

## **Minutes of the Audit Committee**

**21<sup>st</sup> January, 2016 at 6.00 pm  
at the Sandwell Council House, Oldbury**

**Present:** Mr Ager (Vice-Chair and Independent Member in the Chair);  
Councillors D Hosell, Dr Jaron and Sidhu.

**Apology:** Councillor Tipper.

1/16 **Minutes**

Further to Minute No 30/15, the Committee had received information in relation to:-

- the breakdown of the balances held by schools for 2014/15;
- the breakdown of income and expenditure under the Housing Revenue Account.

Members noted that whilst several schools in Sandwell appeared to be holding large balances, most balances were being held for future projects. Members requested that a further report be submitted in relation to the effectiveness of the monitoring of school balances to the Audit Committee in September, 2016.

**Resolved** that the minutes of the meeting held on 24<sup>th</sup> September, 2015, be confirmed as a correct record.

2/16 **Annual Audit Letter – 2014/15**

The Committee considered the Annual Audit Letter from KPMG (the Council's external auditors) which summarised the key issues arising from its 2014/15 audit of Sandwell Metropolitan Borough Council.

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Representatives from KPMG advised that the Council continued to offer good value for money.

3/16

### KPMG - Certification of Grants and Returns – 2014/15

The Committee was presented with the Certification of Grants and Returns 2014/15 report, which had been produced by KPMG. It was noted that only one claim/return relating to Housing Benefit Subsidy was dealt with under the Public Sector Audit Appointment arrangements and that the claim did not identify any issues or errors.

(Councillor Sidhu entered the meeting)

4/16

### Selected Risk – Risk 40 - School Place Planning

Further to Minute No. 32/15 (24<sup>th</sup> September, 2015), representatives from Education Services attended the meeting to provide an update on the strategic risk relating to Sandwell's school place planning strategy (risk 40).

The Committee was informed Sandwell had experienced growth in population from migration into the Borough, in particular amongst young children, and this had created significant levels of additional demand for school places.

The Committee was informed at present the risk had a specific focus on secondary school places as the Council faced significant challenges to provide approximately 4,800 additional secondary places by 2025.

Since 2010, 870 new reception classes had been provided, 22 existing primary schools had been expanded and seven temporary bulge expansions had taken place. It was reported that reception capacity had increased by 750 places to 4996 in the five years to 2015.

Members were advised of the measures being made to mitigate the risk and, in particular, that a monthly briefing was held with the Cabinet Member for Children's Services to update him on the risk status and its progress.

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It was recognised that appropriate sites had to be identified in the right parts of the borough for further school expansions or new schools, however, due to financial pressures this was a challenge to be met.

### 5/16 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.

Members requested that the risk 21 and the risk owner be invited to the next meeting of the Committee to provide further assurances on the mitigations in place to manage compliance with this risk.

**Resolved** that risk 21 and the risk owner be invited to the next meeting of the Audit Committee to provide further assurances on the mitigations in place to manage compliance with this risk.

### 6/16 Internal Audit Charter

It was reported that there was a statutory requirement for the provision of internal audit work in accordance with the proper audit practices. Those practices were effectively the public sector internal audit standards, which were reflected in the Council's Internal Audit Charter.

The Internal Audit Charter was initially approved by the Audit Committee in September, 2013 (see Minute No. 26/13) and was now due for its annual review. Since its approval only one change had been made in relation to the reporting line of the Audit Services and Risk Management Manager, as reported to the Committee at its meeting on 15th January, 2015 (see Minute No. 5/15).

**Resolved** that the revised Internal Audit Charter be approved.

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### 7/16 Internal Audit Progress Report as at 30<sup>th</sup> November, 2015

The Committee considered a report which summarised areas of work covered by Audit Services for the period ending 30<sup>th</sup> November, 2015. The report updated the Committee on progress made against the delivery of the 2015/16 Internal Audit Plan and gave details of the performance of the internal audit service.

### 8/16 Audit Committee – Self Assessment

The Chartered Institute of Public Finance and Accountancy (CIPFA), in its Practical Guidance For Local Authorities 2013 edition, recommended that an Audit Committee should carry out a regular review of its performance and effectiveness alongside a number of other self-assessment activities.

**Resolved** that the Committee undertakes a self-assessment of good practice exercise, based on the Model provided by CIPFA.

### 9/16 Annual Governance Statement Action Plan Update

Further to Minute No. 21/15 (23<sup>rd</sup> July, 2015), the Committee received an update of its Governance Statement Action Plan for 2014/15.

The Committee noted progress updates on the implementation of action in relation to the following areas:-

- Children's Services;
- Resilience of the Medium Term Financial Strategy;
- Business Continuity Planning;
- Disposal of Council Property;
- Combined authority;
- Register of interests;
- Health and Social Care Reforms;
- Senior Management Restructure and Chief Financial Officer;
- Handling of Subject Access Requests.

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KPMG reported that they would be reviewing the Sandwell Better Care Fund as part of their value for money work and a further report would be submitted of their findings to a future Committee meeting.

**Resolved** that KPMG review the Sandwell Better Care Fund as part of their value for money work and a further report be submitted of their findings to a future Audit Committee meeting.

### 10/16 **Counter Fraud Update**

The Committee noted the counter fraud agenda continued to gain significant prominence from central government, which promoted a wide range of counter fraud activities and initiatives.

Members were updated on counter fraud activities undertaken by the Counter Fraud Unit within Audit Services.

### 11/16 **CIPFA Update – Issue 18**

The Committee noted the latest publication issued by CIPFA which focussed on the processes for how an audit committee could undertake a self-assessment exercise and improve its effectiveness, and the appointment and procurement of external auditors.

### 12/16 **Work Programme 2015/16**

The Committee noted its work programme for 2015/16.

(Meeting ended at 7.36 pm)

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