



Audit Committee

Minutes - 22 September 2014

Attendance

Members of the Audit Committee

Cllr Keith Inston (Chair)
Cllr Wendy Thompson
Cllr Harbans Bagri
Cllr Philip Bateman
Cllr Alan Bolshaw
Cllr Dr Michael Hardacre
Cllr Jasbir Jaspal
Mike Ager
Terry Day

Employees

Peter Farrow	Head of Audit
Dereck Francis	Democratic Support Officer
Keith Ireland	Strategic Director, Delivery
Richard Morgan	Senior Audit Manager
Mark Taylor	Assistant Director, Finance

External Auditors

Richard Bacon	PricewaterhouseCoopers
Richard Vialard	PricewaterhouseCoopers

Part 1 – items open to the press and public

Item No. *Title*

- 1 **Apologies for absence**
Apologies for absence were submitted on behalf of Cllr Christine Mills.

- 2 **Declaration of interests**
Cllr Dr Mike Hardacre declared a personal interest in the items on the agenda for the meeting in so far as they relate to the City of Wolverhampton College, the Central Learning Partnership Board and Wolverhampton Homes.

- 3 **Minutes of previous meetings**
 - (a) **Audit Committee – 14 July 2014**
Resolved:
That the minutes of the meeting of the previous meeting held on 14 July 2014 be approved as a correct record and signed by the Chair.

(b) Audit (Monitoring of Audit Investigations) Sub Committee

Resolved:

That the minutes of the meeting of the Sub-Committee held on 21 July 2014 be noted.

4 Matters arising

With reference to Minute 6 of the Sub-Committee meeting held on 21 July 2014 regarding the Internal Audit report on the performance appraisal scheme, Cllr Keith Inston reported that he had asked that the plan of improvement in response to the Internal Audit review report and recommendations be submitted to the meeting of the Sub-Committee on 3 November and that the Cabinet Member for Governance and Performance for be requested to attend the meeting. He also extended an invitation to members of the Audit Committee who were not members of the Sub- Committee to attend that meeting.

5 Work Programme 2014/15

The Committee received, for information, the work programme for the remainder of the 2014/15 municipal year.

6 ISA 260

The External Auditor presented their annual report to the Committee on the audit for the year ended 31 March 2014. In doing so they informed the Committee that they had completed the majority of their audit work and expected to be able to issue an unqualified audit opinion on the Statement of Accounts and Value For Money conclusion by 30 September 2014.

Mike Ager reported that the report gives the Committee considerable External assurance regarding the finances of the Council.

In response to questions from the Panel, the External Auditors and Mark Taylor clarified the related third party transactions.

Resolved:

That the report be noted.

7 Financial Resilience Report of PricewaterhouseCoopers

The External Auditor presented their review of the financial resilience of the council's financial position.

Mr Ager commented that the report certainly gave some comfort about the council's financial position, without being complacent.

Resolved:

That the report be noted.

8 Audited Statement of Accounts - 2013/14

Mark Taylor, Assistant Director Finance, submitted for approval the audited statement of accounts for 2013/14.

Referring to the Annual Governance Statement within the accounts, Mr Ager, Independent member asked who would be monitoring whether the actions within the Governance Statement had been implemented. Peter Farrow, Head of Audit reported that the Audit Committee would be undertaking that role. He undertook to bring a report to the next meeting regarding progress made.

Cllr Wendy Thompson commented that the Annual Governance Statement was a worthy document.

Resolved:

1. That the formal publication of the 2013/14 Statement of Accounts, as required by the Accounts and Audit Regulations 2011, which require publication by 30 September, be approved.
2. That authority be delegated to the Chair of the Audit Committee to agree subsequent changes to the Statement of Accounts in consultation with the Assistant Director Finance should there be any audit adjustments.
3. That it be noted that the Council's external auditors intend to issue an unqualified opinion on the Statement of Accounts 2013/14, subject to the outcomes of a few remaining elements of audit work.
4. That it be noted that the external auditors have not identified any material errors in the draft accounts and there are no uncorrected misstatements.

9 **Corporate Risk Register and Assurance Map**

The Committee received, for information, a summary of the Council's risk register and a corporate assurance map which detailed where the Council could gain assurance that the risks within the register are being mitigated.

Regarding risk reference 7 (safeguarding) Cllr Dr Mike Hardacre reported that changes introduced by the Department for Education in the way schools record information had not been picked up by the Safeguarding Unit and had been left to schools to take on board the new arrangements. He was not sure about the ownership of this within the organisation and suggested that Education and Children and Young People needed to liaise so each was aware of what they are doing and also to make sure that schools are implementing the Government requirements. Peter Farrow undertook to take that risk back to the 'risk owner' to find out why this issue had been missed and how it would be picked up in the future.

Keith Ireland reported that the issue of safeguarding had been recently discussed within the organisation and that a briefing had been given to all Council employees and briefing sessions would also be arranged for all councillors.

Mike Ager, Independent Member welcomed the production of the assurance map. He also reported that a lot of the external assurance referred to in the map would come from reports. The Committee would need to decide if it could cope with the volume.

Resolved:

1. That the latest summary of the Council's corporate risk register be noted.

2. That the main sources of assurance available to the Council against its corporate risks be noted.

10 **The Introduction of Agresso**

Further to the request at the last meeting, the Committee received a report on the introduction of the Agresso system.

Resolved:

That the update on the introduction of the Agresso system be noted.

11 **Internal Audit Charter - Annual Review**

Peter Farrow, Head of Audit submitted the internal audit charter for annual review and approval. The charter was a formal document which defined the activity, purpose, authority and responsibility of internal audit and its position within the Council. No changes had been made to the document since it was last approved by the Committee in September 2013.

Resolved:

That the internal audit charter be approved.

12 **Internal Audit Update - Quarter One**

Peter Farrow, Head of Audit presented a report on the progress made against the 2014/15 audit plan and on recent work that had been completed.

Referring to the FutureWorks programme, Keith Ireland, Strategic Director Delivery reported that the Committee should not underestimate the amount that the Audit team had done on the Agresso financial system in collaboration with other employees across the Council working on the Agresso system.

Resolved:

That the contents of the latest internal audit update as at the end of quarter one be noted.

13 **Internal Audit Staffing Arrangements**

The Committee received for information a report on the staffing position within the Internal Audit service. Peter Farrow, Head of Audit assured the Committee that the staffing resources available were sufficient to deliver on the audit plan and that he had no concerns regarding staffing numbers.

Keith Ireland, Strategic Director Delivery also informed the Committee that if the Council's external auditors felt that the service was understaffed they would have expressed that to him. He also informed the Committee of the collaborative work that was taking place with Sandwell Council, particularly the sharing of the Head of Audit role as well as sharing specialist audit staff.

Members of the Committee reported that the report gave them assurance. They asked that the staffing position be reported upon periodically to the Committee.

In response to a question from Cllr Wendy Thompson, Peter Farrow informed the Committee that the work with schools was one of the strongest areas of the Internal Audit and that he was keen to maintain the relationship which the internal audit service had with schools.

Cllr Wendy Thompson and Cllr Keith Inston both referred to the staffing position within Highways and Environmental Health and asked for the same assurance in terms of staffing levels. In response Keith Ireland reported that the market for engineers was such that the Council could not compete with the salaries on offer in the private sector. He undertook to speak to the Strategic Director for Education and Enterprise on the Committee's concerns.

14 CIPFA Audit Committee Update

The Committee received for information the latest of the regular briefings issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) for audit committee members in the public sector. The latest briefing covered external audit quality and independence, government consultation on local authority regulations and CIPFA consultation on a new counter fraud code.

Resolved:

That the contents of the latest CIPFA Audit committee update, issue 14 - helping audit committees to be effective be noted.

15 Payment Transparency

Peter Farrow, Head of Audit updated the Committee with the current position regarding the Council's publication of all its expenditure activity since the last meeting of the Committee.

Resolved:

That the Council's position with regards to the publication of all its expenditure be noted.

16 Budget Update and Review

Mark Taylor, Assistant Director Finance presented a report bringing to the Committee's attention information about the Council's finances that had been recently reported to the Cabinet and Cabinet (Resources) Panel. The report was the first of what would be regular updates to the Committee throughout the year on the budget and medium term financial strategy.

Resolved:

That the report be received and noted.

17 Independent Review of Process for medium term Financial Strategy and Budget

Mark Taylor, Assistant Director Finance submitted a report inviting the Committee to review and follow up on recommendations from an independent review process for the Council's Medium Term Financial Strategy and Budget which had been conducted by Eugene Sullivan, CIPFA (HONS).

In response to Mike Ager, Independent Member, Mark Taylor undertook to submit a follow up report to the Committee on progress in implementing the action plan.

Cllr Wendy Thompson reported that she was wary of all the fees and charges changes that the independent review was recommending.

Resolved:

That the recommendations from the independent review and the action plan developed to address those recommendations be received and noted.