

M I N U T E S

meeting: **AUDIT COMMITTEE**

date: **12 MARCH 2012**

PRESENT:-

Councillor Inston (Chair);
Councillors Claymore, Dr Hardacre, Mrs Keirle, Mrs Mills,
and Mrs Thompson

OFFICERS IN ATTENDANCE:-

Delivery

T Rennie	-	Interim Strategic Director – Delivery
M Taylor	-	Financial Controller – Corporate Services
A Merrick	-	Assistant Director – City Services (part)
I Cotterill	-	Principal Auditor – Audit Services
F Davis	-	Group Manager – Advocacy Services - Governance
P Farrow	-	Head of Audit
D Johnston	-	Head of Risk Management and Insurance
R Morgan	-	Senior Audit Manager
M Fox	-	Democratic Support Officer

Education and Enterprise

N Edwards	-	Assistant Director – Regeneration (part)
T Westwood	-	Assistant Director – Schools, Skills and Learning (part)

PRESENT BY INVITATION:-

J Howse	-	PricewaterhouseCoopers – External Auditors
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Wolverhampton
City Council



PART I - OPEN ITEMS
(Open to Press and Public)

Apologies for Absence

78 Apologies for absence had been received from Councillors Leach and Simkins.

Declarations of Interest

79 No declarations were received.

Minutes

80 Resolved:-
(a) That the minutes of the meeting of the Audit Committee held on 30 January 2012 be confirmed as a correct record.

(b) That the minutes of the meeting of the Audit/Standards Committees Joint Meeting held on 17 January 2012 be confirmed as a correct record.

(c) That the minutes of the meeting of the Audit (Final Accounts Monitoring and Review) Sub-Committee held on 27 February 2012 be noted.

2011/2012 Statement of Accounts Progress Update
(Resolution 25)

81 A letter from the External Auditor (Appendix 47) providing feedback on the 2011/12 accounts closedown plans was circulated and noted.

Schedule of Outstanding Minutes (Appendix 48)

The Committee received a report which gave an indication of dates on which reports on individual items would be submitted for consideration.

82 Resolved:-
That the report be received.

Work Programme 2011/12 (Appendix 49)

The updated work programme had been circulated for information.

- 83 Resolved:-
That the work programme be received.

OTHER GOVERNANCE ISSUES:-

**Audit Committee Terms of Reference and Membership
(Appendix 50)**

A report was submitted which asked the Committee to review and make recommendations regarding the current terms of reference and membership arrangements for the Committee. Members, in discussion, favoured the revised terms of reference for the Committee and the Audit (Examination of Paid Accounts/Monitoring of Audit Investigations) Sub-Committee and, in terms of the future membership of the Committee, considered the four possible options detailed in the report. Concerns were expressed by Councillor Mrs Thompson about the use of independent members and the way in which they would be appointed. Councillor Hardacre asked whether the independent members would receive payment for their duties and the Chair advised the Committee to make a decision in principle today and to agree the details at a later date. Councillor Keirle commented on the need to consider the skills mix of Members, adding that political neutrality was also an issue. The Chair commented that Audit Committee had always operated in a neutral way.

- 84 Resolved:-
That the Special Advisory Group and full Council be recommended to:-

(a) approve suggested revisions to the terms of reference for the Audit Committee and Audit (Examination of Paid Accounts/Monitoring of Audit Investigations) Sub-Committee as detailed in the report, and;

(b) adopt Option 4 in terms of future membership of the Audit Committee, in other words to continue to operate without any independent Members on the Audit Committee.

**RISK MANAGEMENT/ASSURANCE ON SERVICE RISKS
REPORTS:-**

**Delivery Directorate – Risk Management and Governance
(Appendix 51)**

The Interim Strategic Director-Delivery attended the meeting to report on the risk management and governance issues for the Delivery Directorate. Councillor Keirle welcomed the report and the additional information provided at the meeting but questioned how the Localism Act/Public Services (Social Value) Act 2012 would be embedded into procurement processes. She asked whether a briefing could be provided for Members at an appropriate time. Councillor Hardacre asked how the procurement processes would work in schools and how they would be monitored. Councillor Keirle recalled that the Committee had received a report previously about financial issues within schools and suggested that a copy be forwarded to Councillor Hardacre, who also questioned how corporate human resources issues would be dealt with in schools, which had to operate with several sets of conditions of service. The Interim Strategic Director responded that budgets were delegated to schools in terms of procurement and that the issues about human resources matters within schools would need to be investigated further. Councillor Mrs Thompson expressed the hope that the revised arrangements for dealing with human resources issues arising within schools would be finalised as soon as possible.

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Resolved:-

(a) That the report be noted.

(b) That a briefing note to be circulated to Members in due course regarding the embedding of the Localism Act/ Public Services (Social Value) Act 2012 into the Council's procurement processes.

Education and Enterprise Directorate (Appendix 52)

The Assistant Directors for Prosperity and Schools, Skills and Learning were in attendance to present the key high-level risks for the Education and Enterprise Directorate. Councillor Keirle referred to new welfare reforms and the risk that levels of rent collection would decrease. The Financial Controller responded that the Authority was aware of and would be monitoring this situation. The Assistant Director –Prosperity also responded to a question about the management of risk in terms of the Council's partnerships. Councillor Hardacre raised an issue about stricter controls governing OFSTED inspections in the future and questioned why these had not been included within the current report. The Assistant Director -Schools, Skills and Learning responded that these requirements related only to projects which

had taken place over the last 12 month period and the Councillor was pleased to receive this assurance.

- 86 Resolved:-
That the report be noted.

INTERNAL AUDIT REPORTS :-

Internal Audit Terms of Reference (Appendix 53)

The Head of Audit submitted a report which suggested that the terms of reference detailed in the report be adopted for Internal Audit.

- 87 Resolved:-
That the terms of reference for Internal Audit, as detailed within the report, be approved.

PWC Review of the Effectiveness of Internal Audit – Progress Report (Appendix 54)

The Head of Audit submitted the latest progress report from the Council's External Auditor following their review of the effectiveness of the internal audit function. Councillor Keirle asked how the skills audit exercise would be undertaken with Committee Members and the Head of Audit responded that this would be achieved through the circulation of a multiple-choice questionnaire. He was also satisfied that separate areas had been provided for use by staff in connection with the audit investigations and also for paperwork to be stored in a secure location. It was also noted that the issue of independent membership of Audit Committee had been considered earlier in the meeting.

- 88 Resolved:-
That the updated Action Plan be received and noted.