Audit, Risk and Assurance Committee **Agenda Item No. 15**

15 SEPTEMBER 2025

Annual Report of the Audit Committee to Council for 2024/25

Ward(s): All

Portfolios: All

Purpose: Approve

1. Aim

1.1 To provide Council with oversight of the work of the Audit Committee during 2024/25 in accordance with good practice.

1.2 To provide assurance that the Audit Committee continues to provide robust and effective challenge to the council's governance arrangements and internal control framework.

1.3 To confirm that the Audit Committee complies with the CIPFA Position Statement 2022 and provide the outcome of the Audit Committee's review of its effectiveness.

1.4 To provide an opportunity for Council members to provide feedback or query the work of the Committee.

2. Summary

2.1 This report presents the proposed Annual Report of the Audit Committee 2024/25 and seeks approval for the Chair of Audit Committee for that year to present this report to full Council.

3. Recommendations

3.1 That Audit, Risk and Assurance Committee review and provide feedback on the proposed Annual Report.

3.2 That, subject to any changes arising from recommendation 3.1, the Annual Report of the Audit Committee 2024/25 be approved and that the Chair of the Audit Committee present the report to the next meeting of Council.

4. Report detail – know

4.1 The Council is not obliged by law to appoint an Audit Committee; however, this has been done in line with good governance practice and guidance from the Chartered Institute of Public Finance & Accountancy (Audit Committees: Practical Guidance for Local Authorities and Police).

4.2 The report complies with the CIPFA Position Statement 2022 (the "Statement") on Audit Committees which sets out the key principles that CIPFA recommends for Audit Committees operating in local government. In that the Committee should *"report annually on how the Committee has complied with the Statement, discharged its responsibilities, and include an assessment of its performance.*"

4.3 The draft annual report is included as appendix 1 and outlines the responsibilities of Audit Committee and summarises the work completed in 2024/25.

Control Environment

4.4 Audit Committee's work is a major aspect of the council's corporate governance and internal control framework. Its wide-ranging remit includes providing independent assurance on the adequacy of the internal control environment. It provides an independent review of governance, risk management, financial reporting and other governance processes, as well as overseeing the work of internal and external audit. This provides assurance to local taxpayers and other stakeholders on the adequacy of the council's arrangements in these regards.

Assurance of Controls

4.5 The production of an Annual Report to Council on Audit Committee's work strengthens assurance reporting and governance. This is further strengthened by the Chair of the Audit Committee reporting to Council on the activities of the Committee.

Strategic Risks

4.6 The role of the Audit Committee in reviewing the adequacy of internal controls is an existing control in the management of Strategic Risk 12 *"Significant Failure of Governance – a breakdown in governance to merit formal external intervention either from auditors or central government".*

Annual Statements

4.7 This report is to present the Annual Report of the Audit Committee for 2024/25 prior to it being presented at the next meeting of Council.

5. Financial information

5.1 There are no direct financial implications arising from this report.

6. **Reducing Inequalities**

6.1 Effective governance arrangements ensure a focus on delivering of Council Plan objectives, a key driver of which is reducing inequalities.

7. Decide

7.1 The Committee can approve the Annual Report as set out or make suggestions for improvement.

8. Respond

8.1 Following consideration of this report, it will be presented to Council at the next available meeting.

9. Review

9.1 Any feedback received from Council members will be utilised in further Annual Reports going forward.

Background papers –

Chartered Institute of Public Finance & Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022
CIPFA Audit Committees: Practical Guidance for Local Authorities and Police – The Audit Committee Member in a Local Authority
Guiding the Audit Committee - Supplement to Audit Committee Member in a Local Authority guidance (CIPFA)
Audit Committee agendas, minutes and reports for the municipal year 2024/25.

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Appendix 1

Walsall Council Annual Report of the Audit Committee Municipal Year 2024/25

1. Introduction from the Chair of the Audit Committee

This is the Annual Report of the Audit Committee and relates to its work programme for the 2024/25 municipal year.

Like all other public sector services, the Council in 2024/25 continued to face significant challenges, not least the imperative to meet existing, and in most services increased demand, within constrained resources impacted by inflationary and cost of living pressures. Indeed, within the wider local authority sector, there have been more instances of Councils struggling to address such matters but also many have been cited as needing to improve their governance arrangements, a recognition of the importance of strong organisational governance arrangements.

It is pleasing therefore that the Council has continued to demonstrate unwavering support for the Audit Committee recognising the positive contribution the committee makes to the Council's overall governance and accountability arrangements.

The Committee is mindful that its role is integral to the Council's governance arrangements and that the work it conducts is for the benefit of residents, other stakeholders and the Council itself.

It is encouraging that again Group Leaders recognised the benefit for the Audit Committee of having a consistency in the membership and there were minimal changes to the membership during 2024/25. This consistency in memberships enables the Committee to more effectively fulfil its delegated duties.

In 2024/25 the committee membership was enhanced by the recruitment of a second Independent Member and the remaining Independent Member vacancy is currently being recruited to.

I hope that the summary of the work undertaken will reassure Council as to the comprehensive level of oversight of governance arrangements the Audit Committee has provided during 2024/25.

During the year the Committee continued to utilise the CIFPA guidance on Audit Committees and the associated self-evaluation tool to consider its overall effectiveness. An evaluation was completed in April 2024, and it was recognised that some of the actions identified in the previous review had been delivered and that the Committee is considered to be effective overall remaining substantially compliant with the CIPFA guidance. The Committee identified additional actions it wishes to make as part of its continuous improvement and development plan. development.

The Committee has approved an extensive work programme for 2025/26 which has been assessed against and is in accordance with the CIPFA Position Statement for Audit Committees. This work programme includes additional scrutiny of strategic risks, reflecting the new title of "Audit Risk and Assurance Committee" made at Annual Council.

In concluding, I would like to take this opportunity to thank all those members and officers for their invaluable contributions to, and support of the work of the Audit Committee in the past year and for the support and confidence Full Council have shown me personally with my reappointment as the Independent Chair of the Committee.

Mr Andy Green,
Independent Chair of the Audit Committee 2024/25

15 September 2025

2. Terms of Reference

The terms of reference within which the Committee operated in the 2024/25 municipal year are detailed at the following link:

Audit Committee Role and Remit 2024/25

Congruent to the important principle of transparency in governance, Audit Committee meetings are open to members of the public and continued to be streamed live. It has been encouraging to see the public continue to follow meetings remotely and viewing figures have been consistent with the previous year.

3. Member and Officer Attendance

The Audit Committee met 5 times during the 2024/25 Municipal Year.

Membership of the Audit Committee during 2024/25 and their attendance is detailed at Appendix A.

As with previous years, several Audit Committee members held positions on other Council Committees. There were no matters debated at Audit Committee during the year that created a conflict of interest and necessitated members absenting themselves from meetings.

Committee members that also fulfil a role on Overview and Scrutiny Committees remain conscientious of the potential for conflict of interest. Members felt that the simple matter of exempting themselves from any item under discussion, which had or was being considered by a Scrutiny Committee of which they were a member, was sufficient to manage any conflict. There was only one declaration of interest during the year.

The Audit Committee is intended to be "a-political" in nature and members are expected to be independent in mind and thought when present. This important concept, as recognised by the Council is further strengthened by the appointment of Independent Members on the Audit Committee. Independent Members bring a mixture of experience and expertise that supports the Committee in the fulfilment of its responsibilities. At the start of the Municipal year there were two Independent Member vacancies on the Committee. One of these vacancies was filled part way through the year and recruitment to the remaining vacancy is currently underway.

Senior officers from the Council also attended the Audit Committee as required, including the Chief Executive, the S151 Officer and his deputies, the Monitoring Officer, Executive Directors and Directors/Heads of Service. Both the Head of Internal Audit to the Council and appointed External Auditor also attend each meeting and in accordance with good practice may be required to meet the Committee without other officers being present.

4. Training and Effectiveness

Training sessions are arranged before each meeting for Members of the Audit Committee and additional individual support is provided if requested. The training relates to the roles and responsibilities of the Committee.

During 2024/25 the training provided covered statement of accounts, the internal audit process, risk management, counter fraud and corruption, and updates to accounting policies. A process for Committee Members feedback and evaluation of training was introduced during the year and is being used to inform future training sessions.

The Committee also completed a detailed review of their effectiveness in relation to the CIPFA Position Statement on Audit Committees. This recognised that the Committee remains effective overall and is substantially compliant with this guidance. Some previously identified improvement actions have been delivered and additional ones identified, for example introduction of an attendee

evaluation feedback process and widening the training offer to all Council members. The Committee will continue to annually assess its effectiveness to ensure it continues to comply with CIPFA guidance and continuously improve.

5. The Work of the Audit Committee during 2024/25

In fulfilling its terms of reference, a summary of the business conducted by the Audit Committee during 2024/25 is detailed at Appendix B, and covers the following broad themes that are sources of assurance:

- Internal Audit.
- External Audit (and Inspection).
- Financial Reporting.
- Risk Management.
- Corporate Governance.

These are discussed in more detail below:

5.1 Internal Audit

Internal Audit remains the prime source of assurance for the Committee.

In respect of the 2024/25 financial year, the following Head of Internal Audit Opinion has been given:

"On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness. Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

Whilst certain weaknesses and exceptions were highlighted by our audit work, none of our reviews concluded with unsatisfactory assurance. Of the 36 reviews for which an assurance opinion was provided, 11 provided substantial assurance, 17 moderate assurance and 8 limited assurance. We have raised 8 high priority recommendations, 92 medium priority recommendations and 54 low priority recommendations during the period. These matters have been discussed with management, to whom we have made several recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.

Our Follow up work confirmed that good progress has been made on implementing outstanding high priority recommendations. These will continue to be followed up as part of the follow up programme for 2025/26".

During 2024/25, the outcome of all Internal Audit reports was provided to the Audit Committee. Those reports that were afforded a limited assurance opinion were submitted to Audit Committee for consideration.

The Committee also received reports on the performance of the Internal Audit function which indicated that the service performed well against the majority of the key performance indicators in terms of the timely completion of audits. Notably, all key financial systems and high priority audits were completed within the plan.

The Audit Committee was also consulted on and ultimately endorsed Internal Audit's work plan for 2025/26.

5.2 External Audit / Inspection

The main responsibilities of the External Auditor are to obtain and report on whether the Council's financial statements have been properly prepared and are free from material misstatement, and whether the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Grant Thornton LLP, the Council's appointed Auditor. Their Audit Findings Report related to the council's 2023/24 financial statements was issued in November 2024 and provided an unqualified opinion, stating that the accounts:

- Give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended.

- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on local authority accounting and have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

In addition, Audit Committee and subsequently Council received the fourth Annual Audit Report (2023/24) on the council's value for money arrangements in relation to:

- Improving economy, efficiency and effectiveness.
- Governance.
- Financial sustainability.

No significant weaknesses were identified by the Auditor for all three criteria and there were four improvement recommendations made and accepted by the Council. The Committee will continue to oversee the progress made on implementing recommendations made by the External Auditors as it has done previously.

5.3 Financial Reporting

During 2024/25 the Committee scrutinised the 2023/24 statement of accounts and also received reports on accounting policies adopted by the Council.

The Committee also received and reviewed progress against recommendations of the External Auditor contained in its Annual Audit Findings Report; the Committee's oversight of the council's governance arrangements to support the External Auditor's annual risk assessment for financial reporting; and received an update in relation to the Overview of Local Audit and Transparency of Local Authority Reporting (Redmond Review) and a summary regarding the recent UK Government consultation regarding Local Audit Reform.

5.4 Risk management

Audit Committee received reports on risk management and reviewed the full Strategic Risk Register at its meetings in September 2024 and February 2025. This Committee selected four specific strategic risks to review and consider in more detail, with relevant accountable officers attending Committee meetings to provide re-assurance that actions were being taken to manage and mitigate the identified risks.

5.5 Corporate governance

The Annual Governance Statement (AGS) and the Review of Effectiveness of the Council's System of Internal Control for the 2023/24 financial year was presented to the Audit Committee by the Chief Executive (Head of Paid Service) and Leader of the Council. This included reference to the opinion of the Head of Internal Audit, and the work of the Audit Committee and concluded that the effectiveness of the systems of internal control was adequate overall.

Reports on progress in relation to the Counter Fraud Response Plan and Counter Fraud and Corruption Policy were considered in February 2025 and will be reported to Committee again during 2025/26.

The Committee received the draft revised Whistleblowing Policy in December 2024, prior to its approval by Standards Committee and implementation from April 2025.

As reported last year, the Committee requested and received an update in relation to the effectiveness of implementation of Elections Act 2022 for Assurance that appropriate action was being taken to ensure residents were not disenfranchised by the changes the legislation made to the election process.

Assurance was sought regarding the governance of partnership arrangements (reported to Committee in December 2024) and recognise this area has been added to the Internal Audit Work Plan for 2025/26.

The Committee Decision Tracking Report has continued to be used to assist the Committee in ensuring all decisions that

require a follow-up or response are tracked and delivered to the Committees satisfaction. This continues to enable Committee members to monitor any outstanding actions and seek updates at future meetings where applicable.

6. Conclusion

The Audit Committee is an important element of a strong governance system and as reflected in this report, the Committee has delivered a comprehensive work programme aligned with its role and remit as included in the Council's Constitution. This ensures there has been appropriate oversight of the Council's control systems and that they have been satisfactorily applied.

Moving forward the Committee will continue to utilise the CIPFA's guidance to consider its effectiveness to identify and deliver any improvements to ensure it continues to comply with recognised best practice and fulfils its delegated responsibilities and functions. By providing this independent assurance regarding the adequacy of the risk management framework and internal control environment the Committee will continue to support the Council to demonstrate strong corporate governance.

Appendix A

Audit Committee Meetings and Member Attendance 2024/25

Meeting Date	Mr A Green Independent Member (Chair)	Councillor G Singh-Sohal (Vice-Chair)	Councillor R Larden	Councillor R Mehmi	Councillor A Nawaz	Councillor A Parkes	Councillor V Waters	Mr D Walsh Independent Member
24.06.24	✓	✓	✓	✓	Apologies	Apologies	✓	N/A
25.09.24	✓	✓	✓	✓	Apologies	Apologies	✓	N/A
04.12.24	✓	✓	✓	✓	✓	Apologies	✓	Apologies
17.02.25	✓	✓	✓	Apologies	✓	Apologies	✓	✓
30.04.25	✓	✓	✓	✓	✓	Apologies	Apologies	✓
% Attendance	100%	100%	100%	80%	60%	0%	80%	67%

Appendix B

Summary of Audit Committee Work Plan 2024/25

Meeting Date	Report Subject	Assurance Theme				
		Internal Audit	External Audit / Inspection	Financial Reporting	Risk Management	Corporate Governance
24 June 2024	Committee Decision Tracking Chart					✓
	Audit Committee role, remit and work programme 2024/25					✓
	Risk Management Update – Strategic Risk Register (SRR2)				✓	✓
	Pre-Audit draft Statement of Accounts 2023/24			✓		✓
	Internal Audit Annual Report and Head of Internal Audit Opinion 2023/24	✓				
	Annual Review of Effectiveness of the System of Internal Control 2023/24	✓	✓	✓	✓	✓
	Annual Governance Statement 2023/24	✓	✓	✓	✓	✓
	Internal Audit Key Performance Indicators (KPI) 2023/24	✓				✓
	Internal Audit Progress Report 2024/25	✓				
	Follow Up of High Priority Recommendations (Private)	✓				
25 September 2024	Committee Decision Tracking Chart					✓
	Annual Review of the Effectiveness of the System Internal Control and Annual Governance Statement 2023/24	✓	✓	✓	✓	✓
	Post Audit Statement of Accounts and Audit Findings Report 2023/24		✓	✓		
	Risk Management Update – Strategic Risk Register (SRR) and Assurance Map				✓	
	Internal Audi Key Performance Indicators (KPI) Quarter 1 2024/25	✓				✓
	Internal Audit Progress Report 2024/25	✓				

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Meeting Date	Report Subject	Assurance Theme				
		Internal Audit	External Audit / Inspection	Financial Reporting	Risk Management	Corporate Governance
25 September 2024 (continued)	Review of the Effectiveness of the Audit Committee – Action Plan Update					✓
	Annual Report of the Audit Committee 2023/24	✓	✓	✓	✓	✓
	Appointment of an Independent Member to Audit Committee (Private)					✓
	Follow Up of High Priority Recommendations (Private)	✓				
04 December 2024	Committee Decision Tracking Chart					✓
	Post Audit Statement of Accounts 2023/24 – Annual Governance Statement and Audit Findings Report		✓	✓		✓
	Auditors Annual Report 2023/24		✓			✓
	Walsall Partnerships Overview					✓
	Elections Act 2022 Implementation Tranche 2					✓
	Risk Management Update - Strategic Risk Register (SRR15 - Workforce)				✓	
	Whistleblowing Policy Update					✓
	Internal Audit Progress Report 2024/25	✓				
	Internal Audit Key Performance Indicators (KPI) Quarter 2 2024/25	✓				✓
	Follow Up of High Priority Recommendations (Private)	✓				
17 February 2025	Committee Decision Tracking Chart					✓
	Risk Management Update - Strategic Risk Register (SRR14 – Inability to improve health outcomes)				✓	
	Risk Management Update - Strategic Risk Register and Assurance Map				✓	
	Updated Counter Fraud and Corruption Policy			✓	✓	✓

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Meeting Date	Report Subject	Assurance Theme				
		Internal Audit	External Audit / Inspection	Financial Reporting	Risk Management	Corporate Governance
17 February 2025 (continued)	Internal Audit Progress Report 2024/25	✓				
	Internal Audit Key Performance Indicators (KPI) Quarter 3 2024/25	✓				✓
	External Audit - Informing the Audit Risk Assessment 2023/24 Accounts		✓	✓	✓	✓
	Internal Audit Draft Work Plan and Charter 2025/26	✓				
	Follow Up of High Priority Recommendations (Private)	✓				
30 April 2025	Committee Decision Tracking Chart					✓
	Risk Management Update - Strategic Risk Register (SRR11– Climate Change)				✓	
	Review of Effectiveness of the Audit Committee – Action Plan Update					✓
	Internal Audit Work Progress Report 2024/25	✓				✓
	Internal Audit Work Plan and Internal Audit Charter 2025/26	✓				
	Accounting Policies 2024/25			✓		✓
	Overview of Local Audit & Transparency of Local Authority Reporting (“Redmond Review”) Update		✓	✓		
	Auditor’s Annual Report 2022/23 – Progress on implementation and recommendations			✓		✓
	External Audit – Informing the audit risk assessment 2024/25		✓			
	External Audit – Audit Planning Reports for Year Ending 31 March 2025		✓			
	Independent Committee Member – Term of Office Expiry					✓
	Follow Up of High Priority Recommendations (Private)	✓				