

## **AUDIT COMMITTEE**

**25<sup>th</sup> January 2021 at 6.00 p.m.**

### **Virtual meeting via Microsoft Teams**

*Held in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020; and conducted according to the Councils Standing Orders for Remote Meetings and those set out in the Council's Constitution.*

### **Present:**

Mr A. Green  
Councillor J. Fitzpatrick  
Councillor. Johal  
Councillor Rasab  
Councillor Robertson

### **Officers**

Interim Executive Director – Resources and Transformation  
Interim Director of Finance, Corporate Performance Management and  
Corporate Landlord  
Interim Head of Finance - Corporate

Representative of Mazars  
Representatives of Grant Thornton (GT)

### **Welcome**

At this point in the meeting, the Chair opened the meeting by welcoming everyone, and explaining the rules of procedure and legal context in which the meeting was being held. He also directed members of the public viewing the meeting to the papers, which could be found on the Council's Committee Management Information system (CMIS) webpage.

Members confirmed that they could both see and hear the proceedings.

52/20      **Welcome/Apologies**

The Chair welcomed all in attendance and asked everyone present to introduce themselves. There were apologies submitted on behalf of Councillor G. Ali and Councillor Young for the duration of the meeting.

53/20      **Minutes**

A copy of the minutes of the meeting held on 23<sup>rd</sup> November 2020, were submitted:-

(see annexed)

**Resolved**

**That the minutes of the meeting held on 23<sup>rd</sup> November, 2020 a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record, subject to the inclusion of Councillor W. Rasab as present at the meeting.**

54/20      **Declarations of Interest**

There were no declarations of interest.

55/20      **Deputations and Petitions**

There were no deputations submitted or petitions received.

56/20      **Local Government (Access to Information) Act, 1985 (as amended)**

**Resolved** (by assent)

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.

57/20      **Notification of any issues of importance for consideration at a future meeting (18.00)**

A Member requested that the Committee consider an item on the controls around Covid-19 spending and how it was being managed. The Interim Director of Finance stated that all Covid related spend and loss of income was reported on a regular basis to Cabinet, from a corporate and service based perspective. In addition to this the service corporate financial

performance and overview of the council's finance was reported to scrutiny. Members were also advised that there were several items on the audit committee work programme for this year, including provider payments (part of Covid spend) and around Covid controls. This would be received at the April committee meeting and would allow Members to consider the controls in place in relation to Covid spend and expenses. In response to the Member request, it was agreed that, if possible, this report would be taken to the special committee meeting in March.

### **58/20 Internal Audit Progress Report 2020/21 & KPI's**

The Interim Head of Finance spoke to the report and highlighted the salient points (annexed). Members were asked to note that the feedback from the Committee at the last meeting had been incorporated in the wording of the performance indicators.

The Internal Audit representative stated that the internal audit plan was making satisfactory progress. Attention was drawn to the payments to suppliers', this piece of work was done specifically due to Covid guidance, it considered the way the Council paid suppliers - it was noted that good assurance had been received.

The Committee were advised that there were a reduced number of priority one recommendations outstanding, which was positive. The Chair thanked the Internal Audit representative for the positive report and stated that it was encouraging to see assurance for payments to suppliers.

Members noted the difficulties of working remotely, the Internal Audit representative responded to state that audit were receiving good compliance and all information had been provided so far. It was questioned if External Audit were satisfied with the internal audit work taking place. The External Audit representative confirmed that they were satisfied so far and that there was no indication that there were any issues of concern.

Assurance was sought from the Internal Audit representative that the Internal Audit Team were satisfied that when Officers sought extensions to timescales that this was reasonable. The Internal Audit representative confirmed that this was the case, and gave an example of where this was not the case and had been included in the 2021/22 internal audit plan for further investigation. The Chair requested that this was included within the next report to the Committee

## **Resolved that**

**The Internal Audit Progress Report 2020/21 & KPI's was noted.**

### **59/20 Risk Management update – Strategic Risk Register (SRR)**

The Head of Internal Audit presented the report and highlighted the salient points (see annexed). It was confirmed that CMT had reviewed and agreed the changes to the risk register. The main points to note, within the report, were that risk 4 had been spilt into two parts to better reflect activities within Childrens and Adult Social Care. Previous risks 8 and 9 had now been incorporated into risk 7. In addition, there was a new risk on cyber security. As requested by the Committee the distinction on controls and assurances had been made clearer.

A Member asked what mechanism was used to lower risk 6, the Committee were informed that this had been reviewed by the Executive Director for Resources and Transformation, the existing controls were considered to better mitigate the risk and this was expected to reduce further.

Members noted that risk 7 was rising and asked what measures were being taken to address this. The Head of Internal Audit stated that this was an assessment of where CMT considered that this risk was, and activity was taking place to mitigate this.

In response to Member queries in relation to risks related to Brexit, Officers clarified that a significant amount of work had been completed to identify risks. It was noted that this would be monitored through the strategic risk register.

Members asked for further information on the combination of risks 8 and 9. The Head of Internal Audit stated that risk 7 was considered to be more of a financial risk across the Council, and that this would be better incorporated as one strategic risk across the whole authority. Concern was expressed that this would result in a lack of identification of risks in relation to a reduction in the Public Health budget. The Interim Head of Finance stated that the financial impact of the Public Health reduction sat within the financial impact within risk 7. The other part to this was the potential risk and impact on services which would be covered under risk 4a and 4b.

The Internal Audit Officer was asked if a specialist would be sought to consider the risk in relation to cyber security. The Committee were informed that this could be done from within the existing team. This risk

was due to be audited in 2021/2022. A Member challenged if this risk should be considered before this, and received assurance that although this was contained with the 2021/2022 plan the work was likely to begin this year. A Member also raised the issue of disaster recovery and the Internal Audit representative stated that this could be investigated.

**1. That the Committee expresses concern in relation to the incorporation of former risk 9 into risk 7 within the strategic risk register. The Committee requests that the Executive Director, in conjunction with the Director of Public Health reconsider if risk 9 needs to be a separate risk or if this is not the case, the Committee request that a briefing note be taken to the Committee to provide assurance.**

**2. The Committee request that the Executive Director of Resources and Transformation provide further information on risk 2 and how risk 2 was impacting on other risks within the strategic risk register (in particular risk 7).**

#### **60/20 Internal Audit Charter**

The Head of Internal Audit stated that the report represented the Internal Audit Charter which set out the terms of reference and served as a basis for the governance of Walsall Council's Internal Audit Function. It set out the purpose, authority and responsibility of the function in accordance with the UK Public Sector Internal Audit. The Internal Audit Charter is a formal document that establishes Internal Audit's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the Audit Committee and was reported annually.

It was noted that there were no changes within the document to be consulted on for this year.

A Member suggested that he would have expected more prominence in the Charter in term of the Audit Committee's role. It was agreed that this would be revised and circulated to the Chair.

#### **Resolved (agreed by roll call)**

**The Internal Audit Charter was approved subject to minor amendments as agreed by the Chair.**

## **61/20 Annual Audit Letter for the year ending 31<sup>st</sup> March 2020**

The External Audit representative presented the salient points of the report and stated that the report presented Grant Thornton's Annual Audit Letter 2019/20. It summarised the key issues arising from the work the external auditors had carried out at Walsall during 2019/20. The letter was designed to communicate key messages and conclusions to the council and external stakeholders, including members of the public.

Members were informed that the Audit findings report had been signed off and the unqualified audit opinion was issued on 27<sup>th</sup> November 2020. Members were also advised that Grant Thornton had concluded that the council had put in place proper arrangements to secure value for money in the use of resources.

The External Audit representative stressed the importance of the transformation programme in ensuring that the Council had a sustainable future. The Committee were given a description of the reasons for the variation to the external audit fee.

The External Audit representative was asked if he considered that the Council had adequate reserves given the uncertainty in Local Government finances. It was confirmed that External Audit were comfortable that the Council held adequate reserves in the short term.

Members were informed that the audit financial statements would be taken to the Audit Committee at a special meeting scheduled to be held on 23<sup>rd</sup> March 2021. The Committee would be notified once the certification on the 'Whole Of Government Accounts' was issued.

Resolved

**That the Annual Audit Letter for the year ending 31<sup>st</sup> March 2020 be noted.**

43/20

**Private session**

**Exclusion of Public**

**Resolved**

**That, during consideration of the next item on the agenda, the Committee considers that the item for consideration is exempt information for the reasons set out therein and Section 100A of the Local Government Act, 1972, and accordingly resolves to consider that item in private.**

## **62/20 Follow Up of Priority 1 Recommendations**

A report was submitted.

(See annexed)

### **Resolved**

**Follow Up of Priority 1 Recommendations report be noted.**

(Exempt information under Paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended).

### **Termination of Meeting**

The meeting terminated at 7.15 p.m.

Chair.....Date.....