

## Minutes of the Audit Committee

23<sup>rd</sup> March, 2017 at 6.00 pm  
at Sandwell Council House, Oldbury

**Present:** Mr Ager (Vice-Chair and Independent Member in the Chair);  
Councillors Gavan, Dr Jaron, Piper and Preece.

**Apology:** Councillor Sidhu.

**Observer:** Councillor Edwards.

10/17 **Minutes**

**Resolved** that the minutes of the meeting held on 26<sup>th</sup> January 2017 be confirmed as a correct record.

11/17 **Council Update on Allegations of Fraud and Misconduct**

The Committee received a report regarding investigations relating to allegations of fraud and misconduct.

The Committee was informed that a series of investigations had now been completed as follows:-

- Wednesbury Celebrates;
- Hill Tip Community Development Association;
- concerns that two employees had landscaped their properties using Council materials;
- concerns that the Council had paid for the removal of an electricity sub-station as part of the arrangements of the sale of a plot of land at Florence Road to a member of Councillor Rouf's family.

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The Committee was informed by the Monitoring Officer of the responsibilities as a Councillor while carrying out official duties and personal activities. Further explanation was given in reference to the level to which elected members could be held to account, in accordance with the Localism Act 2011.

The Interim Director – Resources provided the following update on the outcomes of investigations and reviews:-

- in reference to the concerns regarding the use of Wednesbury Town Hall, Wednesbury Celebrates had agreed to reimburse the Council the sum of £7000 and the requests for additional refurbishment costs had indicated that the variations were considered reasonable;
- Councillors I and O Jones were no longer involved in Wednesbury Celebrates and an independent accountant had been commissioned by Wednesbury Celebrates to look into a number of internal controls;
- in reference to the concerns regarding Hill Top Community Development Association, recommendations had been made to strengthen the controls over the processes in place for applying for Parks and Countryside events, including compliance assurance over Council policy;
- indications that Councillor I Jones had used the names of Council officers on official documents as organisers of an event without their knowledge had recommended referral to the Council's Monitoring Officer. The Committee requested additional clarification on Councillor I Jones' register of interest in reference to Wednesbury Celebrates;
- the failure of Councillor O Jones to register her interest with Hill Top Community Development Association had recommended referral to the Council's Monitoring Officer;
- officers had contacted the complainant for further information with regard to the concern that two employees had landscaped their properties using Council materials and further information was awaited;
- in reference to the removal of an electricity substation at Florence Road, official records and correspondence with Western Power had found no cost to the Council as the works were paid by Western Power.

The Monitoring Officer had clarified whistleblowing arrangements available through the confidential standards arrangements.

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However, the Interim Director – Resources sought to reassure the Committee that training would be made available on complaint procedures and feedback from training sessions would be brought to a future meeting of the Committee.

Regarding the recommendation to refer Councillors I and O Jones to the Monitoring Officer, the Committee were informed by the Monitoring Officer that any disciplinary sanctions would be in accordance with the Localism Act 2011.

### **Resolved:-**

- (1) that the summary of investigations into allegations of fraud and misconduct be received and that issues identified in the reports be comprehensively and promptly addressed;
- (2) that the allegations in relation to Councillor I and O Jones be referred to the Council's Monitoring Officer;
- (3) that the progress in relation to the implementation of all agreed recommendations be monitored through a regular progress report/action plan to the Audit Committee;
- (4) that a future report on the outcome and feedback from the training session on whistleblowing procedures and the complaints process be brought to a future meeting of the Committee.

12/17

### **KPMG - External Audit Plan 2016/17**

The Committee received a report which set out the work that KPMG (the Council's external auditor) would deliver in terms of auditing the authority's financial statements for the period 2016/17, and gave an opinion on the arrangements in place to secure value for money.

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### 13/17 KPMG - Certification of Grants & Returns 2015/16

The Committee was presented with the Certification of Grants and Returns 2015/16 report, which had been produced by KPMG.

### 14/17 KPMG - Annual Audit Letter 2015/16

The Committee considered the Annual Audit Letter from KPMG, which summarised the key issues arising from its 2015/16 audit of Sandwell Metropolitan Borough Council.

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

### 15/17 Internal Audit Plan 2017/18

The Committee received the internal audit plan for the period 2017/18.

It was reported that the plan was based on management's risk priorities, as set out in the Council's risk analysis/assessment and had been designed to cover the key risks identified by this analysis. The plan would be used to produce an annual audit opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control processes.

**Resolved** that the Internal Audit Plan 2017/18 be received.

### 16/17 Internal Audit Progress Report

The Committee considered a report on progress made against the delivery of the 2016/17 Internal Audit Plan and gave details of the performance of the internal audit service for the period ending February 2017.

Members requested that further transparency was needed when utilising Grot Spot funding and that the Council's overall system of funding allocation was unclear.

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The Interim Director – Resources confirmed that the system and processes to allocate monies and monitor performance was being strengthened. It was proposed that further training would be needed for both officers and elected members on how small grant funds were spent, applied and allocated.

### **Resolved:-**

- (1) that, the Interim Director – Resources examine potential training for officers and elected members on how small grant funds are utilised;
- (2) that, the Internal Audit Progress Report as at February 2017 be received.

17/17

### **Audit Committee Terms of Reference Review**

The Committee received a report in relation to the terms of reference for the Audit Committee. The terms of reference were last updated and approved by the Audit Committee in August 2016 and it was recognised as best practice that the terms of reference were reviewed annually to ensure they remained fit for purpose.

Members noted the importance of the Audit Committee and having a robust terms of reference in line with CIPFA guidance.

18/17

### **Strategic Risk Register and Assurance Map 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 Interim Director – Resources look into proposals for a Combined Authority cyber security strategy.

**Resolved** that the Interim Director – Resources investigate proposals for a wider cyber security strategy via the Combined Authority.

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19/17

**Work Programme 2016/17**

The Committee noted its work programme for 2016/17 and requested that a regular report be brought to the Committee outlining outstanding actions.

**Resolved** that a regular progress report on outstanding actions be brought to future meetings of the Committee.

(Meeting ended at 7.32pm)

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