

Minutes of the Audit Committee

23rd July, 2015 at 6.30pm
at the Sandwell Council House, Oldbury

Present: Councillor Sidhu (Chair);
Councillors D Hosell and Jaron.

Apologies: Mr Ager (Vice-Chair and Independent
Member);
Councillors Frazer and Tipper.

20/15 **Minutes**

Resolved that the minutes of the meeting held on 12th
March, 2015, be confirmed as a correct record.

21/15 **Annual Governance Statement 2014/15**

The Committee received its draft Governance Statement for 2014/15 which formed part of the Council's Statement of Accounts.

Members noted that the Governance Statement was designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. Furthermore, the Committee noted that the Governance Statement was based upon an ongoing process which was designed to identify and prioritise risks to the achievement of the Council's policies, aims and objectives and to evaluate the likelihood of those risks being realised and the impact they could have upon the authority.

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To support the preparation of the statement, each Director had completed an assurance statement which raised any areas of significant weakness and the measure that had or would be put in place to address them. A governance assessment had also been updated by Directors and key officers and any weaknesses identified had been included within the annual governance statement.

Members noted that the Council had significant governance issues arising in the following areas:-

- i) Children's Services;
- ii) Resilience of the Medium Term Financial Strategy;
- iii) Compliance with Procurement and Contract Procedure Rules;
- iv) Business Continuity Planning;
- v) Disposal of Council Property;
- vi) Combined Authority;
- vii) Register of interests;
- viii) Health and Social Care Reforms;
- ix) Senior Management Restructure and Chief Financial Officer;
- x) Handling of Subject Access Requests.

The Committee was advised that a plan detailing the actions that were being taken to address the areas of weakness had been included. Updates on the progress made in implementing these actions would be presented to the Audit Committee throughout the year.

In relation to Children's Services, members requested that a report be submitted to a future meeting in relation to the red risk and the outstanding appeal to Ofsted.

Resolved that the Governance Statement 2014/15 be approved for signature by the Leader of the Council and the Chief Executive.

22/15

Strategic Risk Register Update

The Committee gave consideration to the Council's Strategic Risk Register in order to gain assurance that risks to the delivery of the Council's key priorities were being managed.

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It was noted that since the register was last reported, the following risks had been reassessed, as follows:-

- the assessment of risk 4 (children's social care) had been increased to red following the findings of the recent Ofsted inspection;
- risks 21 and 37 (security of information and ICT infrastructure respectively had been revised and, as a result, a new risk in respect of the management of information risk had been identified for inclusion in the register;
- the assessment of risk 40 (school place planning) had been reduced from amber to red as actions to mitigate this risk continued to be implemented.

Concerning school place planning, in response to a question regarding local authority control over academies, officers undertook to respond direct to members.

23/15 Counter Fraud Annual Report 2014/15

The Committee considered the annual counter fraud report 2014/15.

The purpose of the report was to bring the Audit Committee up to date on areas of counter-fraud activities undertaken by Audit Services during 2014/15.

24/15 Annual Internal Audit Report 2014/15

The Committee received the Annual Internal Audit Report 2014/15. The report summarised the audit work undertaken during the year and provided a summary of the key control issues arising that, in the opinion of Audit Services, should be brought to the attention of the Audit Committee and the Section 151 Officer.

Internal Audit were able to provide the following opinion “based on the work undertaken during the year, the implementation by management of the recommendations made and the assurance made available to the Council by other providers as well as directly by Internal Audit, Internal Audit could provide reasonable assurance that the Council had adequate and effective governance, risk management and internal control processes”.

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The report also detailed the performance of the internal audit service via a series of performance indicators set by the Audit Committee.

Members were assured that all key recommendations made during 2014/15 would be followed up by Audit Services during 2015/16 in order to ensure that they had been satisfactorily implemented. Where they had not, reasons would be sought for non-implementation and this would be further reported upon.

25/15

Review of the Effectiveness of Internal Audit, the Role of the Head of Audit in Public Sector Organisations and the Role of the Chief Financial Officer in Local Government - 2014/15

The Committee was provided with an assessment against the five principles in the following CIPFA publications:-

- The Role of the Head of Audit in Public Sector Organisations;
- The Role of the Chief Financial Officer in Local Government;

along with a review of the effectiveness of internal audit undertaken in 2014/15.

In reviewing the effectiveness of the system of internal audit, the following were taken into consideration:-

- the process by which the control environment and key controls had been identified;
- the process by which assurance had been gained over controls;
- the adequacy and effectiveness of the remedial action taken where there were deficits in controls;
- the operation of the Audit Committee and the internal audit function to current codes and standards;
- an assessment against the five principles contained in the CIPFA document “The Role of the Head of Internal Audit”.

Underpinning each of the five principles in the CIPFA document were a series of governance requirements, core Chief Financial Officer responsibilities and personal skills and professional standards. As part of this review the current arrangements had been assessed against these requirements and were found to be in compliance.

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Audit Committee Annual Report 2014/15

Members considered the draft Annual Report of the Audit Committee. The report detailed the Committee's main achievements, together with details of the business undertaken by the Committee during the 2014/15 municipal year.

Resolved that the 2014/15 Annual Report of the Audit Committee be approved and presented to the next scheduled meeting of Council.

27/15

Local Government Ombudsman Report

The Committee considered a report which provided a summary of the complaints and enquiries received and dealt with by the Local Government Ombudsman in relation to the Council for the year ended 31st March, 2015.

Members noted that a total of 117 complaints and enquiries had been received in 2014/15, compared to a total of 131 in the previous year.

The Panel further noted a breakdown of complaints and enquiries in relation to service areas, and the outcome of each Ombudsman investigation.

28/15

CIPFA - Audit Committee Update - Issue 17

The Committee noted the latest publication issued by CIPFA which focussed on the committee's role in reviewing the financial statements.

(Meeting ended at 7.47pm)

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