

# M I N U T E S

meeting: **AUDIT COMMITTEE**

date: **24 SEPTEMBER 2012**

## **PRESENT:-**

Councillor Inston (Chair);  
Councillors Claymore, Dr Hardacre, Jasbir Jaspal  
and Mrs Thompson

## **OFFICERS IN ATTENDANCE:-**

### Delivery

K Ireland	-	Strategic Director
P Main	-	Assistant Director, Corporate Services
C Davies	-	Finance Manager – Corporate Services (part)
P Farrow	-	Head of Audit
D Johnston	-	Head of Risk Management and Insurance
D Kane	-	Head of Finance (part)
S Lunn	-	Head of Operational Finance
R Morgan	-	Senior Audit Manager
P Oakeshott	-	Interim Head of Strategic Sourcing
M Taylor	-	Financial Controller – Corporate Services (part)
M Fox	-	Democratic Support Officer

## **PRESENT BY INVITATION:-**

R Bacon	-	PricewaterhouseCoopers – External Auditors
J Howse	-	PricewaterhouseCoopers – External Auditors
R Vialard	-	PricewaterhouseCoopers – External Auditors

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

**Declarations of Interest**

17 No declarations were declared.

**Minutes**

18 Resolved:-

(a) That the minutes of the meeting of the Audit Committee held on 6 July 2012 be confirmed as a correct record.

(b) That the minutes of the meeting of the Audit (Monitoring of Audit Investigations) Sub-Committee held on 16 July 2012 be noted.

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

**Schedule of Outstanding Minutes (Appendix 10)**

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

19 Resolved:-

That the report be received.

**Work Programme 2012/13 (Appendix 11)**

The updated work programme had been circulated for information.

20 Resolved:-

That the work programme be received.

**EXTERNAL AUDIT REPORTS AND INSPECTION:-**

**Annual Report to Those Charged with Governance (Appendix 12)**

The Council's External Auditors presented their annual report to those charged with governance (ISA260), highlighting issues contained in the executive summary and advising the

Committee that this is a positive report. Councillor Mrs Thompson asked whether the auditors are aware of the need for substantial repairs to the Civic Centre and of the need for these to be included in the Council budget. Richard Bacon responded that he was aware that remedial works will be necessary and that the Council will need to be mindful of the situation and he agreed to bear the comments in mind.

- 21 Resolved:-  
That the report be received.

**Medium Term Financial Strategy Review Report Of Pricewaterhouse Coopers (Appendix 13)**

A report was submitted which outlined the review of the Council's Medium-Term Financial Strategy by the Council's External Auditors.

- 22 Resolved:-  
That the report be received.

**FINAL ACCOUNTS/ANNUAL GOVERNANCE STATEMENT:-**

**Audited Statement of Accounts 2011/2012 (Appendix 14)**

The Committee was asked to note progress on the audit of the Accounts by the Council's External Auditors and to approve publication of the Accounts by 30 September, as required by the Accounts and Audit Regulations 2011.

- 23 Resolved:-
- (a) That it be noted that the Council's External Auditors are nearing completion of their audit of the 2011/2012 Draft Statement of Accounts, and intend to issue an unqualified opinion, subject to final review of the amended Accounts and a small number of other matters.
  - (b) That it be noted that the External Auditors have identified no material errors which are expected to remain unadjusted in the amended Statement of Accounts.
  - (c) That the formal publication of the 2011/2012 Statement of Accounts, as required by the Accounts and Audit Regulations 2011, which require publication by 30 September, be approved.

**INTERNAL AUDIT REPORTS:-**

**Internal Audit Update (Appendix 15)**

This report asked the Committee to note the internal audit update as at 30 June 2012. Councillor Mrs Thompson asked a question about the use of external solicitors and whether the Council's own solicitors will be involved in reviewing those issues identified as representing medium or moderate risk to the Council. The Head of Audit Services confirmed that the Council's solicitors will be involved and that the review should hopefully take place at Christmas.

- 24 Resolved:-  
That the report be noted.

**Review of Fraud Related Policies (Appendix 16)**

The Committee was asked to endorse the Audit Services' management review of the following policy documents:-

- Anti-fraud and Corruption Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy
- Anti-Bribery Policy
- Fraud Referral Plan-Guide for Staff
- Fraud Response Plan-Guide for Managers
- Fraud Investigation Plan
- Police Referral, Prosecution and Recovery Policy

- 25 Resolved:-  
(a) That the Audit Services' management review of the policy documents detailed in the report be endorsed.

(b) That whistleblowing activity arising since the launch of the Whistleblowing Policy in September 2006 be noted.

(b) That the review of counter fraud arrangements against the provisions of Red Book 2 be noted.

(d) That the deficiencies in corporate procedures identified in relation to the recording of cases of possible fraud and irregularity and the on-going work to secure improvements be noted.

**Audit Committee Skills Audit Results (Appendix 17)**

A report was submitted which asked the Committee to consider the results of the recent skills audit and to consider priorities for its training programme.

- 26 Resolved:-  
That the report be noted.

**Payment Transparency (Appendix 18)**

The recent internal audit report on payment transparency was submitted for information.

- 27 Resolved:-  
That the report be received and noted.

**CIPFA Audit Committee Update (Appendix 19)**

The latest CIPFA Audit Committee update-issue 8 - helping audit committees to be effective, was submitted for information.

- 28 Resolved:-  
That the report be received and noted.

**Internal Audit Management Arrangements Update (Appendix 20)**

A report was submitted which updated the Committee on arrangements to extend the partnership with Sandwell MBC for the role of Head of Audit. The Chair felt that the current arrangements are working very well and he also asked for his appreciation to be passed to the internal audit team for their continuing good service.

- 29 Resolved:-  
(a) That the report and the favourable comments received on the continuing management arrangements be noted.  
  
(b) That appreciation be expressed to the employees of the Internal Audit Team for their continuing good service.

**RISK MANAGEMENT – ASSURANCE ON CORPORATE RISKS:-**

**Corporate Risk Register (Appendix 21)**

The Head of Risk Management and Insurance presented the current list of corporate risks as recorded in the Corporate Risk Register and the actions being taken to manage them. Councillor Hardacre expressed concern about safeguarding procedures (corporate risk 1) in the light of the growing number of academies and the more limited access by the Council in terms of safeguarding procedures and CRB checks. He was also concerned about corporate risk 3 (life chances for young people) and whether the Council would have sufficient resources to support under performing schools. In terms of corporate risk 11 (corporate responsibilities) he was concerned that the Council may not be meeting its equalities requirements. The Head of Risk Management and Insurance responded that appropriate Assistant Directors are continuing to work on both current and new risks.

Replying to a question from Councillor Mrs Thompson about corporate risk 8 (asset management and planning), he confirmed that this included the proposed Youth Zone. Councillor Mrs Thompson also commented on the importance of corporate risk 15 (perception of crime) and the level of actual crime in the area rather than merely a perception of crime.

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Resolved:-

That current risks and action being taken to manage them be noted.

**OTHER GOVERNANCE ISSUES:-**

**Procurement Improvement Programme (Appendix 22)**

The Chair took the opportunity of introducing Peter Oakeshott, Interim Head of Strategic Sourcing, to his first meeting. Peter Oakeshott then updated the meeting on progress regarding the Procurement Improvement Programme and the change in the proposed delivery approach.

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Resolved:-

That progress on delivery of the identified outcomes of the Procurement Improvement Programme and the change in the proposed delivery approach be noted.