MINUTES OF THE AUDIT COMMITTEE

8th July 2025 at 6.00pm

Held at the Council House, Walsall

Present:

Mr A. Green (Chairman and Independent Member)
Councillor Mehmi (Vice-Chairman)
Councillor Larden
Councillor Martin
Councillor Nawaz
Councillor Singh-Sohal

In attendance

S. Darcy	Director of Finance and Assurance (Section 151 Officer)
H. Dudson	Assurance Manager
A. Khan	Treasury and Technical Accounting Lead Accountant
R. Page	Senior Technical Accounting Manager
R. Walley	Strategic Technical Accounting and Transactional Finance Manager
S. Knowles	Head of Internal Audit (Mazars)
P. Cudlip	Mazars
F. Hancock	Senior Democratic Services Officer
K. Lees	Grant Thornton
L. Griffiths	Grant Thornton

172 Welcome

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

173 Apologies

An apology was received on behalf of Mr D Walsh.

174 Substitutions

There were no substitutions.

175 Minutes

Resolved that the minutes of the meeting held on 30th April 2025, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

176 Declarations of Interest

None received.

177 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.

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

Nothing was raised.

179 Audit, Risk and Assurance Committee Role, Remit and Work Programme 2025/26

The Director of Finance and Assurance (Section 151 Officer) presented the report (see annexed) which outlined the remit and delegations of the Committee and the proposed work programme for 2025/26 for consideration and approval.

Arising from discussions on this item, the Chair enquired about the current position regarding recruitment to the Independent Member vacancy and the two Elected Member vacancies. The Clerk advised that an advert would be posted in the near future to recruit to the Independent Member vacancy. In relation to the Elected Member vacancies, one was for a Conservative Member, for which the Group would need to nominate a replacement to fill the vacancy. The other was for the Independent Member who had chosen not to take up the position on the Committee.

Resolved that proposed work programme for 2025/26 be approved.

180 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 the Committee's decisions for which a follow-up was required, to enable Members to monitor any outstanding actions and seek updates at future meetings where applicable.

A Member requested an update at the next meeting for those items deemed as to be completed ‘as soon as possible’.

Resolved that:

1. the report be noted.
2. An update be brought back to the next meeting for those items deemed as to be ‘completed as soon as possible’.

181 Risk Management Update – Strategic Risk Register 7 (SRR7) – Financial Resilience

The Director of Finance and Assurance (Section 151 Officer) presented the report (see annexed) which provided Members with assurance in relation to Strategic Risk Register (SRR) Risk 7 – Financial Resilience. SRR Risk 7 had been added to the risk register in 2018. The Audit Committee had requested that this risk be brought to this meeting of the Committee for further consideration. The inherent risk score was 20 (Likelihood 5; Impact 4), the current risk score was 16 (Likelihood 4; Impact 4), with the target score of 9 (Likelihood 3; Impact 3).

Members considered this report and sought assurance / clarification on the following matters in particular: -

- At what point would Officers determine that an item is either high or low risk. The Director of Finance and Assurance (Section 151 Officer) confirmed that anything with a risk score below 12 was deemed to be a medium risk item, whilst anything with a risk score below 6 was deemed to be low risk. Anything with a risk score of 12 or above was deemed to be high risk.
- How did the Council budget for unforeseen risks. The Director of Finance and Assurance (Section 151 Officer) advised that it was always difficult to predict unforeseen costs, but the Council did have a factor of risk built into the budget to accommodate a greater level of demand than it budgeted for. The general reserves would fund any unforeseen items.
- If the SRR was open to the public. The Director of Finance and Assurance (Section 151 Officer) confirmed that it was and that it was published in full on the Council’s website twice per year. In addition, the SRR was also brought to the Committee three times per year, and Committee meetings were also open to the public.
- In reference to the risks where an element of anticipated savings was built in, what was the maximum amount permitted to be carried forward for any targeted savings which had not been achieved. The Director of Finance and Assurance (Section 151 Officer) advised that the team looked at the actual savings on merit and determined if they were likely to be deliverable. Where there was a real risk of savings not being achieved, mitigations would be put in place and vigorously monitored.

Given the discussions on this risk, Members felt it would be expedient for SRR2 (Transformation Programme) to be brought back to the next meeting for review. In addition, the Chair requested an update in relation to the '*uncertainty around exit from the EU*' aspects of the summaries provided on page 45 of the report.

Resolved that: -

1. the report be noted.
2. SRR2 (Transformation Programme) be added to the agenda for the next meeting for review.
3. updates be provided to Members on the EU aspects, as set out on Page 45 of the report.

182 Performance Management Framework 2025 – 2029

The Director of Finance and Assurance (Section 151 Officer) presented the report (see annexed), which provided Members with a revised Performance Management Framework (PMF). The PMF set out the broad performance management principles for how the Council approached activity and underlined the performance management responsibilities of everyone working for the Council. The PMF referenced the Council's vision, ambitions, underlying principles and values as detailed in the Council Plan 2025 – 2029 which formed the basis of quarterly monitoring reports to Cabinet.

The Committee considered this item and recommended the following suggestions to Officers in order to help enhance and improve the Framework: -

- In relation to the KPIs set out within the report, that consideration be given to providing accompanying narratives setting out the baseline for each KPI.
- Regarding the KPIs, that consideration be given to providing a target and target completion date with details of how it would be monitored for each KPI.
- Consideration be given to specifically mentioning in the plan that KPIs were being monitored outside of the Executive to provide clarity and greater assurance.
- Where several KPIs related to a single objective, that consideration be given to identifying which of the related KPIs had been used to define achievement, or otherwise, or whether / how the KPIs had been weighted.
- Consideration be given to providing further detail and clarification within the plan in respect of how Executive Directors would be appraised via Continuous Improvement Conversations (CICs).
- Consideration be given to providing greater detail and clarity within the plan, specifically in relation to the responsibility of Managers / Directors.
- That consideration be given to including mention and detail of any monitoring being undertaken via the Scrutiny Committee process.

- That consideration be given to how KPI performance was communicated to the public.

In addition to the above, the Chair queried the following and asked Officers to consider updating the plan accordingly: -

- Whether the Committee should be included under the 'Political Leadership' heading on page 66, given that the Committee is 'apolitical'.
- It was not the Committee's role to ensure that there was a system of internal control, but to seek assurance that the system of internal control was functioning adequately.

Resolved that, subject to the observations raised by Members, above, the report be noted.

183 Pre-Audit Draft Statement of Accounts 2024/25

The Strategic Technical Accounting and Transactional Finance Manager introduced the report (see annexed), which presented the pre-audit draft Statement of Accounts for 2024/25, along with the summarised accounts.

Members noted that the final accounts were due to come back to the Committee in September 2025.

Resolved that the report be noted.

184 Internal Audit Annual Report and Head of Internal Audit Opinion 2024-25

The representative from Mazars introduced the report and the Head of Internal Audit presented the report (see annexed). The annual report covered the work which had been undertaken for the year ended 31st March 2025, and incorporated Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal controls.

The Committee acknowledged the encouraging report and moderate assurance opinion, which was a positive opinion and in keeping with reports from previous years, and thanked Officers for their hard work.

Resolved that the report be noted.

185 Annual Review of the Effectiveness of System of Internal Control 2024-25

The Director of Finance and Assurance (Section 151 Officer) presented the report (see annexed) which provided Members with the findings of the review of the effectiveness of the Council's system of internal control. The review involved numerous Officers across the Council, and specifically those Officers with corporate responsibility for governance and assurance, such as the Monitoring Officer, Chief Finance Officer, Head of Paid Service, Director of

Transformation and Digital, Data Protection Manager, Head of Policy and Strategy and Director of HR, etc.

The outcome of this process was a conclusion that the effectiveness of the system of internal control during 2024/25 was adequate overall and there were no significant governance issues to report. Where control weaknesses had been identified, progress against these would be reported.

Members requested the Clerk to recirculate an electronic copy of page 233 of the document pack, as the version included within the pack was blurred and difficult to read.

With reference to the ‘Golden Triangle of Statutory Officers’, as referred to on pages 251 / 253 and the ‘Statement for Principle 1’ that the Chief Finance Officer should report directly to the Chief Executive (CEX), the Chair reminded existing Members (and informed new Members), that the Committee had previously sought assurance on this matter in view of the fact that the Director of Finance and Assurance (Section 151 Officer) did not currently have a direct reporting line to the CEX as he reported to his Executive Director. At a previous meeting, the Committee had sought assurance directly from the Leader and CEX to ascertain if they were comfortable with the current reporting arrangements on this matter and both had confirmed that they were. In view of this, the Committee noted that this is something which remains outside of the guidance, but suitable assurances had been received by the Committee. In addition, the Director of Finance and Assurance (Section 151 Officer) provided further assurance, confirming that both he and the Monitoring Officer could confirm that they did indeed have the required access to the CEX whenever required.

On this same matter, the Chair enquired if the Golden Triangle of Officers met as just the three Officers, or if any other Executive Officer also attended. The Director of Finance and Assurance (Section 151 Officer) confirmed that the three ‘Golden Triangle’ Officers met as a group of four, along with the Executive Director for Resources and Transformation in attendance.

Resolved that the report be noted.

186 Draft Annual Governance Statement 2024-25

The Director of Finance and Assurance (Section 151 Officer) presented the report (see annexed) which detailed that every Local Authority was required to produce and publish an Annual Governance Statement (AGS) which was informed by a review of the effectiveness of the Council’s system of internal control (the ‘Review’). This was a requirement as set out in Regulation 3 of the Accounts and Audit (England) Regulations 2015, and responsibility was delegated to the Committee. This report provided the draft AGS for the Committee’s consideration, as set out at Appendix 1 to the report.

Arising from discussions on this item, the Committee requested that, in light of the recent changes in personnel at senior levels, the following risks be brought back to a future meeting(s) for further consideration and assurance: -

- Assurance that the protocols in place are robust to ensure that, as far as practicable, the all-out elections in 2026 proceed as smoothly as possible.
- Assurance around the Governance risk in relation to the Senior Management Restructure.

In addition, the Chair requested that consideration be given to adding more detail being added around Partnerships with further detail around what the Council's Key Strategic risks were.

Resolved that: -

1. the report be noted.
2. a report on the protocols in place to ensure a smooth all-out election in 2026 be brought back to a future meeting.
3. a report be brought back to a future meeting on the governance risk in relation to the Senior Management restructure.

187 Internal Audit Progress Report 2025-26

The Head of Internal Audit presented the report (see annexed) which provided Members with an update on Internal Audit's progress against the 2025/26 audit plan.

Resolved that the report be noted.

189 Internal Audit Key Performance Indicators (KPI) 2024/25

The Director of Finance and Assurance (Section 151 Officer) presented the report (see annexed) which provided Members with an update on Internal Audit's performance against key performance indicators for 2024/25 and confirmed that performance was at an acceptable level.

Resolved that the report be noted.

190 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.

191 Follow up of High Priority Recommendations

The Internal Audit Manager presented the report (see annexed) which provided 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 7.48pm.

Chair: …………………………………………

Date: …………………………………………