

MINUTES OF THE AUDIT COMMITTEE

4th December 2024 at 6.00pm

Held at the Council House, Walsall

Present:

Mr A. Green (Chairman)
Councillor Singh-Sohal (Vice-Chairman)
Councillor Larden
Councillor Mehmi
Councillor Nawaz
Councillor Waters

In attendance

S. Darcy	Director of Finance and Assurance (Section 151 Officer)
A. Cox	Director of Governance and Monitoring Officer
R. Walley	Strategic Technical Accounting and Transactional Finance Manager
R. Page	Technical Accounting Manager
A. Khan	Lead Accountant
J. O'Sullivan	Deputy Electoral Services Manager
S. Knowles	Head of Internal Audit (Mazars)
K. Griffiths	Head of Service – Strategy and Policy
M. Leith	Director of HR, OD and Administration & Business Support
K. Lees	Grant Thornton (External Auditors)
L. Griffiths	Grant Thornton (External Auditors)
F. Hancock	Senior Democratic Services Officer

116 Welcome

The Chair welcomed all Members and Officers in attendance to the Committee and invited them to introduce themselves.

The Chair also informed Members that, pursuant to 14 (c) of the Rules of Procedure as contained within Part 4 of the Constitution, the order of business would be changed to move item no. 12 (Risk Management Update – SRR 15: Workforce) to be considered after consideration of item no. 7 (Committee Decision Tracking Chart).

117 Apologies

Apologies were received on behalf of Councillors Parkes and Mr D Walsh.

118 Substitutions

There were no substitutions.

119 Minutes

Resolved that the minutes of the meeting held on 25th September 2024, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

120 Declarations of Interest

None received.

121 Local Government (Access to Information) Act 1985 (as amended)

Resolved that, where applicable, the public be excluded from the meeting during consideration of the item(s) set out in the private part of the agenda for the reason(s) set out therein and Section 100A of the Local Government Act, 1972.

122 Notification of any issues of importance for consideration at a future meeting

There were no issues raised.

123 Committee Decision Tracking Chart

The Director of Finance and Assurance (Section 151 Officer) presented the report (see annexed) which provided Members with a chart tracking the details of all of its decisions for which a follow-up was required, to enable Members to monitor any outstanding actions and seek updates at future meetings where applicable.

Resolved that the report be noted.

**124 Risk Management Update – Strategic Risk Register 15 (SRR15):
Workforce**

The Director of HR, OD and Administration & Business Support presented the report (see annexed) which detailed that SRR15 (Workforce) had added to the risk register as a new risk in February 2024. Members had subsequently requested that this risk be brought to this meeting of the Audit Committee for further consideration. The current risk score was 20 (Likelihood 4; Impact 5), with the target score 9 (Likelihood 3; Impact 3).

Arising from discussions on this item, the Director of HR, OD and Administration & Business Support agreed to circulate to Members, outside of the meeting, the current level of apprentices employed the Council. In particular, Members queried and sought assurance on a number of matters, including: -

- **Capturing institutional knowledge:** Members asked what was being done to retain institutional knowledge, particularly when older staff nearing retirement were replaced with newer and younger staff. The Director of HR, OD, and Administration & Business Support advised that work was being undertaken around shadowing and mentoring to encourage younger staff, through the equality networks, to pursue such opportunities. This would also assist with both recruitment and retention of staff.
- **Senior officer recruitment:** Members queried how the Council could achieve value for money in recruitment when advertisements resulted in only one suitable candidate reaching the interview stage. The Director of HR, OD, and Administration & Business Support confirmed that the most recent senior officer recruitment campaign had been conducted in-house, without the use of recruitment agencies, which significantly reduced costs. Recruitment was inherently unpredictable in terms of applicants. However, where only one suitable candidate was identified, the Appointments Panel had the authority not to appoint and to re-advertise if necessary. A recruitment agency could also be engaged if warranted. Additionally, where posts attracted limited applications, job descriptions could be adjusted to make roles more appealing.
- **Barriers to recruiting for senior roles in local government:** Members asked what factors made it challenging to fill senior positions within Local Government. The Director of HR, OD, and Administration & Business Support stated that Local Government was not well understood, particularly among younger workers. To address this, proposals were in place for the Council to attend more 'job fairs' to promote opportunities in Local Government. Furthermore, she noted that negative media coverage of financial challenges faced by many local authorities may also discourage potential applicants.
- **Hybrid working as an incentive:** Members asked whether hybrid working was being used as an incentive to recruit and retain staff. The Director of HR, OD, and Administration & Business Support confirmed that hybrid working was essential to the Council's staff retention strategy. With most employers now offering hybrid working arrangements, it was crucial for the Council to remain competitive in this area whilst ensuring the right balance was maintained.
- **Risk drivers:** Members sought clarification on whether recruitment and retention were the main drivers of the risk score. The Director of HR, OD, and Administration & Business Support confirmed that these factors contributed significantly to the risk score. However, the inability to recruit the right individuals at the right level and in sufficient numbers also had a knock-on effect on staff morale and well-being, potentially exacerbating retention issues.

- **Effectiveness of mitigations:** Members asked which mitigations would likely have the greatest impact on the risk and whether observable improvements were being made. The Director of HR, OD, and Administration & Business Support believed that Inclusive Recruitment element would have a positive impact. She also highlighted changes to the Annual Performance Conversation (APC), transforming it into a continuous dialogue with a greater focus on career development. Additionally, the new Aspiring Excellence Programme was expected to yield positive results.
- **Timeline for risk reduction:** Members inquired about the timeline for lowering the risk score in light of the proposed mitigations. The Director of HR, OD, and Administration & Business Support estimated that measurable effects would likely take approximately a year to materialise.
- **Monitoring workforce data:** Members asked how workforce data was monitored. The Director of HR, OD, and Administration & Business Support confirmed that this data was collected and monitored through various sources, including the Corporate Performance Dashboard, One Source, and Oracle.
- **Link between Workforce Strategy and the Medium-Term Financial Plan:** Referring to the Auditor's Value for Money (VFM) report, which recommended linking the Workforce Strategy to the Medium-Term Financial Plan, the Chair requested assurance that this was being implemented effectively. The Director of Finance and Assurance (Section 151 Officer) provided confirmation and assurance that this linkage was indeed in place.

Resolved that the report, and work undertaken to date on this risk, be noted.

125 **Post Audit Statement of Accounts 2023/24, Annual Governance Statement and Audit Findings Report**

The Strategic Technical Accounting and Transactional Finance Manager introduced the report (see annexed) which presented the Committee with the Post Audit Statement of Accounts for 2023/24, along with the summarised accounts and Annual Governance Statement. The report also included Grant Thornton's Audit Findings Report on the Council's accounts, including the Council's letter of representation, which the Council was required to provide to Grant Thornton, and be signed by the Council's Section 151 Officer and the Chair of Audit Committee.

The Chair advised that, in light of the fact that there was still work to be completed before the accounts could officially be signed off, some of the report recommendations would need to be amended accordingly to reflect the current position.

The Chair then invited the representative from Grant Thornton to present their Audit findings report, as set out in Appendix 1 to the report, highlighting the salient points contained therein.

Arising from discussions on this report, Members asked a number of questions to seek assurance in particular in relation to: -

- **Timeline for signing off the accounts:** Members queried how long it would likely take before the accounts could be fully signed off. The representative of Grant Thornton stated that they believed the pension fund audit could possibly be completed by the end of next week (week commencing 09/12/24). Following this, the accounts would be ready for signing off. If an issue were identified during the pension fund audit, the impact on the Council's accounts would pertain to the pension liability, and the corresponding adjustment would be applied directly to the pension reserve, with no impact on the general fund. Whilst this adjustment could be complex from an accounting perspective, its operational impact on the Council would be relatively minor.
- **Decrease in the net worth figure:** Referring to paragraph 4.15 on page 33, Members asked why there had been a slight decrease in the net worth figure. The Strategic Technical Accounting and Transactional Finance Manager explained that the decrease could have occurred for a number of reasons, as it was not unusual for this figure to fluctuate year on year. Factors such as pension valuations, net assets, cash positions, investments, and borrowing all varied annually and contributed to these fluctuations.

The Committee was advised that any subsequent changes to the accounts would be reported at a future meeting. Members expressed concern that any significant material changes to the accounts should be brought to the Committee as a matter of urgency, with a special meeting convened if deemed necessary. However, Members agreed that relatively small changes with minimal material impact could be delegated to the Director of Finance and Assurance (Section 151 Officer) and the Chair, without the need for a special meeting.

The Chair requested that, going forward, Management responses to the recommendations were built into the Committee's work programme for Members to review and gain assurance that they there were being managed effectively, as there were still some recommendations outstanding and brought forward from last year.

Resolved that: -

1. the Audit Findings Report from Grant Thornton on their audit of the 2023/24 Statement of Accounts be received, noting the key messages (Appendix 1) and the agreed amendments made to the accounts during the audit.
2. the approval of Post Audit Statement of Accounts for 2023/24 (Appendix 2), including the Annual Governance Statement, be delegated to the Director of Finance and Assurance (Section 151

Officer) and Chair once finalised, subject to any amendments not meeting the materiality threshold in which case would be reported back to the Committee prior to authorisation.

3. the summary of accounts 2023/24 (Appendix 3) be noted.
4. the letter of representation (Appendix 4) be endorsed.
5. the prepared balance sheet excluding pension entries (Appendix 5) be noted.
6. once finalised, the Section 151 Officer be authorised to distribute copies of the audited Statement of Accounts to partners and stakeholders, along with the Annual Governance Statement 2023/24.

126 Auditor's Annual Report 2023/24

The representative from Grant Thornton presented the Committee with the External Auditor's Annual Report in respect of the Council's value for money (VFM) arrangements for 2023/24 (see annexed). There were no significant weaknesses identified in respect of the Council's VFM arrangements.

The report also identified four improvement recommendations which the Council had accepted and for which it would put in place actions to address. Management responses had been provided for all recommendations. Once finalised, following the sign off of the annual accounts, this report would be formally published and presented to full Council.

The Chair asked if Grant Thornton would be willing or able to share anonymised data with the Committee in relation to their other clients to enable to Members to obtain assurances in terms of how Walsall had performed regarding Value for Money compared with other similar Local Authorities. The representative of Grant Thornton advised that this information would be published publicly on each Council's website but agreed to look into this matter further.

In relation to the Governance rating being downgraded, the Chair requested that a bi-annual update on this matter be built into the Committee's work programme for monitoring purposes.

Resolved that the Annual Audit Report be noted, and that bi-annual update be brought back to future meetings in relation to the Governance rating.

127 Walsall Partnerships Overview

The Head of Service – Strategy and Policy presented the report (see annexed) which outlined the work which was underway and had been completed to date to review and strengthen partnership governance and arrangements across the Borough, with a view to ensuring successful implementation / delivery of the 'We are Walsall 2040' strategy. It highlighted the changes which had been made to the strategic level partnership (formerly Walsall Proud Partnership)

and the work underway across a range of thematic partnerships to improve lines of accountability, communication and alignment to the 2040 ambitions.

Arising from discussions on this report, in particular Members asked a number of questions including: -

- In relation to delivering the 2040 Borough Plan, and the fact that failure deliver successful partnerships was cited as a strategic risk within the Strategic Risk Register, was the work outlined within the report part of the mitigations for that risk and what sort of timescales were envisaged. The Head of Service – Strategy and Policy stated that, with regard to the risk, this work was about ensuring that there was a join-up across the partnerships.

The Chair requested that Partnership Governance Arrangements be included within the Internal Audit Plan and that the Internal Audit Manager liaise with CMT to determine the most appropriate partnership to look at initially.

Resolved that the work that is underway and in development to strengthen partnership governance, including the progress made in partnership working across the borough, be noted and that the Partnership Governance Arrangements be added to the Internal Audit Plan for next year.

128 Implementing Tranche 2 of the Elections Act – Internal Controls and Systems

The Deputy Electoral Services Manager presented the report (see annexed) which provided Members with an overview of the implementation of the Elections Act 2022, focusing on the introduction of Voter ID requirements.

In addition, it also included statistics on voters turned away at polling stations, the number of applications received, and details of the communications campaign conducted ahead of the Local, Mayoral, PCC, and UKPGE elections in 2024.

Members considered this report and asked a number of questions, including in particular: -

- Referring to 4.7 of the report, what were the reasons for ballot paper refusals in those particular Wards. The Deputy Electoral Services Manager advised that, in the wards identified, the report only referenced postal vote refusals handed into polling stations because suitable I.D. had not been provided. In addition, further information pertaining to the refusals for postal votes could be obtained directly from the Electoral Commission's website.

Resolved that the report be noted.

129 Whistleblowing Policy Update

The Director of Governance and Monitoring Officer presented the report (see annexed) which detailed the proposed refreshed Whistleblowing Policy and internal procedure, along with the consideration of future reporting arrangements. In addition, he mentioned that additional work was required on this Policy and that further consideration was required in terms of the most suitable body to approve the Policy.

Having considered the report, Members were of the opinion that Audit Committee was not the appropriate place for this Policy to be approved. However, the Chair requested the Director of Governance and Monitoring Officer to send a briefing note on what he ultimately decided on this matter in due course. In addition, the Chair also requested the Head of Internal Audit to build a review of this Policy, for purely assurance purposes, into the Audit plan for next year or the year after, whichever was most suitable.

Resolved that the report be noted.

130 Internal Audit Progress Report 2024/25

The Head of Internal Audit presented the report (see annexed) which provided an update to the Committee on Internal Audit's progress against the 2024/25 audit plan. Since the last meeting of the Committee, management had requested the Emergency Planning Audit to be deferred to early 2025/26 due to management capacity. In addition, Management had also requested an additional audit of Adult Social Care Debt Recovery, which was due to start in December 2024.

In relation to the Adult Social Care debt recovery item, the Chair requested that this matter was adequately addressed and monitored as part of the Audit plan.

Resolved that that the report be noted.

131 Internal Audit Key Performance Indicators (KPI) Quarter Two 2024/25

The Director of Finance and Assurance (Section 151 Officer) presented the report (see annexed) which provides an update to the Committee on Internal Audit's performance against key performance indicators for the second quarter (July-September) of 2024/25 and confirmed that performance was broadly in line with targets.

Resolved that that the report be noted.

132 Private Session – Exclusion of the Public

Resolved that during consideration of the remaining item(s) on the agenda, the Committee considers that the item(s) for consideration is / are exempt information for the reason(s) set out therein and Section 100A of the Local Government Act, 1972, and accordingly resolves to consider the item(s) in private.

133 Follow up of High Priority Recommendations

The Internal Audit Manager presented the report (see annexed) which presented an update position on the implementation of high priority recommendations not previously reported as “implemented” to the Committee. In addition, the report also contained summaries of the Limited Assurance reports which had been issued containing high priority recommendations.

Resolved that report be noted.

[Exempt information under paragraph 3 of Schedule 12a of the Local Government Act 1972].

Termination of meeting

There being no further business the meeting terminated at 7.42pm.

Chair:

Date: