

## **AUDIT COMMITTEE**

**Tuesday 24<sup>th</sup> July, 2018, at 6.00 p.m.**

**Conference Room, Council House, Walsall**

### **Present**

Mr A Green (Chairman and Independent Member)

Councillor Craddock (Vice-Chairman)

Councillor Butler

Councillor Chattha

Councillor J. Fitzpatrick

Councillor Hicken

Councillor Jukes (Substitute for Councillor Robertson)

### **In attendance**

Head of Finance

Corporate Assurance Manager

Senior Finance Manager

Technical Accounting and Treasury Management Finance Manager

Senior Accountancy Officer

Internal Audit Manager

Representatives of Mazars

Representatives of Ernst & Young (EY)

53/18

### **Welcome / Apologies**

The Chair welcomed all in attendance and asked everyone present to introduce themselves.

Apologies were received on behalf of Councillors Robertson and Young.

54/18

A copy of the minutes of the meeting held on 16<sup>th</sup> April, 2018, was submitted:-

(see annexed)

### **Resolved**

That the minutes of the meeting held on 16<sup>th</sup> April, 2018, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

55/18      **Declarations of Interest**

None submitted.

56/18      **Deputations and Petitions**

There were no deputations submitted or petitions received.

57/18      **Local Government (Access to Information) Act, 1985 (as amended)**

That, where applicable, 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.

58/18      **Notification of any issues of importance for consideration at a future meeting**

There were no issues raised under this item.

59/18      **Committee Decision Tracking Chart**

A report was submitted:-

(see annexed)

The Clerk presented the report and highlighted the salient points contained therein.

The report outlined the purpose of the tracking chart which was to enable Members to monitor the various decisions taken by the Committee and provide a method of 'call-back' where required.

**Resolved** that the report be noted.

60/18      **Post – Audit Statement of Accounts 2017/18 including Annual Governance Statement and Audit Findings Report**

A revised report complete with revised appendices were tabled:-

(see annexed)

The report outlined the audited Statement of Accounts along with a summary of these, alongside the Annual Governance Statement.

The report also included Ernst & Young's (E&Y) Audit Findings Report on the authority's accounts, including the council's letter of representation, which the council was required to provide to E&Y, and was required to be signed by the Chief Financial Officer and Chair of the Audit Committee.

The Head of Finance presented the revised report and highlighted the salient points contained therein. The Head of Finance explained that the reason it had been necessary to table revised paperwork for this item was because this was the first year the pot audit accounts had been presented under the new statutory reporting arrangements for which the timescales had been brought forward from September to July. As some of the information within the report had since been updated, it had been necessary to produce a complete revised set of paperwork. This should not be an issue next year when the new reporting arrangements had been properly embedded and a more suitable Committee date would be established to avoid such an occurrence from happening again.

The Chair sought Members' views on this response and if they were content with the explanation provided. Members were content with the reasons behind the reissued paperwork.

The Head of Finance advised that she had received one question from Councillor Robertson in response to the request to submit questions in advance of the meeting with regard to the accounts. The response to this question was circulated to all Members (see annexed).

Arising from discussions on the response to the question as submitted by Councillor Robertson in advance of the meeting, Councillor Craddock requested some more detailed information around the Adult Social Care debt Provision.

Furthermore in relation to the above matter, Councillor Fitzpatrick wished to know how much of the £25.89m debt was over a year old. The Head of Finance agreed to circulate a briefing note on this matter outside of the meeting.

In referring to the paragraph in Councillor Robertson's reply in relation to 'rise in Council Tax bad debt', the Chair asked if the relevant Director could provide a briefing note on this matter as it seemed a little peculiar as increased council tax led to increased debt for which he believed that suggesting a strategy of increasing tax to be potentially risky. The Head of Finance agreed to get a briefing note circulated on this matter outside of the meeting.

The Chair then invited the representatives from E&Y to introduce their part of the report.

The representatives from E&Y presented their revised report and highlighted the salient points contained therein. The representatives from Mazars responded to a number of questions by Members seeking assurance on the health of the Council's statement of accounts. In particular, the Chair enquired as to why the Council had not accepted two of the adjustments

identified by E&Y. The Head of Finance advised that recommended adjustments had been assessed and the Council was of the opinion that the values identified were classified as immaterial and as they would not impact the readers' view of the accounts it was therefore not proposed to make these two adjustments. As such, Members were content with the reasons provided by Officers.

In particular, arising from discussions on the Value for Money part of the report, Councillor Chatta sought an assurance in relation to where the Saddlers Centre would sit. The representative of E&Y advised that it was their responsibility only to look at the respective entries in the accounts, the arrangements undertaken to purchase the centre (the decision making) and not the overall value for money arrangements in place in respect of such matters. In view of this, E&Y had been satisfied in relation to the arrangements in place and there was nothing significant they needed to bring to the Committee's attention. Specifically, in relation to the Saddlers Centre, it sat below their level of materiality.

The Head of Finance drew the Committee's attention to the recommendations in the revised report as well as the revised letter of representation.

The Chair extended the Committee's thanks to both Officers and the representatives of E&Y in all their hard work undertaken on this item.

**Resolved** that: -

1. the audit findings report from Ernst & Young on their audit of the 2017/18 statement of accounts (Appendix 1) and that there have been agreed amendments made to the accounts during the audit be noted.
2. the letter of representation attached (Appendix 1), which has been revised to reflect the total value of the unadjusted items which represents less than 0.50% of the Property Plant and Equipment balance at the year end, be approved.
3. the post-audit statement of accounts for 2017/18, including the Annual Governance Statement (Appendix 2), be approved.
4. the summary of accounts (Appendix 3) be noted.
5. the Chair of the Committee be authorised to sign and date the accounts as required under the Accounts and Audit (England) Regulations 2015.
6. the Chief Financial Officer (CFO) be authorised to distribute copies of the audited Statement of Accounts to partners and stakeholders alongside the Annual Governance Statement 2017/18.
7. a report on the Adult Social Care debt Provision be brought back to a future meeting.

61/18

## **Performance Management Framework**

A report was submitted:-

(see annexed)

The Corporate Assurance Manager presented the report and highlighted the salient points contained therein.

The report provided the Committee with a revised Walsall Performance Management Framework. The main objectives of the framework were to set out how the council ensured the delivery of the Council's Corporate Plan 2018-2021, its vision and priorities, and how it secured effective and sustainable improvements for the benefit of its residents.

The framework set out the broad performance management principles for how the Council approached its work and underlined the performance management responsibilities of everyone working for the Council. Included within the framework was the basket of headline performance measures which directorates had identified as aligning with the priorities of the 2018-2021 Corporate Plan and which would be routinely monitored.

Councillor Craddock sought an assurance in relation to who monitored that everything as set out in the Framework was being implemented properly. The Corporate Assurance Manager advised that it was monitored by CMT on a quarterly basis. The Internal Audit Manager also advised that it was scheduled to be audited in quarter 4.

Arising from discussions on this report, the Committee recommended CMT to consider the following amendments to be reflected within the Framework:-

- Staff appraisal indicators – targets and achieved data;
- Mandatory training provisions for staff and Councillors alike;
- Average sickness figures / targets / trends.

The Chair sought Members' views on whether recommendation 3 was suitable as it stated 'robust'. The Committee considered the wording and came to the agreement that the word 'robust' in recommendation 3 should be changed to 'appropriate'.

**Resolved** that: -

1. the revised performance management framework be noted.
2. the basket of performance indicators identified to give monitoring oversight for the priorities of the 2018-21 Corporate Plan be noted.
3. the framework be recommended as appropriate in setting out how the council can work to ensure the delivery of its Corporate Plan 2018-2021 and secure effective and sustainable improvements for the benefit of its residents and that it be recommended for approval by Cabinet.

A report was submitted:-

(see annexed)

The Head of Finance presented the report and highlighted the salient points contained therein.

The report outlined the revised work programme for 2018/19 for the Committee's consideration and approval, as well as recommending a training schedule for the remainder of the 2018/19 Municipal Year.

The Committee asked for the training programme to be a 'live programme' so that anything identified as a 'training need' could be added as necessary. The Head of Finance advised that the team were also happy to organise any relevant one to one training for Members as appropriate.

Members determined that the practice of gathering an hour before the Committee meeting for training purposes was not adequate and requested the Clerk to canvas Members on specific training dates in the future.

**Resolved** that: -

1. the proposed work programme for 2018/19 be approved.
2. the proposed training programme be approved.
3. Council be recommended to amend the schedule of meetings as set out within this report.

63/18

### **Risk Management Update and Strategic Risk Register**

A report was submitted:-

(see annexed)

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

The report presented an update on the work to refresh the Council's risk management approach and progress with the action plan to embed the new risk management strategy. The updated Strategic Risk Register (SRR) was included as at July, 2018.

The risk management action plan which had been previously presented to Audit Committee as part of the Strategy for approval, was underway. All the planned Corporate Management Team (CMT) and Departmental Management Team (DMT) sessions had been completed and progress had been reported back to CMT in June, providing them with a draft Strategic Risk Register, resulting from the workshop sessions to date.

Engagement from Management had been good during the sessions and lots of positive input had been received to inform the next steps of the action

plan. The planned actions continued past July, 2018, with more activities to help strengthen the risk management framework. The timing of some future actions had been revised to ensure deadlines remained achievable. Additional actions had been identified; review of all Departmental Risk Registers produced in line with new strategy expectations and; work to develop an assurance map of high risk areas.

As well as the need to periodically report back to Committee with regards to the update of the risk register, additional reasons to engage include the need to continue to ensure there was appropriate challenge to the direction of travel. Furthermore, the Committee was advised that an update report would be presented at the January, 2019, meeting of the Committee.

Arising from discussions on this report, the Chair queried if the definition on page 134 (likelihood and impact guide) in relation to 'disruption to service' encompassed an impact on services to the population. If so, was this particular point clear in the Policy. The representative of Mazars agreed to double check the wording of the Policy to ensure it was clear on this matter.

**Resolved** that: -

1. the progress to date, and future action plan, be noted.
2. the Strategic Risk Register be noted.

64/18

### **Internal Audit Progress Report 2018/19**

A report was submitted:-

(see annexed)

The Internal Audit Manager presented the report and highlighted the salient points contained therein.

The report outlined Internal Audit's progress on the 2018/19 audit plan and performance for quarter one.

The Head of Finance advised that the data on all KPI's had since been verified and all were broadly on-track, with no particular areas of concern.

The Chair called for a report back to a future meeting on Residential Charging as this was a longstanding item which dated back to 2016.

**Resolved** that

1. the report be noted.
2. a report on Residential Charging be brought back to a future meeting.

**Termination of Meeting**

The meeting terminated at 7.22 p.m.

Chair: .....

Date: .....