

MINUTES OF THE AUDIT COMMITTEE

Thursday 2nd March 2023 at 6.00pm

Held in the Council Chamber, Council House, Walsall

Present:

Mr A. Green (Chairman)
Councillor Sohal (Vice-Chairman)
Councillor Bains
Councillor S Hussain
Councillor Larden
Councillor Nawaz

In attendance

S. Darcy	Director – Corporate Finance, Performance & Corporate Landlord
V. Buckley	Head of Finance – Strategic Planning and Assurance
L. Haynes	Head of Finance – Technical and Transactional
R. Walley	Technical Accounting Treasury Management and Educational Finance Manager
R. Page	Technical Accounting Manager
S. Knowles	Head of Internal Audit (Mazars)
J. Roberts	External Audit (Grant Thornton)
A. Reid	External Audit (Grant Thornton)

1/23 Welcome

The Chair welcomed Members to the Committee and asked them to introduce themselves. The Chair also welcomed Officers to the meeting both in person and online.

2/23 Apologies

Apologies were received on behalf of Councillors Harrison and Mehmi.

3/23 Minutes

Resolved that the minutes of the meetings held on 26th September and 21st November 2022, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

4/23 Declarations of Interest

There were no declarations of interest.

5/23 Deputations and Petitions

There were no deputations submitted or petitions received.

6/23 Local Government (Access to Information) Act 1985 (as amended)

Resolved that the public be excluded from the meeting during consideration of the items set out in the private part of the agenda for the reasons set out therein and Section 100A of the Local Government Act, 1972.

7/23 Notification of any issues of importance for consideration at a future meeting

The Chair requested a report to the next meeting seeking assurance regarding the systems of control in place around Voter I.D.

8/23 Post Audit Statement of Accounts 2021/22 and Audit Findings Report

A report was submitted.

(see annexed)

The Committee received a report which presented the Post Audit Statement of Accounts for 2021/22, along with the summarised accounts and Annual Governance Statement.

The report also included Grant Thornton's Audit Findings Report on the authority's accounts, including the Council's letter of representation, which the council was required to provide to Grant Thornton, and was also required to be signed by the Chief Financial Officer and Chair of the Audit Committee.

Officers from Finance presented the report and highlighted the salient points contained therein. In addition, the representative from Grant Thornton (GT) presented the Audit Findings in relation to the Audit of the 2021/22 statement of accounts.

Officers responded to a number of queries whereby Members sought assurances around the following matters: -

- In relation to 4.13 of the report, the difference between 'held at cost' to 'held at fair value'.

- The Appeals provision for NDR and the money set aside for such Appeals.
- PPE valuations and whether the assets were still required.

In particular, the representative from Grant Thornton wished to have the following brought to the Committee's and Officers' attention: -

1. At a late stage in the audit, GT had identified that a company which had been engaged by the Council as an expert to advise on the Non-Domestic Rates (NDR) provision had also accepted an engagement to act for GT as the auditor's expert for GT's audit of the Council's property plant and equipment valuations.
2. The company's internal vetting arrangements had not picked this up fact up.
3. However, from GT's review, and in consultation with GT's Ethics team, GT believe that threats to the independence of the audit team could be safeguarded in that: -
 4. Different teams within the company had been engaged on the review of the valuation as auditor's expert, compared to the rating consultancy team who were management's expert, with different equity partners in charge of the respective teams.
 5. The area the company had advised the Council on was not the area that they had been involved in auditing.
 6. The element where the company had been involved in the audit was reviewing the nature of the Council's approach to valuation. To some degree, this had also been reviewed by GT auditors when they had checked the basis of valuation of individual assets. All checking of the valuation of assets had been undertaken by GT, so the more substantive testing was not done by the auditor's expert. GT would, therefore, have identified any instances where the valuation methodology had not been consistent with the company's assessment.
 7. Fees charged by the company were not significant compared to the audit fee.

In addition, the representative from GT also explained that GT could easily manage such a situation in future years by engaging with a different company to be its auditor's expert.

Members sought assurance that such an occurrence whereby the expert company engaged to undertake work on behalf of the Council, and then subsequently being engaged by GT, would not happen again.

The representative from GT advised that a system had now been established to prevent such an occurrence from happening again.

Furthermore, the representative of GT advised that, once finalised, the signed audit opinion would be provided to the council so that this could be published alongside the statement of accounts, summary accounts, audit findings reports

and the audit completion notice so that these documents could be uploaded onto the Council's website.

The Committee wished to have its thanks recorded in relation to all the hard work undertaken by Officers within Finance on this item in what had been a difficult year.

Resolved that: -

1. the Audit Findings report from Grant Thornton on their audit of the 2021/22 statement of accounts and consider the key messages (Appendix 1) and that there have been agreed amendments made to the accounts during the audit be noted.
2. it be noted that the required change to the Accounting Policies used for 2021/22 to take account of the 'Update to the Code and Specifications for Future Codes for Infrastructure Assets' and 'CIPFA bulletin 12 – Accounting for Infrastructure Assets – Temporary Solution' (as set out at paragraph 4.7 of the report).
3. the Post Audit Statement of Accounts for 2021/22 (as set out at Appendix 2 to the report) including the Annual Governance Statement be approved.
4. the summary of accounts (as set out at Appendix 3 to the report) be noted.
5. the letter of representation attached (as set out at Appendix 4 to the report) be agreed.
6. the Chair of the Committee be authorised to sign and date the accounts as required under the Accounts and Audit (England) Regulations 2015.
7. the Section 151 Officer be authorised to distribute copies of the audited Statement of Accounts to partners and stakeholders alongside the Annual Governance Statement 2021/22.

9/23 External Audit – Informing the Audit Risk Assessment

A report was submitted.

(see annexed)

The Committee received a report which provided the management responses to Grant Thornton's annual audit risk assessment for the 2022/23 financial year for Audit Committee's consideration.

The representative of Grant Thornton presented the report and highlighted the salient points contained therein.

The Committee considered and discussed this item. In particular, the Chair, in referring to Page 257 (Q2), requested that in future the Officers' Register was also incorporated into this section as well to be explicit and differentiate between the two registers.

A Member queried whether in future, if it could be distinguished within the report which Officer had provided the Management response, for transparency and accountability purposes.

The Chair and Director – Corporate Finance, Performance & Corporate Landlord responded advising that it could be a particularly cumbersome to provide this information, and there was no requirement to do so. Furthermore, they stated that the Committee received assurance on such matters from a variety of sources including the AGS, the Head of Internal Audit's Opinion, the External Auditor's Review, the Risk Register and the Fraud Register.

Resolved that the management response to the series of questions, as set out in Appendix 1 to the report, be agreed.

10/23 Internal Audit Progress Report 2022/23

A report was submitted.

(see annexed)

The Committee received a report which provided an update on Internal Audit's progress against the 2022/23 audit plan.

The Head of Internal Audit (Mazars) presented the report and highlighted the salient points contained therein.

In discussing this report, Members queried if there was anything in particular which the Committee should be concerned about, especially where only moderate assurance had been provided. The Head of Internal Audit (Mazars) advised that there was currently nothing in particular which had caused her concern arising from the finalised reports. The Chair advised that the Committee should ideally be focussing its attention on high level recommendations as they identified where the significant weakness lay.

The Head of Internal Audit (Mazars) advised that the definitions were set out on page 286 of the report and that there were adequate controls in place to monitor, manage and mitigate each risk.

The Chair referred to the five outstanding issues in relation to Business Continuity (page 301), and requested Officers to provide an update to the next Committee on this matter.

Resolved that the report be noted.

11/23 Internal Audit Key Performance Indicators (KPI) 2022/23: Quarter 3

A report was submitted.

(see annexed)

The Committee received a report which provided an update on Internal Audit's performance against key performance indicators, as at quarter 3.

The Head of Finance – Strategic Planning and Assurance presented the report and highlighted the salient points contained therein.

Resolved that the report be noted.

12/23 Strategic Risk Register (SRR)

A report was submitted.

(see annexed)

The Committee received a report which provided an update on recent risk management activity which had been carried out to refresh the SRR to ensure it contained the most current risks facing the Council.

Officers from Finance had worked with Executive Directors and Directors from across the Council to update the risks, controls and assurances in place. Directors' Group had reviewed the Directorate Risk Registers (DRR's) and SRR in February 2023, and their feedback and changes had been reflected accordingly in the report.

Following an earlier request by the Committee in relation to the impact of inflation and cost of living, the associated risk to Walsall residents and the impact on council services be considered, certain risks had been updated to reflect this.

The Head of Finance – Strategic Planning and Assurance presented the report and highlighted the salient points contained therein.

The Committee considered the report and welcomed the Cost of Living item being added to the register.

Members queried if risks on the register where there had not been any reduction meant that the risk had not been / could not be reduced.

The Head of Finance – Strategic Planning and Assurance responded that, in general, there could be significant movement on the Directorate Risk Registers. However, with the Strategic Risk Register many of the risks were more medium to long term risks, so non-movement was not necessarily a negative thing, as such risk levels would not likely change in the short term, if

at all, as they were strategic risks. Such risks would be managed and mitigated accordingly.

Members enquired if risk 4a (page 324) had increased.

The Head of Finance – Strategic Planning and Assurance advised that this risk remained the same and the increase displayed in the report was a typographical error.

The Chair advised that the Committee may wish to call in a particular risk for an in-depth look at the next meeting in April.

In addition, the Committee noted the plan and items still to be finalised with updates on these matters being reported at the next meeting.

Resolved that the report be noted.

13/23 Internal Audit Work Plan and Internal Audit Charter 2023/24

A report was submitted.

(see annexed)

The Committee received a report which detailed the recommended Internal Audit Plan and Internal Audit Charter for 2023/24, for approval by the Committee.

The Head of Internal Audit (Mazars) presented the report and highlighted the salient points contained therein.

A Member referred to some concern raised in relation to Adult Social Care at a Scrutiny Committee regarding money owed to the Council for services provided. The Members enquired if this issue could be investigated further as it was still a live / outstanding issue.

The Director – Corporate Finance, Performance & Corporate Landlord advised that discussions were still taking place with Adult Social Care to agree the scope and it was expected that the 'money owed' issue would be included as part of the work. In any case, he hoped this issue would be resolved by September 2023.

The Chair advised that the Committee should wait and see what the Audit findings for this area were, but asked for a briefing note to be prepared for Committee Members on any progress made with the NHS on this matter and circulate it to Members at the earliest opportunity.

The Chair referred to the page 356 (ICT) and also requested a briefing note to be sent out to Members on this issue. In addition, he referred to the Walsall Local Plan (page 355) and stated that he found the scope to be a little

nebulous. He, therefore, requested the Head of Internal Audit (Mazars) to review the scope to ensure it was more meaningful.

Resolved that Internal Audit Plan and Internal Audit Charter for 2023/24 be approved.

14/23 Private Session – Exclusion of the Public

Resolved that during consideration of the remaining items on the agenda, the Committee considers that the items for consideration are exempt information for the reasons set out therein and Section 100A of the Local Government Act, 1972, and accordingly resolves to consider the items in private.

15/23 Follow up of High Priority Recommendations

A report was submitted.

(see annexed)

The Committee received a report which provided an update on the implementation of high priority recommendations not previously reported as “implemented” to the Committee.

The Head of Internal Audit (Mazars) presented the report and highlighted the salient points contained therein.

Members discussed the report and sought assurances / updates on a number of issues contained within the report.

Resolved that report be noted.

Termination of meeting

There being no further business the meeting terminated at 7.35pm.

Chair:

Date:

