



# Audit Committee

## Minutes – 16 December 2013

### Attendance

#### Members of the Committee

Cllr Keith Inston (chair)  
Cllr Harbans Bagri  
Cllr Phil Bateman  
Cllr Alan Bolshaw  
Cllr Mike Hardacre  
Cllr Jasbir Jaspal  
Cllr Mrs Wendy Thompson

#### Independent members

Mike Ager  
Terry Day

#### Employees

Peter Farrow	Head of Audit
David Kane	Head of Finance-Delivery
Richard Morgan	Senior Audit Manager
Narinder Phagura	Strategic Risk Manager Delivery
Dereck Francis	Democratic Support Officer

#### External Auditors

Richard Vialard	PricewaterhouseCoopers
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## Part 1 – items open to the press and public

<i>Item No.</i>	<i>Title</i>	<i>Action</i>
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### MEETING BUSINESS ITEMS

- 1. Apologies for absence**  
Apologies for absence were submitted on behalf of Cllr Matthew Holdcroft.
- 2. Declarations of interests**  
No interests were declared.

3. **Minutes** Dereck  
Francis  
Resolved:
- (a) **Audit Committee – 23 September 2013**  
Resolved:  
That the minutes of the meeting held on 8 July 2013 be approved as a correct record and signed by the Chair.
- (b) **Audit (Monitoring of Audit Investigations) Sub-Committee – 21 October 2013**  
Resolved:  
That the minutes of the meeting held on 21 October 2013 be noted.
4. **Matters arising**  
There were no matters arising.
5. **Work Programme 2013/14**  
Resolved:  
That the work programme be received.

## INFORMATION ITEMS

6. **EXTERNAL AUDIT REPORTS AND INSPECTION:**
- a **Annual Audit Letter**  
Richard Vialard from the Council's auditors PricewaterhouseCoopers' (PwC) presented their annual audit letter which summarised the results of their 2012/13 audit.
- Resolved:  
That the contents of the Annual Audit Letter from the Council's external auditors, PricewaterhouseCoopers (PwC) be noted.
- 7 **RISK MANAGEMENT- ASSURANCE ON CORPORATE RISKS**
- a **Risk Management and Corporate Risk Register**  
The Committee received, for information, a report on the change in the Council's strategic risk management arrangements and on the key risks the Council faces. As part of the changes, the internal audit team have now taken on the responsibility for risk management for Wolverhampton. This was being supported by the introduction of a strategic risk manager from Sandwell MBC, along similar lines to the arrangement entered into for the head of audit role. The corporate risk register would also be fundamentally reviewed to ensure that the risks that were last reported to the Committee were still appropriate and reflected the Council's profile.

Cllr Hardacre commented that given the 2010 Equalities Act and the duties it placed on the Council, he found it surprising that the report indicated that there are no equalities implications arising from the report. He queried whether all the risks had been cleared in terms of the equalities tool kit. He also reported that Audit Services needed to be sure that all of the schemes have been properly cleared and assessed via the tool kit, as this role was an audit function.

Peter Farrow advised that the cover report was the update and not the individual risk reports. The implications would be outlined where the risks are being managed.

Mr Ager welcomed the change in the risk register management arrangements. He also indicated that he had never seen an organisation with so many of the items on their key risks register being rated red RAG status. He hoped that the comprehensive review of the corporate risk register was completed as soon as possible and that the results be reported to the next meeting.

Resolved:

The change in the Council's strategic risk management arrangements and an update on the corporate risk register be noted.

## 8. INTERNAL AUDIT REPORTS

### a Internal audit update-quarter 2

Peter Farrow, Head of Audit updated the Committee on progress made against the 2013/14 audit plan and on recent work which has been completed.

Peter  
Farrow

Mr Ager asked that in connection with the 'Limited' assessments, the Audit Manager report back to the next meeting to confirm that the high level recommendations had been carried out. Peter Farrow confirmed that an update on action taken would be reported at the next meeting.

Mr Day asked whether there were any recommendations for systems changes from the findings on the 'duplicate payments'. Peter Farrow reported that the Council's had antiquated financial systems with manual controls. With the FutureWorks programme going live in April 2014 financial systems would be fully automated so there should be a dramatic reduction in duplicate payments. In response to a further point he also advised that he was not aware of any trends or concerns with any particular directorate regarding duplicate payments.

Peter Farrow also informed the Committee that early indications from a review of the Council's appraisals process was that there would be a poor outcome with long non-compliance with the process. A report on the findings would be reported to the next meeting.

Councillors on the Committee commented that they had raised the issue of appraisals on previous occasions and there would be concerned if only 'lip service' was being paid to the appraisal meetings. They posed the question what they as an Audit Committee could do to support Audit Services to nudge those employees who are responsible for the appraisal procedures.

Resolved:

- (a) That the content of the latest internal audit update at the end of quarter two be noted.
- (b) That the appropriate employ(s) responsible for the appraisal system to attend the next meeting to respond to the Committee's questions.

**b Audit Committee Self-Assessment Exercise**

The Committee received a report on the outcome from the 2013 self-assessment exercise.

Resolved:

That the contents of the outcome from their 2013 self-assessment exercise, be received and noted.

**c Benefit Fraud Sanctions 2012/13**

The Committee received a report on the final position in the number of sanctions undertaken during 2012/13.

Mr Ager asked whether there was comparative data on how other Councils were performing in this area. He was advised that comparative statistics were not available but through networking with other councils and anecdotally, the Council was in the 'middle of the park'.

Cllr Bolshaw asked how much of the £431,000 (the total value of sanction based overpayments) would the Council recover. He was advised that information on the amount recovered from overpayment of council tax benefit could be provided. The sanctions based on overpayments for housing benefit would be recovered by Sundry debtors' services. The Char asked that Cllr Bolshaw be provided with the information.

Resolved:

That the final position as at 31 March 2013 of the sanction results for the Benefit Fraud Investigation team be noted.

**d Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committee Update – Issue 12**

The Committee received, for information, the latest edition of regular briefings issued by CIPFA for audit committee members in public sector bodies.

Resolved:

That the contents of the latest CIPFA Audit Committee Update, Issue 12 – helping audit committees to be effective be noted.

e **Payment transparency**

The Head of Audit Services submitted the latest review of the Council's compliance with the Code of Recommended Practice regarding the publication of all payments over £500 and also the publication of all payment data with effect from 1 April 2013 and not only that with a value of over £500.

Cllr Dr Hardacre commented that there was a democratic shortfall in that the code applied to council expenditure but did not apply to schools even though the Council acted as the banker for schools and the funding was administered by Council employees. Council tax payers could find out what the Council spent its money on but not what schools are doing with their funding.

Resolved:

That the Council's continued compliance with the Code of Recommended Practice, regarding the publication of all payments over £500 be noted. Also, that from 1 April 2013 the Council had continued to publish all of its payment data, rather than just restrict it to that with a value of over £500.

f **Annual governance statement action plan update**

The Committee received a report on progress against an action plan listing key areas for improvement that were identified at the time of the compilation of the Annual Governance statement.

Resolved:

The progress made in addressing the key improvements areas identified in the 2012/13 Annual Governance Statement action plan be noted.

g **Benefit sanctions – amendment to arrangements**

The Committee received an update report on minor changes in the approval of sanctions as a result of the revised management arrangements for the benefits fraud team.

Resolved:

That the minor changes to arrangements regarding the approval of sanctions for housing and council tax benefit fraud.

**Merry Christmas**

The Chair wished Councillors and employees a Merry Christmas.