

AUDIT COMMITTEE

Wednesday, 24th September, 2014 at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Mr F Bell (Chairman and Independent Member)
Councillor Illmann-Walker (Vice-Chairman)
Councillor Barker
Councillor Chambers
Councillor Craddock
Councillor Murray (Substitute for Councillor Flower)
Councillor Robertson

Mrs P Hepburn (Independent Member)

In attendance

Chief Finance Officer
Head of Internal Audit
Executive Director – Neighbourhood Services
Lead Accountant
Senior Finance Manager
Senior Accountancy Officer
Representative from Grant Thornton

1206/14

Introductions and vote of thanks

The Chair introduced himself and explained that Council, at its meeting on 22nd September, had resolved to appoint him as Chair of the Audit Committee for the remainder of the 2014/ 2015 Municipal Year.

In view of this, the Chair and Members of the Committee wished to have their thanks recorded in the Minutes for the previous Chairman in his tenure as the Audit Committee Chairman.

The Chair stated that he would run Audit Committee meetings slightly differently from now onwards as he did not expect meetings to last more than 2 hours. Paperwork was sent out a week in advance of the meeting and he expected all Members to have read their papers by the time of the meeting. In view of this, he would also encourage Officers to act expeditiously in the future when presenting their reports and he would not expect them to read out word for word what Members should have already

read. He requested the Officers in attendance at the meeting to present their reports in a succinct and concise manner and that only the salient points of their reports be highlighted.

1207/14 **Apologies**

Apologies were received on behalf of Councillors Flower and Hughes. Councillor Murray substituted for Councillor Flower.

1208/14 **Declarations of Interest**

There were no declarations of interest.

1209/14 **Deputations and Petitions**

There were no deputations submitted or petitions received.

1210/14 **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.

1211/14 **Notification of any issues of importance for consideration at a future meeting**

There were no issues raised.

A Member questioned whether any of the items, which were originally on the Corporate Scrutiny Panel's work programme, would now become part of the Audit Committee's remit in view of the disbanding of the Corporate Scrutiny Panel following Council's decision on Monday.

The Chief Finance Officer advised that Scrutiny and Audit were separate Council functions and he understood that the other Scrutiny Panels would subsume the items which were on the Corporate Scrutiny Panel's work programme. He would, however, request the Monitoring Officer to provide a response on the matter.

1212/14

Regulation of Investigatory Powers Act (RIPA) 2000

A report was submitted:-

(see annexed)

The Executive Director – Neighbourhood Services presented the report and highlighted the salient points contained therein. In doing so, he advised that he would reassess the matter, in relation to the proposal to move to an annual report, should the present circumstances change at any point in the future.

A Member commented that the Senior Responsible Officer for RIPA had kept the Committee well informed for a number of years and wished to extend the Committee's thanks.

Resolved that: -

1. the Council's use of the Regulation of Investigatory Powers Act (RIPA) 2000 for the Year ending 31st March, 2014, be noted and it be noted that the Committee sought assurance from the Executive Director – Neighbourhood Services, as the Council's Senior responsible Officer for RIPA, that usage is consistent with the Council's Policy and Procedures;
2. approval be given to the new timetable for reporting RIPA to the Committee on an annual basis with quarterly briefings for Committee Members, and that the Committee reserves the right to call in RIPA at any point should the Committee deem it necessary.

1213/14

Post – Audit Statement of Accounts 2013/14

A report was submitted and a set of questions and responses were tabled:-

(see annexed)

Members had been requested to submit any questions they had in relation to the Accounts prior to the meeting so that delays in providing responses at the Committee could be avoided.

The Chief Finance Officer introduced the report and the Lead Accountant presented the report and highlighted the salient points contained therein. In addition, he explained that, subject to the Committee's approval, Officers were seeking the Chair to sign off the Accounts after the meeting had closed.

Various Members called to have the Committee's thanks recorded in respect of the Finance Team and the excellent work they had achieved which was demonstrated within the report.

In addition, the Lead Accountant and Senior Accountancy Officer also read out a series of questions and responses that they had prepared following the request for all Members to submit any questions they had in relation to the Accounts in advance of the meeting:-

(see annexed)

The representative from Grant Thornton also guided Members through his report at Appendix 1. In doing so he advised the Chief Finance Officer that he required a bit longer to finalise some of his work before signing the letter of representation.

In relation to Appendix 4, The Chair stated that he did not feel it was particularly easy to read from the perspective of a member of the public. For instance, if a figure was used in the summary, it should be easy to surmise where that figure had come from. The Chief Finance Officer advised that appropriate changes could be made to the summary to reflect the Chair's comments.

Another Member commented that some of the language and terminology used in Appendix 4 was not particularly clear or helpful, especially from the perspective of a member of the public. He added that it would be useful if the wording used could be more meaningful for the general population.

A general discussion ensued about what information was included within report summaries in general, and a comment was made that Grant Thornton reports were always headed up with an Executive Summary which proved useful.

Resolved that: -

1. the audit findings report from Grant Thornton on their audit of the 2013/14 statement of accounts and the key messages (Appendix 1) be received and it be noted that there have been agreed amendments made to the accounts during the audit;
2. the letter of representation attached (Appendix 2) be endorsed;
3. the post-audit statement of accounts for 2013/14 (Appendix 3) be approved;
4. the summary of accounts (Appendix 4) be noted;

5. the Chair of the Committee be authorised to sign and date the accounts as required under the Accounts and Audit (England) Regulations 2011;
6. the Chief Financial Officer be authorised to distribute copies of the audited statement of accounts to partners and stakeholders alongside the Annual Governance Statement 2013/14.

1214/14 **External Auditor's Value for Money Report 2013/14**

A report was submitted:-

(see annexed)

A representative from Grant Thornton presented the report and highlighted the salient points contained therein.

In particular, a Member stated that he would have expected to have seen more in this report arising from the general statement in the financial statement relating to the going concerns and the state of the balance sheet. In addition, he also referred to the fact that Local Authorities would be receiving a reduction in funding in the future and would have to do 'more with less'. In view of this, he advised that he would have expected more to have been highlighted in this report specifically addressing such matters.

The representative from Grant Thornton advised that they look at this year to year up until the sign-off of the accounts. He added that the Key Indicators of Performance section on page 7 of the report touched upon this issue and that the next opinion Grant Thornton issued would likely pick up on these matters in more detail as Local Authorities were on the precipice of entering uncharted territory in terms of financial austerity.

Resolved that the report be noted.

1215/14 **The Annual Review of the Effectiveness of the systems of Internal Audit and Internal Control and the Annual Governance Statement 2013/14**

A report was submitted:-

(see annexed)

The Chief Finance Officer presented the report and highlighted the salient points contained therein.

Arising from discussions on the report, a Member asked why Data Protection (DPA) requests had increased in 2014.

The Committee was informed that Head of Programme Delivery was the senior responsible officer for this area and had provided that data in the report. The Chief Finance Officer agreed to ask the Head of Programme Delivery to produce a briefing note for Members on this matter.

Resolved that: -

1. the findings and recommendations arising from the annual effectiveness reviews as contained with the report be approved;
2. the Annual Governance Statement be approved for publication alongside the Statement of Accounts.

1216/14 **Financial Health Indicators 2014/15**

A report was submitted:-

(see annexed)

The Chief Finance Officer presented the report and highlighted the salient points contained therein. In doing so, he highlighted an error in the table at the top of page 4 of the report where the 'National Non Domestic Rate %' and 'Total Council Tax collected (£m)' titles should be swapped with one another.

A Member commented that it might be useful to include a greater description within Appendix 1 which highlighted what was 'good'. A discussion ensued and the Chief Finance Officer suggested that employing a RAG (Red, Amber and Green) system could address the matter. The Committee was content with this suggestion.

On another matter, a Member commented that the number of days to process creditor payments appeared to be short and questioned whether the Council was carrying out due diligence in terms of paying for goods and services it had received. The Member also added that it would be interesting to see what other Councils were doing on this as a comparison. The Chief Finance Officer advised that he was looking at putting back the number of days for creditor payments to 28 days and he would feed back to the next meeting.

Resolved that the financial health indicators 2014/15 be noted.

1217/14 **Risk Management Update 2014/15**

A report was submitted:-

(see annexed)

The Senior Finance Manager presented the report and highlighted the salient points contained therein.

A Member asked if the recent Parliamentary Committee had had any influence on the implications relating to Risk No. 15. The Senior Finance Manager advised that there had not been any indication that there would be any change as of yet.

Members commented that the new definitions and likelihood measures were helpful.

Members requested that risks 1, 2 and 6 (which would be subsumed into one risk) and risk 9 be selected for consideration at future meetings.

Resolved that: -

1. the corporate risk register, attached at Appendix 1 to the report, be noted;
2. risks 1, 2 and 6 (which are to be subsumed into one risk) and risk 9 be selected and scheduled into the Committee's work programme for consideration at future meetings;
3. the horizon scanning items be noted and that it also be noted that they will appear on future risk registers as appropriate;

1218/14 **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 for the reasons set out therein and Section 100A of the Local Government Act, 1972 and accordingly resolves to consider those items in private.

1219/14 **Risk Management Update 2014/15**

A report was submitted:-

(see annexed)

The Senior Finance Manager presented the report and highlighted the salient points contained therein.

A discussion ensued in relation to Risk No. 18. Members requested an update on the progress of the project in relation to Risk 18 and requested assurances around its delivery. It was therefore agreed that an update on this project be brought back to the next meeting of the Committee.

Resolved that: -

1. the corporate risk register, attached at Appendix 1 to the report, be noted;
2. that an update on the project associated with Risk No. 18, as detailed above, be brought to the next meeting of the Committee.

(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 7.40p.m.

Chair:

Date: