

MINUTES OF THE AUDIT COMMITTEE

20th November 2023 at 6.00pm

Held at the Council House, Walsall

Present:

Mr A. Green (Chairman)
Councillor Bains
Councillor Larden
Councillor Mehmi
Councillor Nawaz

In attendance

S. Darcy	Director – Corporate Finance, Performance & Corporate Landlord
V. Buckley	Head of Finance – Strategic Planning and Assurance
J. Greenhalgh	Interim Executive Director - Resources
R. Walley	Technical Accounting Treasury Management and Educational Finance Manager
R. Page	Technical Accounting Manager
L. Haynes	Head of Finance – Technical and Transactional
R. Hutchinson	Head of Finance – Business Partnering
S. Knowles	Head of Internal Audit (Mazars)
J. Roberts	Grant Thornton (External Auditors)
K. Lees	Grant Thornton (External Auditors)
F. Hancock	Senior Democratic Services Officer

33 Welcome

The Chair welcomed Members to the Committee and asked them to introduce themselves. The Chair also welcomed Officers to the meeting both in person and online.

34 Apologies

Apologies were submitted by Councillors Harrison and Singh Sohal.

35 Minutes

Resolved that the minutes of the meeting held on 25th September 2023, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record.

36 Declarations of Interest

Councillor Nawaz declared an interest in item No 14, specifically in relation to the Cadmus family of schools.

37 Deputations and Petitions

There were no deputations submitted or petitions received.

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

Resolved that 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.

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

No items were raised or requested.

40 Committee Decision Tracking Chart

A report was submitted.

(see annexed)

The Committee received a report 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.

The Head of Finance – Strategic Planning and Assurance presented the report and highlighted the salient points contained therein.

Resolved that the report be noted.

41 Risk management update – Strategic Risk Register (SRR2)

A report was submitted.

(see annexed)

The Committee received a report which provided Members with the updated Strategic Risk Register (SRR) with further detail on Risk 2 (The Proud Programme does not achieve the outcomes and benefits required to ensure that available resources are directed to deliver the greatest outcomes for the community).

The Committee last considered SRR Risk 2 in September 2022. At its meeting in April 2023, the Committee requested that four risks be added to the work programme, including a further review of Risk 2:

The Head of Finance – Strategic Planning and Assurance introduced the report and highlighted the salient points contained therein.

The Chair then invited the Interim Executive Director – Resources to address the Committee in relation to Risk 2. In doing so, he reminded Members that the Committee’s remit was around assurance of the control systems in place, not to discuss or debate policy matters.

The Interim Executive Director – Resources explained that the Proud Programme was the Council’s transformation programme to help deliver savings and advised the Committee that: -

- The Committee last reviewed Risk No. 2 in September 2022.
- Risk No. 2 was reviewed by Corporate Management Team (CMT) every 6 months.
- The Programme was run by a Programme Office within her Directorate, which she led on.
- The Programme had robust Governance arrangements around it, with clearly defined roles and responsibilities.
- The Governance Board, which was Chaired by the CEX and meets monthly, reviews progress against all of the projects / programmes and the associated risks, including the delivery of benefits of each.
- Moving forward, the Council was seeking to move away from the reliance on PWC (Council Partner).
- The second phase of Council’s transformation journey would be delivered solely by the Council, which was currently a work in progress.
- The implementation of a new electronic repository system which would enable the Council to track delivery and progress in real time.
- So far, it was estimated that the Programme would generate circa £60 million savings by the end of 2023/24.
- There were some areas where ‘slippage’ had occurred, but such areas were immediately ‘RAG rated’ and corrective action taken against Red Risks, as overseen by the CEX and the Proud Board to bring such areas back into Amber or Green.
- The Programme would be reviewed in due course via Scrutiny.

Members sought assurance / clarification on a number of issues, including: -

- Whether the Programme had achieved what it originally set out to achieve. The Interim Executive Director – Resources advised that there would be a closure report produced at the end of the first phase of

the Programme, which she expected Scrutiny to look at in greater detail. Each Programme had its 'deliverables' monitored and tracked via the new electronic repository system mentioned above, all of which were monitored via the Proud Board.

- What controls were in place to provide the Committee with assurance that the Council was achieving what it initially aimed to achieve. The Interim Executive Director – Resources explained that all of this was undertaken via the Proud Board. There were Project Delivery Plans based on Prince 2, all of which were reported back to the Proud Board and then onto CMT. In addition, the Leader was the Lead Member for the Transformation Programme and, therefore, received regular updates as well.
- How risks assessments were attributed a score. The Interim Executive Director – Resources referred Members to the table and explanation on page 42 of the papers. In addition, the Corporate Risk Management Strategy was reviewed and updated every 2 years.
- What particular areas of slippage had occurred. The Interim Executive Director – Resources confirmed it was mainly around the Customer Access Management Programme and Adult Social Care, which were both well documented. In view of this, corrective action was being undertaken including the Interim Executive Director – Resources taking ownership personally for the Customer Access Management Programme. In relation to the Adult Social Care aspect, external support was now in place to help resolve this matter.
- Referring to page 40 of the paperwork, how the optimum level had been set / determined. The Interim Executive Director – Resources advised that the Council utilised local (and national) benchmarking data from across the Council along with business intelligence to help guide what the Council believed its services should cost.
- If the Interim Executive Director – Resources was comfortable with the current Risk rating for Risk No. 2. The Interim Executive Director – Resources clarified that she was indeed comfortable with the current Risk Rating.

The Committee, given the significance / importance of SRR2, requested that an update report be brought back to the Committee in six months' time for further review.

Resolved that the report be noted and that an update report on SRR2 be brought back to the Committee in six months' time.

42 Post Audit Statement of Accounts 2022/23, Annual Governance Statement and Audit Findings Report

A report was submitted.

(see annexed)

The Committee received a report which presented Members with the Post Audit Statement of Accounts for 2022/23 and position of the Council, as required under the Accounts and Audit (England) Regulations 2015, together with the summarised Accounts and Annual Governance Statement. In addition, 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, and was, subject to finalisation and approval, required to be signed by the Chief Financial Officer and Chair of the Audit Committee.

The Technical Accounting Treasury Management and Educational Finance Manager introduced the report and highlighted the salient points contained therein.

The Chair then invited the representatives of Grant Thornton to expand upon their Audit Findings report.

The representatives of Grant Thornton advised that they would be issuing an unqualified Audit Opinion and that there were no significant weaknesses identified. Overall, Walsall was in a much better position when compared with other Local Authorities nationally. Whilst there were still a number of areas which were not yet fully completed, it was, however, envisaged that everything would be completed and ready for sign-off by the end of 2023.

Members sought assurance / clarification in relation to the Birmingham Airport investment, if the Council was able to issue a statement on this in light of the fact that it was still awaiting a final response from Solihull. The representative of Grant Thornton advised that the opinion was due and would be received before the end of 2023. Grant Thornton had an expert Team working on this at Solihull Council.

In closing on this item, the Director – Corporate Finance, Performance & Corporate Landlord informed the Committee that there was one further issue which he needed to bring to Members' attention. He advised that since finalisation of the statements a new legal claim had been lodged against the Council, and it would therefore be necessary to reflect this as a post balance sheet event. In view of this, he advised the Committee that a post balance sheet event item in the 2022/23 accounts would be included to address this issue. This addition would state that a legal claim had been received in 2023 but had no impact on 2022/23 accounts and was too early to quantify any impact on the 2023/24 accounts, which had been discussed and agreed with Grant Thornton.

Members sought assurance from Grant Thornton that they were content with this addition to the balance sheet. The representatives of Grant Thornton clarified that notification came in very recently and that good communication had been received on this matter from the Council. This claim would not affect the 2022/23 accounts and it was far too early to disclose any likely impact on next year's accounts with any degree of confidence. In view of this, they were content with the present position.

The Committee thanked all Officers in Finance as well as the representatives from Grant Thornton for all the hard work undertaken to get the accounts completed and signed off by the close of 2023.

Resolved that, subject to the finalisation and completion of the accounts: -

- (1) the Chair be granted authority to approve and sign off any further amendments to the accounts, as required, and Audit Committee Members written to when the Accounts have been concluded.
- (2) the Audit Findings report from Grant Thornton on their audit of the 2022/23 statement of accounts and consider the key messages, as set out at Appendix 1 to the report be noted, including that there have been agreed amendments made to the accounts during the audit.
- (3) the Post Audit Statement of Accounts for 2022/23, as set out at Appendix 2 to the report, including the Annual Governance Statement, be approved.
- (4) the summary of accounts, as set out at Appendix 3 to the report, be noted.
- (5) the letter of representation, as attached at Appendix 4 to the report be endorsed.
- (6) the Chair of the Committee be authorised to sign and date the accounts, as required under the Accounts and Audit (England) Regulations 2015.
- (7) authority be granted for the Section 151 Officer to distribute copies of the audited Statement of Accounts to partners and stakeholders alongside the Annual Governance Statement 2022/23.
- (8) that a post balance sheet event item be included within the 2022/23 accounts to reflect the recent legal claim.

43 Draft Auditor's Annual Report 2023 – Value for Money Summary

A report was submitted.

(see annexed)

The Committee received a report which provided Members with the External Auditors draft Annual report on their findings in respect of the Council's Value for Money (VFM) arrangements during 2022/23.

The report detailed that there were no significant weaknesses identified in respect of the Council's VFM arrangements. The report did, however, identify ten improvement recommendations which the council had since accepted and for which it was putting in place actions to address the ten recommendations. The report was draft at the point of the Committee's consideration, as it could not be finalised until the sign off of the Annual Statement of Accounts, which was expected imminently. The report would then be formally published and presented to full Council.

The representatives from Grant Thornton presented the report and highlighted the salient points contained therein.

The Chair welcomed the comprehensive and assuring report.

The Chair sought the Committee's views on the merits of having the External Auditors presenting this report, when finalised, to Council. Members were of the opinion that it would be useful for Council to engage with the External Auditors directly, rather than just Members on Audit Committee, and welcomed the proposal for them to present the report at Council.

In addition, the Committee agreed that an update report be received in 6 months' time in relation to the progress made against the implementation of the actions agreed in response to Grant Thornton's recommendations.

The Committee wished to have its thanks recorded for all Officers involved and for their hard work on this item. In particular, the Committee wished to extend its thanks to Jon Roberts (Grant Thornton) for his service to the Council / transparency of advice and wished him well in his retirement.

Resolved that: -

- (1) the report be noted and, when finalised, forwarded to Council.
- (2) the Committee recommends that the External Auditors present this report to Council when finalised.
- (3) an update report be brought back to the Committee in 6 months' time in relation to the progress made against the implementation of the actions agreed in response to Grant Thornton's recommendations.

44 Internal Audit Progress Report 2023/24

A report was submitted.

(see annexed)

The Committee received a report which detailed that the Accounts and Audit Regulations 2015, which had come into effect on 1st April 2015, required Councils to undertake an effective Internal Audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance. Internal Audit also had an independent and objective consultancy role in order to help line managers improve risk management, governance and control.

This report now provided an update on Internal Audit's progress against the 2023/24 audit plan.

The Head of Internal Audit (Mazars) presented the report and highlighted the salient points contained therein.

Resolved that the report be noted.

45 Internal Audit Key Performance Indicators (KPI) 2023/24: Quarters 1 and 2

A report was submitted.

(see annexed)

The Committee received a report which detailed that the Accounts and Audit Regulations 2015, which had come into effect on 1st April 2015, required Councils to undertake an effective Internal Audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance. This function was provided by Mazars through a contractual arrangement.

The Internal Audit contract contained key performance indicators (KPI's) against which performance was measured. This report provided performance data as at quarters 1 and 2 for 2023/24 in order to provide assurance to the Committee that work was being delivered in accordance with the contract requirements.

The Head of Finance – Strategic Planning and Assurance presented the report and highlighted the salient points contained therein.

Resolved that the report be noted.

46 Counter Fraud and Corruption Arrangements Update

A report was submitted.

(see annexed)

The Committee received a report in order to make Members aware of the work being progressed in relation to the Counter Fraud Response Plan and to allow Members to seek clarification accordingly. In particular, the report specifically provided an update on progress in relation to: -

- 2b and 3b - Development of fraud risk assessment and fraud awareness sessions with high-risk services and review of their fraud risks. Outputs to inform an updated fraud risk assessment.
- 2 and 2c – Identifying required capacity for both proactive fraud work and formal fraud investigations.
- 5 - Counter Fraud Policy Update.

The Head of Finance – Strategic Planning and Assurance presented the report and highlighted the salient points contained therein.

Members sought assurance / clarification on a number of issues, including: -

- Which areas were, generally speaking, the most susceptible areas for fraud and corruption. The Head of Finance – Strategic Planning and Assurance confirmed that it could be any area where cash was handled, or opportunities were present for fraud / corruption to take place.
- If there was a training programme to raise awareness amongst staff on what to do should they encounter any fraud or corruption. The Head of Finance – Strategic Planning and Assurance advised that both the Counter fraud and Corruption Policy, along with the Whistleblowing Policy, clearly set out the process for reporting such issues. Training on this matter was available to all staff, and was included as part of staff induction, and Fraud would also form part of all managers' roles going forward.

Prior to the conclusion of this item, the Committee wished to have its thanks recorded in relation to Lloyd Haynes (Head of Finance – Technical and Transactional) for his commitment and hard work over a number of years and wished him well in his new job.

Resolved that the report be noted.

47 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.

48 Follow up of High Priority Recommendations

A report was submitted.

(see annexed)

The Committee received a report which provided Members with an updated position on implementation of high priority recommendations not previously reported as “implemented” to the Committee.

The report detailed that the Accounts and Audit Regulations 2015, which came into effect on 1st April 2015, required Councils to undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and

governance processes, taking into account Public Sector Internal Auditing Standards (PSIAS) or guidance. Following up audit actions raised and then agreed by management was a key part of evaluating the effectiveness of the control processes.

The Head of Internal Audit (Mazars) presented the report and highlighted the salient points contained therein.

The Committee considered the report and Members sought updates from Officers on a number of items contained within the report.

Resolved that report be noted.

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

Councillor Nawaz, having declared an interest in the item, left the meeting before this item was considered.

Termination of meeting

There being no further business the meeting terminated at 7.32pm.

Chair:

Date: