

M I N U T E S

meeting: **AUDIT COMMITTEE**

date: **16 APRIL 2012**

PRESENT:-

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

OFFICERS IN ATTENDANCE:-

J Lancaster - Assistant Chief Executive (part)

Delivery

P Main - Assistant Director, Corporate Services
S Kembrey - Assistant Director, Governance
P Farrow - Head of Audit
D Johnston - Head of Risk Management and Insurance
R Morgan - Senior Audit Manager
S Davies - Head of Employee Relations (part)
D Kane - Head of Finance - Corporate Services (part)
M Fox - Democratic Support Officer

Community

S Norman - Strategic Director (part)

PRESENT BY INVITATION:-

J Howse - PricewaterhouseCoopers – External Auditors
N Takoordyal- PricewaterhouseCoopers – External Auditors

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

Declarations of Interest

- 89 Councillor Simkins declared a personal interest in Agenda items 9b/10a as a CAB Volunteer/School Governor (BSF Programme).

Minutes

- 90 Resolved:-
(a) That the minutes of the meeting of the Audit Committee held on 12 March 2012 be confirmed as a correct record.

(b) That the minutes of the meeting of the Audit (Examination of Paid Accounts/Monitoring of Audit Investigations) Sub-Committee held on 5 March 2012 be noted.

(c) That the minutes of the meeting of the Audit (Final Accounts Monitoring and Review) Sub-Committee held on 2 April 2012 be noted.

Schedule of Outstanding Minutes (Appendix 55)

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

- 91 Resolved:-
That the report be received.

Work Programme 2011/12 (Appendix 56)

The updated work programme had been circulated for information.

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

OTHER GOVERNANCE ISSUES:-

**Audit Committee Annual Report 2011/12
(Appendix 57)**

A report was submitted which asked the Committee to endorse the content of the report and refer it to full Council. Cllr Simkins asked whether the Internal Audit Effectiveness Review had been considered by Scrutiny Board and the Assistant Director - Corporate Services suggested that additional information about the Review be included in the report to Council.

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Resolved:-

(a) That the report be endorsed and referred to full Council, subject to the addition of a paragraph about the Internal Audit Effectiveness Review carried out by the Council's External Auditors.

(b) That a copy of the revised version of the report be sent to the Chair and Vice-Chair.

EXTERNAL AUDIT REPORTS AND INSPECTION:-

Annual Grants Certification Report 2010/11 (Appendix 58)

The report detailed results of certification work by the Council's External Auditors. Responding to a question from Cllr Keirle regarding the HRA Finance Base Data Return, James Howse, on behalf of PwC, responded that there was not an issue with Northgate per se, but the fact that the Authority had been unable to provide a comprehensive survey to support the categorisation of dwellings on the Housing and Rents System. He added that PwC would not continue the investigation when self financing arrangements commenced but that this would be a matter to be considered by the Authority for inclusion in the terms of appointment of Auditors in the future.

Councillor Mrs Thompson referred to the RG 32 claim/return (Advantage West Midlands) and asked whether the External Auditor was satisfied about the current position or whether there are any unresolved issues. James Howse responded that PwC had taken the matter as far as possible but advised Members that AWM would dissolve in Spring 2012. He added however that there is a need for robust monitoring in terms of all partnership arrangements and confirmed that the role of the External Auditor in these cases is not to monitor but to look at the outcomes and process.

- 94 Resolved:-
That the report be received.

RISK MANAGEMENT/ASSURANCE ON SERVICE RISKS REPORTS:-

Office of the Chief Executive – Risk Management and Governance (Appendix 59)

A report was submitted which set out the key high-level risks for the Office of the Chief Executive service cluster. Cllr Keirle asked for more information about the risk relating to a failure to retain service resilience as a consequence of restructuring. The Assistant Chief Executive responded that human resources and legal guidance was needed in these cases to gain confidence that appropriate solutions had been put in place. Cllr Keirle could not recall seeing this information reported at Performance Governance and Support Services Scrutiny Panel, although the Assistant Chief Executive confirmed that the issue had been included under the Senior Management Restructuring details. Cllr Keirle also raised the risk of IT budget cuts in relation to the LIS and was advised that there was a potential risk about gaps in control for partners and, although this was currently not a reality, it may well be in the future.

- 95 Resolved:-
That the report be noted.

Community Directorate (Appendix 60)

This report set out the key high-level risks for the Community Directorate. Cllr Keirle raised question about consultation on the community hubs and the Strategic Director responded that high-level consultation had taken place but that there is now a need to carry out more detailed consultation. Reference was also made to recent proposed changes to welfare benefits and the need to ensure good communication with those involved. Members agreed that there was a need to share updated information with all Members, which should include information on housing benefit, council tax benefits and disability living allowance.

- 96 Resolved:-
(a) That the report be noted.

(b) That a seminar to be arranged for all Members of the Council regarding recent and proposed changes to welfare

benefits, to include housing benefit, council tax benefits and disability living allowance.

(c) That a briefing note be circulated to Audit Committee Members regarding community hubs and the approach to consultation.

INTERNAL AUDIT REPORTS :-

Corporate Assurance Plan 2012/13 – 2014/15 (Appendix 61)

The Head of Audit submitted the Corporate Assurance Plan 2012/13-2014/15 for review and approval. Cllr Simkins commented that community safety issues had not been included within the plan, neither had changes to the PCT. The Head of Audit Services responded that these were emerging issues and would be raised at a forthcoming risk workshop, following which a strategic risk register would be developed. Once this was in place an assurance map would be prepared identifying where assurances against the key risks identified, could be obtained, and that should any gaps in assurances be identified, these would feed into the Audit Universe and possibly the Assurance Plan in order to be subject to review. Cllr Hardacre raised concerns on behalf of Headteachers regarding the Academy conversion process. Members also called for guidance about the BSF PFI arrangements and it was suggested that a briefing note be circulated on these issues.

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Resolved:-

(a) That the Corporate Assurance plan 2012/13 – 2014/15 be approved.

(b) That a briefing note be circulated to Audit Committee Members regarding Member and School Governor responsibilities regarding BSF PFI arrangements and the contractual arrangements for the Academy Conversion process.

CIPFA Audit Committee Update (Appendix 62)

This report contained a copy of the latest CIPFA Audit Committee Update-‘Helping Audit Committees to Be Effective’.

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Resolved:-

That the report be noted.

Audit and Assurance Effectiveness Measures (Appendix 63)

This report sets out a number of audit and assurance effectiveness measures, as recommended to by the Council's External Advisers in their 2011 report on Internal Audit Effectiveness.

- 99 Resolved:-
That the report be noted.

RISK MANAGEMENT – ASSURANCE ON CORPORATE RISKS:-

Human Resources Improvement Plan (Appendix 64)

A report was submitted which provided an update on progress made towards implementing the Human Resources Improvement Plan. Cllr Hardacre questioned the need for the establishment of a Member Reference Group to monitor the Human Resources Improvement Programme although the Assistant Director-Corporate Services responded that the issues had to be considered through both Officer and Member Groups. Cllr Simkins expressed concern about the lack of progress in this area, suggesting that it should be subject to the scrutiny process. Cllr Keirle felt that good progress had been made on the programme, although in terms of consultation as detailed in paragraph 4.2 of the report, she noted that 65% of staff are not union members. Councillor Mrs Thompson welcomed the report, albeit felt that slow progress was being made. Members also asked when a further progress report would be submitted.

- 100 Resolved:-
(a) That the progress report be noted.

(b) That it be agreed to receive a progress report in 6 months' time.

Vote of Thanks

Members referred to the services of the Chair to the Audit Committee during the Municipal Year.

- 101 Resolved:-
That the appreciation of the Committee to the Chair, for his able and courteous conduct during the municipal year, be placed on record.