminder Sethi, Grant Thornton

1035/13 **Apologies**

An apology for non attendance was received on behalf of Mr A Green.

1036/13 **Minutes**

The minutes of the meeting held on 14<sup>th</sup> January, 2013, were submitted:-

(see annexed)

The Chair sought Members' views as to whether or not they felt that the minutes, as set out, provided sufficient detail in relation to Minute No. 1032/13 in particular (No or Limited Assurance Internal Audit Reports - New Art Gallery).

Starting the debate on this matter, the Chair stated that he was of the opinion that the minutes did not demonstrate the robust and scrupulous challenge which the Committee had given on this particular matter. In view of this, the Chair felt that, when looking back at the minutes retrospectively, at some point in the future, a reader would not necessarily be able to glean that the Committee had fully discharged its duties

efficiently and effectively when considering and determining each item of business. Referring to how minutes were currently written, the Chair advised that, although he appreciated that minutes were a record of the decisions taken at a meeting and contained procedural matters, he felt that they offered little more than a record of just that.

Councillor Murray commented that he did not feel that the minutes were written differently in any way to that of other Committees and that, whilst he agreed that they didn't contain too much detail, he had come to accept that this was the style of Walsall minutes.

Councillor Flower commented that he did not feel that the minutes brought out the ferocity of the debate on the particular matter in question. Furthermore, he stated that any change in the style of minutes would have to be across the board and apply to all Committees, because it would be improper to have one style for one Committee and different styles for others. In view of this, Councillor Flower felt that any change would need to be initiated by Management. Whatever was to be decided on this matter, Councillor Flower stated that a joined up approach would be required.

Councillor Chambers commented that he had always been supportive of Democratic Services and that, although he shared some of the views, as raised by other Members, he had always used the approach of asking for anything particularly important to be recorded in the minutes where he felt it necessary. In addition, he stated that the minutes complied with Knowles on Local Authority meetings which was the standard for the Law and practice governing how Local Authority Committee meetings should be conducted.

Councillor D. Shires commented that past minutes from some years ago used to contain more detail which had sometimes proved useful. However, at other times this had caused problems, particularly when Councillors disagreed with comments which had been attributed to them, or where Members felt that preferential treatment had been reflected in the minutes to either a particular Member or Group. In view of this, there had been a shift away from how the minutes had been produced in the past to the style that the Committee was now more familiar with.

The Clerk to the Committee advised that, if Members did not feel that the minutes accurately reflected what had happened at the previous meeting, the Committee could vote upon any relevant changes which it felt were necessary.

The Chair then stated that he felt the minutes did reflect what had happened at the last meeting. However, he did not feel that it sufficiently reflected the robust challenge which had been given at that meeting. Furthermore, the Chair stated that he had been disappointed to find that a particular word had not been recorded by the clerk in relation to Minute

No. 1032/13 for which he had handed the clerk a note to confirm what had been said by the presenting officer.

Following a concluding debate on the matter, it was then:-

**Resolved**

That the minutes of the meeting held on 14<sup>th</sup> January, 2013, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

On other matters in relation to the minutes, Councillor Illmann-Walker, in referring to Minute No. 1033/13 (3) [Internal Audit Plan 2012/13], advised that the letter, which had subsequently been circulated on this item, had been incomplete.

The Clerk to the Committee agreed to re-circulate the letter complete with the omitted briefing note.

Councillor Illmann-Walker then referred to Minute No. 1024/13 (2) [Minutes] and sought an update on when a response was likely to be provided on this issue.

Rebecca Neill (Head of Internal Audit) advised that James Walsh (Chief Finance Officer) had recently emailed all Executive Directors in relation to this matter and a response would be provided at a subsequent Committee.

1037/13 **Declarations of Interest**

There were no declarations of interest.

1038/13 **Deputations and Petitions**

There were no deputations submitted or petitions received.

1039/13 **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.

1040/13 **Notification of any issues of importance for consideration at a future meeting**

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

1041/13 **Children's Services Safeguarding Children Improvement Progress**

A report was submitted:-

(see annexed)

Rose Collinson, Interim Director of Children's Services, presented the report in detail and guided Members thoroughly through each section. In addition, Rose provided updates from the Children's Improvement Board which had met on the morning of 25<sup>th</sup> February, 2013. Furthermore, Rose highlighted the current number of newly qualified Social Workers and explained the main risks relating to two key vacancies which had been vacant for a significant time. It was explained that there had been difficulty in recruiting to those posts, however, the interviews for the LADO post was now scheduled to be held on 28<sup>th</sup> February, 2013.

Following Rose's comprehensive presentation, Councillor Chambers, in his capacity as Member of the Children's Improvement Board, advised that the Council were fortunate to have both Rose Collinson and Sue Butcher in post. Furthermore, Councillor Chambers confirmed that he was satisfied and assured that all the issues highlighted by the Ofsted Inspection, and as set out in the Improvement Plan, were being addressed fully. In addition, he stated that all relevant stakeholders had been engaged and were on-board. Referring to the amount of information that Board Members receive, he advised Members that the paperwork was comprehensive and substantial. Finally, Councillor Chambers stated that he had been assured that Council Procedure Rules had been fully complied with in relation to monetary commitments which had been secured for additional services within the Directorate.

As a part of the robust challenge given by the Committee on this item, Members asked questions of Rose and challenged the report. In particular, the following questions and points were put:-

In particular, Councillors Illman-Walker and Flower challenged if the current PARIS system was fit for purpose considering that there had been issues in relation to data retention. Rose reported that different Authorities use different systems which depended upon their inspection framework. Furthermore, she stated that she did not feel the current PARIS system was being use to its fullest potential at present. In addition, Rose advised that the Council would be inspected using the current PARIS system and, if a decision was taken to use a new system, the implementation of any new system could take over two years to become fully operational.

Councillor Illman-Walker expressed his concern at the length of time the two vacancies within the LADO and DART teams had been vacant for. Councillor Murray then expressed his concern that there did not appear to be an independent qualified risk expert who sat on the Improvement Board Multi-agency Operational Group, as the group were responsible for reviewing the Risk Register on a monthly basis.

Councillor Illmann-Walker specifically requested an update on the follow-up to the Cordis Bright report. In addition, Councillor Illmann-Walker also sought assurance from Rose on the following matters:-

- If the Children's Services Department were now fully compliant with the implications of the Children's Act;
- How the Council was now performing in relation to Child Sex Exploitation;
- What the current position was in relation to children who were under the care of the Authority that had run away / were classed as missing.

The Chair advised that the Committee was in danger of impinging upon the remit of both the Children's Improvement Board / Children's and Young People's Scrutiny Committee and did not wish to duplicate work being undertaken. In view of this, he sought to guide the Committee back to seeking a broad overview / assurances on the matter rather than getting into the detail.

It was therefore agreed that a briefing note would be provided to Councillor Illmann-Walker in respect of the Cordis Bright follow-up report and also on data in relation to current missing children figures in Walsall. In the meantime, Rose delivered a verbal update to Members on the preliminary findings of the follow-up to the Cordis Bright report and provided assurances on the other matters highlighted.

Arising from discussions on the report, Councillor Flower then requested that he receive a briefing note on the following three issues:-

1. In relation to the data collection errors highlighted by Rose, Councillor Flower sought assurance that other Council Departments would now learn from the experiences of Children's Services, and would be checking their own data processes, to help reduce the likelihood of such occurrences from happening again in their department as well as other Council departments;
2. In relation to Council Strategies and Policies that might be outdated and / or no longer fit for purpose, Councillor Flower sought assurance that the Council had a suitable system in place which ensured that the Strategies and Policies were being fully utilised and that a sufficient schedule was in place to review and update them regularly;

3. In response to the need for 'robust challenge' highlighted by Rose Collinson, and in relation to the recent findings regarding the Mid Staffs NHS investigation relating to scrutiny, Councillor Flower sought assurance that lessons learnt from those matters would be reflected in a reviewed and more systematic training programme for Members with regard to Walsall's Scrutiny and other Committees.

Responding to the above points, Rebecca Neill reported on what work Internal Audit undertook in relation to these matters.

Following a concluding debate on this item, it was:-

**Resolved**

- (1) That the progress and direction of travel against the strategic improvement priorities be noted;
- (2) That Rose Collinson provide Councillor Illmann-Walker with a briefing note in respect of the Cordis Bright follow-up report and data in relation to current missing children figures in Walsall;
- (3) That Rose Collinson co-ordinate a response, on behalf of the Senior Management Team, to Councillor Flower in respect of the above three points.

1042/13

**Grant Thornton: Grant Certification Report 2011/12**

A report was submitted:-

(see annexed)

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

Councillor Chambers stated that he was pleased with the content of the report and wished to have the Committee's appreciation recorded in the minutes to all the Officers who had had an input.

Councillor Murray, in referring to the amendments which had been made to two of the claims, sought assurance around whether the amendments had been simply human error, or had resulted because of a misunderstanding / misinterpretation of guidance. Perminder Sethi, Grant Thornton, clarified that the amendments had resulted from minor human errors.

**Resolved**

That the report be noted.

1043/13      **Financial Health Indicators**

A report was submitted:-

(see annexed)

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

Councillor Illmann-Walker sought clarification on whether certain figures contained within the last table on Appendix 1 were missing brackets. James acknowledged Councillor Illmann-Walker's observation and advised that brackets were missing.

**Resolved**

That the Financial Health Indicators be noted.

1044/13      **External Auditor's Financial Resilience Report 2011/12**

A report was submitted:-

(see annexed)

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

Jon Roberts, Grant Thornton, advised that the report before the Committee was a positive report and that progress and improvements had been made in respect of the previous year's report. In conclusion, Jon drew the Committee's attention to the fact that the two key risks arising from this report were in relation to school balances and sickness absence.

Members then asked questions and received responses on the following areas:-

- If there was anything that could be learnt nationally in relation to managing school balances;
- How and who decides what is the correct balance for each school;
- Whether or not Academies were included in the figures.

**Resolved**

That the report be noted.

1045/13

**External Auditor's Letter - Audit Committee Assurance**

A report, and a tabled letter of response to Grant Thornton, were submitted:-

(see annexed)

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

The report sought approval for the letter of response to Grant Thornton as now tabled. In addition, James advised Members to seek assurances outside of the usual mechanism of at Committee meetings, such as via internal / external Audit. He also encouraged Members to seek assurances directly with relevant teams / departments and Chief Officers where appropriate and relevant.

The Chair asked whether this practice was a new approach. Jon Roberts, Grant Thornton, advised that it was being undertaken this year as it was now considered to be 'best practice'.

Councillor D. Shires then highlighted a typographical error within the tabled letter of response to Grant Thornton.

Members expressed their contentment with the letter, subject to the typographical error being rectified.

**Resolved**

That the letter of response to Grant Thornton, as now tabled, be agreed, subject to the highlighted typographical error being rectified.

1046/13

**Term of Office Extension, Independent Member to Audit Committee**

A report was submitted:-

(see annexed)

James Walsh, Chief Finance Officer, presented the report and highlighted the salient points contained therein. In addition, James explained that the extension was subject to Council's agreement.

Members commented on how they felt that Mr. Green had been an excellent and invaluable addition to the Committee and were happy to endorse the extension of his term of office.



## **Resolved**

That Council be recommended to extend the term of office for Mr. A. Green, Independent Member to the Audit Committee, for a period of two years, recommencing from the start of the 2013/14 Municipal Year.

1047/13

## **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.

1048/13

## **Internal Audit Plan 2013/14**

A report was submitted:-

(see annexed)

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

Councillor Illmann-Walker questioned whether certain audits within the Children's Services Department, which had not been earmarked for an audit in next year's plan, could be re-prioritised in view of particular issues highlighted earlier under Minute No. 1041/13 (Children's Services Safeguarding Children Improvement Board).

Rebecca Neill explained that the audit plan was produced following a robust risk assessment process which ensured that finite audit resources were targeted to the areas which had been considered to be most at risk. She then explained that the audits, to which Councillor Illmann-Walker referred to, had not scored as highly on the risk assessment as other audits had and, in view of this, they had, therefore, not been included on the plan. She then stated that Executive Directors had been consulted on the audit plan and that, in this instance, Rose Collinson had advised audit that she did not believe there were any additional risks in these areas which would warrant audit attention this year.

Rose Collinson concurred with the above statement and provided assurance that, although there was not an audit planned for the highlighted issues in next years audit plan, there was various other mechanisms and inspections that would be undertaken at various points

throughout the year, although they would not necessarily look at all the same issues that audit would.

In closing, Rebecca Neill stated that she would, however, provide Councillor Illmann-Walker with a briefing note on the risk assessment process and the previous audit opinions in these areas.

Referring to the last page of the document, Councillor Chambers sought clarification on when the highlighted documents were due to be reviewed. Rebecca Neill advised the Committee on when each document was due to be reviewed.

**Resolved**

- (1) That the internal audit plan for 2013/14 be endorsed;
- (2) That the contents of the internal audit charter be noted;
- (3) That Rebecca Neill provides a briefing note to Councillor Illmann-Walker on the risk assessment process and the previous audit opinions for the areas he highlighted.

(Exempt information under Paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended)

**Termination of meeting**

The meeting terminated at 8.00 p.m.

Chair: .....

Date: .....