

AUDIT COMMITTEE

15 APRIL 2019 AT 6.00 PM AT THE COUNCIL HOUSE, WALSALL

Present: Mr A. Green (Chair and Independent Member)
Councillor S. Craddock (Vice-Chair)
Councillor O. Butler
Councillor I. Robertson

In attendance: Mr J. Walsh, Executive Director - Resources & Transformation
Mr. R. Walley, Finance Manager - Technical Accounting & Treasury
Management

Mrs V. Bateman, Senior Manager - Mazars
Mrs S. Knowles, Senior Manager - Mazars
Mr R. Percival, Engagement Lead - Grant Thornton

15/19 WELCOME AND APOLOGIES

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

Apologies for absence were received on behalf of Councillors B. Chattha, J. Fitzpatrick and A. Young.

16/19 MINUTES

A copy of the Minutes of the meeting held on 14 January 2019 was submitted [annexed].

Resolved:

That the Minutes of the meeting held on 14 January 2019, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chair as a true and accurate record.

17/19 DECLARATIONS OF INTEREST

Mr A. Green declared an interest in agenda item 14, Independent Member to the Audit Committee: Term of Office Expiry.

Mr Green withdrew from the meeting during the discussion of this item of business.

18/19 DEPUTATIONS AND PETITIONS

There were no deputations submitted or petitions received.

**19/19 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 100 A of the Local Government Act 1972.

**20/19 NOTIFICATION OF ANY ISSUES OF IMPORTANCE FOR CONSIDERATION
AT A FUTURE MEETING**

There were no issues raised under this item.

21/19 COMMITTEE DECISION TRACKING CHART

A report was submitted [annexed] providing the Committee with a chart tracking all of its decisions for which a follow-up was required, and to enable Members to monitor any outstanding actions and seek updates at future meetings, where applicable.

The Chair introduced the report and highlighted the salient points therein, noting that this had been introduced earlier in the year and had proven useful.

The Vice-Chair noted that in relation to the review of the effectiveness of the Committee, a completed self-assessment questionnaire was outstanding from one Member. This would be followed up in the forthcoming municipal year.

Resolved:

That the report and the content of the tracking chart be noted.

**22/19 AMENDMENTS TO OFFICER DELEGATIONS UNDER PART 3.5 OF THE
COUNCIL'S CONSTITUTION**

A report was submitted [annexed] setting out the amendments to officer delegations, which would be considered by Annual Council at its meeting to be held on 20 May 2019.

The Executive Director – Resources & Transformation, Mr J. Walsh, presented the report and highlighted the salient points contained therein.

A Member also advised the Committee that there would be an additional delegation, which was being made in relation to the charges/fines for looking after stray horses.

The Chair requested that when amendments to officer delegations were presented to the Committee in future, there be a clear differentiation between minor amendments to terminology and those of greater significance. This was noted by the officers.

Resolved:

1. That the revisions to officer delegations, as set out in the Appendix to the report, be noted;
2. That the report be circulated to Group Leaders and independent members for information.

23/19 RISK MANAGEMENT UPDATE

A report was submitted [annexed] providing the Committee, whose delegated role it was to provide independent assurance on the adequacy of the risk management framework and the associated control environment, with:

- An update on activity since January 2019, which included the end of quarter 3 reviews of the Directorate-held risk registers; the March review of the Strategic Risk Register; and the actions taken to continue to embed the Risk Strategy approved in January 2019.
- A refreshed Strategic Risk Register.

Mazars' Senior Manager, Mrs V. Bateman, presented the report and highlighted the salient points contained therein. These included the quarter 3 review of risks, noting that consistency and compliance had increased since the last meeting, although more work was required with respect to the discipline of update, approval and sharing risk registers for review in accordance with agreed reporting lines in order for this to work efficiently. Also discussed was the feedback to the Corporate Management Team.

There was discussion by the Committee on a number of aspects of the report and the Strategic Risk Register, including the Walsall Proud Programme and the impact on the Council of uncertainty over the UK's exit of the EU.

The Executive Director - Resources & Transformation, Mr J. Walsh, made reference to the Walsall Proud Programme's Board and its governance arrangements. The Vice-Chair noted that a significant element of this Programme was the empowerment of the workforce, and that this could be a matter for Internal Audit to ensure that the checks and balances were covered.

The Chair indicated that the Walsall Proud Programme was one of the key areas of risk that Members might wish to review during the next municipal year, and requested that this be added to the Committee's agenda for the next-but-one meeting. The Vice-Chair referred to the key dates and milestones already in place for the Programme, which included reports being presented to the Cabinet and to the Council, and to avoid unnecessary duplication of effort, these reports could be presented to the Committee.

Resolved:

1. That the assurance provided from the briefing be noted;
2. That the actions planned in the coming period be noted;

3. That the updated Strategic Risk Register, as at March 2019, be noted.

24/19 ACCOUNTING POLICIES 2018/19

A report was submitted [annexed] that set out the significant accounting policies that would be used in the 2018/19 Statement of Accounts.

The Technical Accounting & Treasury Management Finance Manager, Mr R. Walley, presented the report and highlighted the salient points contained therein:

- The main changes to the accounting policies for the 2018/19 financial year were as a result of new accounting standards that had been adopted, together with a review to streamline and remove some complex accounting terms to aid readability.
- The new accounting standards had little impact on the Authority's Statement of Accounts, with the exception of some new disclosures and the amended accounting policies to reflect the changes to recognition and measurement of financial instruments. The accounting standard changes had no impact on the level of the Council's reserves.
- Reviewing the accounting policies prior to completion of the statement of accounts was seen as good practice and this also provided guidance for reviewing the statement of accounts.

The statement of accounts summarised the Authority's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Authority was also required to prepare an annual statement of accounts in accordance with the Accounts and Audit (England) Regulations 2015. These regulations require the statement of accounts to be prepared in accordance with proper accounting practices. These practices primarily comprised the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and were supported by International Financial Reporting Standards.

Arising from the discussion of this item, Members were advised that the changes outlined would not affect the valuation of the Saddlers Shopping Centre.

Resolved:

That the report and accounting policies be noted for use in the completion of the financial statements for 2018/19.

25/19 EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE YEAR ENDING 31 MARCH 2019

A report was submitted [annexed] describing the progress in delivering Grant Thornton's responsibilities as external auditors, and including the results of interim audit work, value for money arrangements, and a summary of emerging national issues and developments relevant to the Council.

Grant Thornton's Engagement Lead, Mr R. Percival, presented the report and highlighted the salient points contained therein. Having regard to the Value for Money (VFM) arrangements, there was discussion of the two significant VFM risks described in the report as requiring audit consideration, namely Sustainable Resource Deployment; and Working with Partners and other third parties to deliver strategic priorities.

It was noted that the Council had opted into the Public Sector Audit Appointments (PSAA) Appointed Person Scheme, through which Grant Thornton had been appointed as external auditors. As it was responsible for monitoring compliance, PSAA would be contacting the Council in autumn 2019 to seek confirmation of satisfaction with the service being received from Grant Thornton.

Resolved:

That the report be noted.

26/19 INTERNAL AUDIT PROGRESS REPORT 2018/19

A report was submitted [annexed] in order to provide an update in relation to Internal Audit's progress on the 2018/19 audit plan, including an update on risk management.

However, upon inspection, it was found that the document circulated to the Committee was not the progress report but a covering report and tables detailing KPI performance. Therefore, the progress report would be forwarded to Democratic Services for circulation to Members outside of the meeting. Further to the suggested deferral of this item, it was noted that at its next meeting, the Committee would receive the Internal Audit Annual Report, and this would supersede the aforementioned progress report.

Further to a question from the Chair on whether delays in producing reports were attributable to auditor availability, Mazars' Senior Manager, Mrs S. Knowles, confirmed that this was not the case but could be due to the review processes and delays in locating and receiving information.

Resolved:

That the report be noted.

27/19 INTERNAL AUDIT WORK PLAN 2019/20

A report was submitted [annexed] providing details of the final Internal Audit Plan for 2019/20 for the Committee's consideration.

Mazars' Senior Manager, Mrs S. Knowles, presented the report and highlighted the salient points contained therein.

Arising from discussion of this report, the Vice-Chair enquired whether there would be any additional emphasis on other areas of the Internal Audit Plan apart from the Walsall Proud Programme. In response to this, there was reference by Mrs Knowles to caseloads in Adult Services and Children's Services, and supplier resilience from a contract management and procurement perspective.

Further to a question from the Chair on why controls around the workforce were not under review, it was clarified by Mrs Knowles that a number of workforce audits had been completed in the 2018/19 Internal Audit Plan.

The Chair also noted that 30 planned days were allocated in respect of Counter Fraud. Mrs V. Bateman added that work on this was being undertaken by the Council's Head of Finance, Mrs V. Buckley, and that workshops on fraud risks would be beneficial.

Resolved:

That the report be noted.

28/19 INDEPENDENT MEMBER TO THE AUDIT COMMITTEE: TERM OF OFFICE EXPIRY

The Chair withdrew from the meeting during consideration of this item.

A report was received [annexed] notifying the Committee that Mr A. Green's term of office would expire shortly. The report set out the options available for filling the vacancy (as well as the existing vacancy) for the Committee to agree its preferred approach.

Resolved:

That a recommendation be made to the Council to extend Mrs A. Green's term of office, commencing from the start of the 2019/20 municipal year and ending at the conclusion of the 2020/21 municipal year.

The meeting terminated at 7.06 pm.

Chair.....

Date.....