

AUDIT COMMITTEE

Monday 22nd July, 2019, at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Mr A Green (Independent Member and Chair)
Councillor Craddock (Vice-Chair)
Councillor Ali
Councillor Gultasib (Substitute for Councillor Young)
Councillor Johal
Councillor Neville
Councillor Robertson

In attendance

Head of Finance
Corporate Finance Manager
Senior Accountancy Officer – Financial Reporting
Technical Accounting & Treasury Management Financial Manager

Representative of Mazars
Representatives of Grant Thornton (GT)

29/19

Welcome / Apologies

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

An Apology was received on behalf of Councillor Young.

30/19

Minutes

A copy of the minutes of the meeting held on 15th April, 2019, was submitted:-

(see annexed)

Resolved

That the minutes of the meeting held on 15th April, 2019, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

31/19 **Declarations of Interest**

None submitted.

32/19 **Deputations and Petitions**

There were no deputations submitted or petitions received.

33/19 **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.

34/19 **Notification of any issues of importance for consideration at a future meeting**

There were no issues raised under this item.

35/19 **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.

The Chair, in referring to page 20, enquired if there were any updates on the impact of Brexit on the valuation of BHX airport.

The Head of Finance advised that there was an internal working group looking at this matter. However, at present there was nothing new to report. Any updates would be reported to the Committee in due course.

The representative of Grant Thornton advised that they were satisfied with the Council's processes and arrangements in place on this particular matter.

Resolved that the report be noted.

36/19 **Audit Committee Role, Remit and Work Programme 2019/20**

A report was submitted:-

(see annexed)

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

This report outlines the remit of the Audit Committee and the proposed work programme for 2019/20 for consideration and approval.

Councillor Craddock referred to the self-assessment questionnaire and advised The Head of Finance that Members (especially the new ones) may require a training session to help them understand the questionnaire and to fill it in accurately / effectively.

Resolved that: -

1. the Audit Committee's remit be noted.
2. the proposed work programme for 2019/20 be approved.
3. the proposed training programme be approved, subject to the comments highlighted above.

37/19

Internal Audit Report and Opinion 2018/19

A report was submitted:-

(see annexed)

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

The report presented Internal Audit's Annual Report and Opinion on the Council's Internal Control Environment 2018/19.

Arising from discussions on this item, The Chair queried if the Committee should be worried with regard to the upward trend of priority 1 recommendations raised (as set out on page 40). He queried if there was an underlying problem and whether it required escalating to Corporate Management Team (CMT) so it was on their radar for monitoring.

The Head of Finance advised that this matter was already on CMTs radar. The follow-up reports would provide further detail behind the recommendations raised. The representative of Grant Thornton (GT) advised that GT were not unduly concerned about the increase of recommendations. Whilst it was certainly worth monitoring, the Committee could be satisfied by the fact that a substantial assurance had been given by Mazars.

The Vice-Chair asked that a mechanism be established whereby all Portfolio Holders be routinely briefed by the relevant Executive Director on any 'Priority one' recommendations raised which fall within their portfolio.

Resolved that the contents of the report be noted.

38/19

Annual Review of Effectiveness of the System of Internal Control and Annual Governance Statement 2018/19

A report was submitted:-

(see annexed)

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

The report detailed the findings of the review of the effectiveness of the Council's system of internal control for consideration by the Committee. This review supported production of the Annual Governance statement (AGS) for 2018/19 and required Audit Committee's approval.

The AGS had been drafted, assurances were evaluated and supporting evidence had been gathered. The outcome of this process was a conclusion that the effectiveness of the system of internal control was adequate overall.

Arising from discussions on this item, the Chair queried why the final statement on page 81 wasn't more positive if the AGS was highlighting that there were no Governance issues to report. The Chair sought the Committee's agreement to amend the final paragraph to reflect that there were no significant governance issues to report. Members agreed with this proposal. The Chair also confirmed that the final AGS should contain the full Internal Audit Opinion.

The Head of Finance agreed to amend the final AGS accordingly.

Resolved that: -

1. the findings arising from the annual effectiveness review of the system of internal control be noted.
2. the Annual Governance Statement, which will be published alongside the post-audit Statement of Accounts by 31st July, 2019, be approved, subject to the agreed amendments, as set out above.

39/19

Post – Audit Statement of Accounts 2018/19 including Audit Findings Report

A report was submitted along with a tabled questions and answers documents which was in response to management's request to submit questions on the Accounts in advance of the meeting:-

(see annexed)

The Head of Finance introduced the report and the Representative of Grant Thornton presented the audit finding report and highlighted the salient points contained therein.

The report presented the audited Statement of Accounts along with a summary. Furthermore, 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, to be signed by the Chief Financial Officer and Chair of the Audit Committee.

Arising from discussions on this report, Members commented that it had been a while since an update had been presented to the Committee on the Phoenix 10 project and Members also sought assurance around updates on the Walsall Proud Programme.

The Head of Finance agreed to speak with the relevant Executive Director to obtain an update on the Phoenix 10 project. In addition, the Internal Audit Manager advised that updates on the Walsall Proud Programme would be reported on at future Committee meetings.

Resolved that: -

1. the audit findings report from Grant Thornton on their audit of the 2018/19 statement of accounts, as set out in Appendix 1 to the report, be noted along with the fact that there have been agreed amendments made to the accounts during the audit.
2. the letter of representation, as attached at Appendix 1 to the report, be agreed.
3. the post-audit statement of accounts for 2018/19, as set out at Appendix 2 to the report, be approved.
4. the summary of accounts, as set out at Appendix 3 to the report, be noted.
5. authority be granted for the Chair of the Committee to sign and date the accounts, as required under the Accounts and Audit (England) Regulations 2015.
6. authority be granted for the Chief Financial Officer (CFO) to distribute copies of the audited Statement of Accounts to partners and stakeholders alongside the Annual Governance Statement 2018/19.

(see annexed)

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

The report presented the proposed Annual Report of the Audit Committee 2018/19 and sought approval for the Vice-Chair of Audit Committee to present the report to Council.

The Chair highlighted that the date set on page 226 should reflect the date of the Audit Cttee approval date.

Resolved that, subject to the date change identified above being amended, the Annual Report of the Audit Committee 2018/19 be approved and that the Vice Chair of the Audit Committee during 2018/9 present the report to the next meeting of Council.

41/19 **Internal Audit Progress Report 2019/20**

A report was submitted:-

(see annexed)

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

The report updated the Audit Committee on Internal Audit's progress on the 2019/20 audit plan, including finalising the remaining 2018/19 audits, and provided a final set of key performance indicators for 2018/19.

Arising from discussions on this item, and priority 1 recommendations arising in this area, the Committee requested that the Executive Director of Adult Social Care be invited to the next meeting to talk about Residential and Nursing Care and Market Management in particular, and to provide assurance that they were being managed efficiently and effectively.

Resolved that the contents of the report be noted.

42/19 **Private Session**

Exclusion of 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.

Internal Audit Annual Report and Opinion 2018/19: Summary of Priority 1 Recommendations

A report was submitted:-

(see annexed)

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

The report provided the Committee with a summary of priority 1 recommendations in relation to Agenda item No 9: Internal Audit's Annual Report and Opinion on the Council's Internal Control Environment 2018/19 to the Audit Committee.

The Chair referred to the Adult Social Care element contained within the ICT Business Continuity Audit and requested that this matter be incorporated within the request made to the Executive Director of Adult Social Care, as set out above in Minute No. 42/19. The Chair was particularly interested in identifying if there was a potential thread which linked these separate matters from a Directorate point of view.

Resolved that the report be noted.

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

Termination of Meeting

The meeting terminated at 7.55 p.m.

Chair:

Date: