

AUDIT COMMITTEE

Monday 27 June 2022 at 6.00pm

Held in the Town Hall, Council House Walsall

Present:

Mr A. Green (Chairman)
Councillor Sohal (Vice – Chairman)
Councillor Bains
Councillor Elson
Councillor Larden
Councillor Mehmi

In attendance

Councillor M. Bird – Leader of Walsall Council
Dr H Paterson - Chief Executive and Head of Paid Services
Executive Director – Resources and Transformation
Head of Finance - Technical & Transactional
Technical Accounting Treasury Management and Educational Finance Manager
Planning Group Manager
Head of Planning Building Control
Senior Accountancy Officer – Financial Reporting
Head of Internal Audit (Mazars)
Head of the Public and Social Sector (Mazars)

Welcome

The Chair welcomed Members to the Committee and asked them to introduce themselves. The Chair then welcomed the Leader of the Council, Councillor M. Bird and the Chief Executive, Dr Helen Paterson who would be presenting the draft Annual Governance Statement.

The Chair asked that the Committee considered the draft 'Annual Governance Statement' after item 6 ('Notification of any issues of importance for consideration at a future meeting').

Resolved (by assent)

The Committee agreed a change to the agenda, which was to receive item 11 prior to item 7.

01/22 Apologies

Apologies were received on behalf of Councillor S.B Hussain.

02/22 Minutes of the meeting held on 28 April 2022

Resolved (by assent)

That the minutes of the meeting held on 28 April 2022 be agreed as a true and accurate record subject to the following amendments:

- That the wording of the resolution of minute 67/21 be altered to the following: 'That key performance indicators be presented to the Audit Committee prior to quarter one, to provide reassurance as to the suitability of the framework'.
- That the wording of the resolution of minute 69/21 be altered to the following: 'The Anti-money Laundering Policy be noted and approved subject to the inclusion of appropriate timescales for actions'.

03/22 Declarations of Interest and Party Whip

There were no declarations of interest.

04/22 Deputations and Petitions

There were no deputations submitted or petitions received.

05/22 Local Government (Access to Information) Act, 1985 (as amended)

Resolved (by assent)

That 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 100A of the Local Government Act, 1972.

06/22 Notification of any issues of importance for consideration at a future meeting

No issues of importance were raised.

07/22 Annual Governance Statement 2021/22

The Chair invited the Leader of the Council and Chief Executive to present the Annual Governance Statement.

The Chief Executive explained that she had been comprehensively briefed on the statement. She advised that several statutory and non-statutory meetings took place between her and Senior Officers to uphold governance and safeguarding within the Council. She added that risk management was an important part of corporate management and was regularly considered by the corporate management team. In addition, the Chief Executive clarified that she worked with Group Leaders, Members and Officers to uphold standards of behaviour in the Council and attended the corporate induction session every month for new members of staff to inform them about good governance and behaviours. The Chief Executive stated that she believed that the Council was effective in its risk management however unknown risks existed outside of the control of the Council and referred to the way the Council had responded and adopted to the COVID19 pandemic, stressing the reliance placed on emergency planning arrangements; the Leader of the Council concurred with this point. The Chief Executive concluded that she believed the Council was in a good position from a governance perspective.

The Leader of the Council informed the Committee that much of the governance of the Council could be seen through the work of the Cabinet and that the progress the Council was making could be measured against Walsall Plan. He added that financial monitoring was vital because a lack of financial control would mean that the Council could not deliver its services. The Leader added that blended working created challenges however, hybrid working was now part of the operation of the Council. The Leader recognised that the Council needed to improve communication with Members of public and that this communication would be tailored so that residents could still access services. The Leader informed the Committee that more people required help from the Council and the Council was a facilitator to enable residents to seek help. Continuing, the Leader acknowledged that more funding from national government was needed to help support refugees. The Leader added he recognised that the Council

delivered many services not only at a financial cost but also with the dedication of staff which had been stretched in recent years.

The Chair thanked the Leader and the Chief Executive and expressed his support for the approach of the Chief Executive in both promoting standards of behaviour and corporate risk management. The Chair then invited questions from Members of the Committee.

A Member asked the Leader for further information on the short-term plan for moving to a fully digital customer service. The Leader responded that the plan was to create a reception to replace the one-stop-shop at the civic centre. In addition, that staff were based at public libraries to assist those who required help and advice in person.

The Chair indicated that he believed that there was a limited narrative in the Statement around emergency contingency and planning which both the Chief Executive and Leader had referred to and asked whether they would consider amending the statement. In response, the Chief Executive, stated that she would review this.

The Chair thanked the Leader and the Chief Executive for attending the meeting and answering questions. They both left the meeting at this point.

Resolved

- That the Annual Governance Statement 2021/22 be noted.
- Further information on emergency and contingency planning is included within the Annual Governance Statement 2021/22, and that the revised version be brought back to the Committee.
- The Committee noted that if there were significant governance matters that arose between this report date and approval of the accounts, then an amended Review and Annual Governance Statement will be brought back for Audit Committee's consideration.

08/22 Internal Audit Annual Report and Head of Internal Audit Opinion 2021/22

The Head of Internal Audit and the Head of the Public and Social Sector team at Mazars presented the report to the Committee [annexed]. The Head of Internal Audit explained the role of the external auditor and stated that some of the benchmarking had changed from the previous year to align with the standards of national government auditing. Furthermore, there was a reduction in high priority recommendation for the year compared to the previous year.

A Member challenged why only one of the seven high priority recommendations had not been implemented. In response, the Head of Internal Audit, explained that these recommendations had been made a few months prior to this report and the target dates had not yet passed.

A Member asked whether those recommendation marked as limited assurance would have extra monitoring. In response, the Head of Internal Audit explained that all recommendations were followed up and those classed as limited assurance usually had high priority recommendations which were reported to the Audit Committee at every meeting to ensure progress was being made to meet them.

The Chair asked Officers when the PROUD programme report with recommendations would be coming to the Committee. The Head of Internal Audit responded that as soon as the report was finalised it would be taken to the next Audit Committee.

The Chair also asked whether there should be concern at the increase in tier two recommendations. The Head of Internal Audit stressed that the year 2021 could be seen as an anomaly in terms of the number of recommendations due to the pandemic and the change in the way people were working and regular reports were taken to the Audit Committee to provide the opportunity review recommendations.

Resolved (by assent)

That the Internal Audit Annual Report and Head of Internal Audit Opinion 2021/22 be noted.

09/22 Annual review of Effectiveness of the System of Internal Control 2021/22

The Chair invited the Director of Finance (Corporate Performance and Corporate Landlord), to present the report. The Director of Finance stated that policies were implemented as agreed, services were delivered as effectively and efficiently as possible, the Councils values and ethical standards were met. This linked to the delivery of the Council Plan and the ensuring that value for money was achieved. The Committee were informed that risks were monitored regularly with mitigations and improvements put in place.

The Chair thanked the Director of Finance and noted that the evaluation was informed by Internal Audit which was an important source of independent assurance to the Committee. The Chair referred to the previous discussion regarding the Annual Governance Statement and reference to emergency planning and contingency management, and questioned if a briefing paper describing these arrangements could be sent to the Committee (alongside the Annual Governance Statement). The Director of Finance agreed to send this

and stated that the Council did a large amount of work on lessons learnt in relation to business continuity and business planning at other Authorities. The Director of Finance stressed that the work of the Audit Committee was key to the effectiveness of the system of internal control and contributed to the success of the Council.

Resolved (by assent)

- The Committee received and considered the findings arising from the Annual Effectiveness Review of the System of Internal Control, as contained within this report.
- A briefing note describing the Council's arrangements for emergency planning and business continuity be circulated to the Committee (alongside the Annual Governance statement).

10/22 Committee Decision Tracking Chart

No questions or concerns were raised by Members of the Committee on the Committee Decision Tracking Chart [annexed].

Resolved (by assent)

That the Committee Decision Tracking Chart be noted.

11/22 Audit Committee role, remit and work programme 2022/23

The Chair asked the Director of Finance to introduce the report and salient points were relayed to the Committee.

The Chair asked whether the Committee would be given the chance to review the new guidance for Audit committees that was set to be published in June by the Chartered Institute of Public Finance and Accountancy. The Director of Finance confirmed that the Committee would be given the opportunity to review the new guidance.

Resolved

The Committee noted the Audit Committee role, and remit of the Audit Committee and approved the work programme for 2022/23.

12/22 Pre-Audit draft Statement of Accounts 2021/22

The Technical Accounting Treasury Management and Education Finance Manager introduced the report and relayed the salient points to the Committee.

A Member asked for an enhanced narrative to be included in the report due to be presented at the next meeting, in relation to paragraphs 4.4 and 4.5 – allocation of funding, Officers confirmed that further detail would be provided. A Member asked how the ratio of £615 million in pension liability to the net assets of £481 million was determined to be a sound financial position. The Technical Accounting Treasury Management and Education Finance Manager responded by explaining that the Councils net assets were overall higher than the net liabilities of the Council (with the removal of the pension liability).

The Chair also conveyed to the Committee that Members would have the opportunity to ask questions on the final set of 'Statement of Accounts' prior to the next meeting. Furthermore, that the Statement of Accounts may change before coming to the Committee at its next meeting. In response to a question from a Member regarding the Councils pensions and the Chair stated that a comparison of the Councils pension position to other local authorities could be given to Members in the form of a briefing note.

Resolved that

- The Committee note the Council's pre-audit draft Statement of Accounts.
- The Committee note the Council's draft Summary of Accounts.
- A briefing note comparing the pension position and the impact of this on the council's assets and liabilities position in relation to other Local Authorities would be provided.

13/22 Amendments to Planning and Building Control Delegations under Part 3.5 of the Council's Constitution

The Planning Group Manager introduced the report and highlighted the salient points (annexed). Members were reminded that the Committee had received a copy of Officer delegations for the entire Council at its meeting in April. The amendments to the Planning and Building Control Delegation were not included in the information provided in April and the Committee were asked to consider the proposed amendments as contained within the report (annexed).

The Planning Group Manager informed Members of the Committee that the Council had taken part in a peer challenge review carried out with the Planning Advisory Service in 2021 and that they had made a series of recommended changes, including changes to Officer delegations. Furthermore, there had been changes to the structure under the Head of Planning and Building Control to align with changes to the structure of the Council as a whole. However, these changes would not change the service provided by the planning team or its remit.

The Planning Group Manager then laid out the recommendation of Planning Advisory Service. He drew particular focus to the definition of petition stating

that the amendments to the delegations would mean that a petition would be valid if it received ten signatories from ten households. Seeking to clarify for the Chair, the Planning Group Manager stated the amendments would replace the significant community interest term.

The Planning Group Manager also informed Members of the Committee that the amendments did not remove the ability of Councillors to call in a planning application to the Planning Committee and that public engagement was not affected as this was defined by legislation. The amendments proposed meant that Councillors would have 28 days from the start of the public consultation to call in a planning application to the planning the committee in relation to material planning considerations. Furthermore, the amendments did not stop the Head of Planning and Building Control from referring applications to the Planning Committee.

The Planning Group Manager then took Members through some of the precise changes to the officer delegation.

In response to a question from the Chair regarding the clarification for Members of the public to speak only once at a planning committee being a policy change and not a change in officer delegation. The Planning Group Manager explained that the Chair of the Planning Committee decided whether a Member of the public could speak for a second time at a meeting and that this was a point of clarification within the officer delegations.

A discussion ensued on policy changes and changes in officer delegations, clarification was given to explain that the Chair of Planning Committee would decide when a Member of the Public could speak for a second time during the meeting.

The Chair then invited questions from Members. In response the Planning Group Manager advised:

- That major applications would not automatically go to the Planning Committee if it were policy compliant scheme in line with the development plan. However, it would go to Planning Committee if it was not policy compliant and Councillors still have the option to call it in;
- Regarding the 10 signatories planning officers stated that it would usually be dependent on the scale of the planning application and reasons for the objections, making sure that the reasons were material planning concerns. Furthermore, that if signatures for objections or support of an application would be discounted if no reason was given for them.

The Chair commented having listened to the discussion that he was concerned that some of the changes proposed were not mere changes in officer delegation and that it was within the remit of the Committee to look at direct outcomes of the changes and whether they are achieving the goal of improving planning applications to dealt with by the Council. Whilst the Committee might note the officer delegations in time it could ask for a report on the governance arrangements from the internal auditor in due course.

In response officers advised that the proposed changes would be presented to Cabinet in July 2022 and the views of the Audit Committee would be reported at that time.

The Chair thanked officers for their report and for answering questions.

Resolved (by assent)

- The Committee reviewed and noted the revisions to officer delegations and Planning Committee delegations as set out in the appendix 1 of the report.
- The Committee agreed that the report be circulated to Group Leaders and independent Members for information.

14/22 Internal Audit Progress Report 2022/23

The Chair invited the Head of Internal Audit to introduce the report.

The Head of Internal Audit then outlined the format of the report and conveyed to the Committee that the Council had very few recommendations that needed to be implemented from 2018/19 and 2019/20.

Resolved (by assent)

The Committee noted the contents of the report.

15/22 Redmond Review Update – Oversight of Local Audit and the Transparency of Local Authority Financial Reporting

The Chair invited the Director of Finance (Corporate Performance and Corporate Landlord) to introduce the report. The Director of Finance relayed the salient points to the Committee and informed new Members of the Committee that updates had been provided before, in particular the update in February 2022 which contained an update on the Councils progress in relation to the recommendations of the review. It was noted that additional funding had been provided to support the implementation of these recommendations.

In response to a question from the Chair, the Director of Finance informed the Committee that on the current timetable that he would expect the Redmond Review recommendations to have been implemented by the end of 2023, but the vast major majority would be implemented by the end of 2022.

Resolved (by assent)

The Committee noted the report.

PRIVATE SESSION

16/22 Follow up of High Priority Recommendations

(Exempt information under Paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended).

The Head of Internal Audit presented the report (annexed) and highlighted the salient points.

Resolved

That the update on internal audit priority 1 recommendations be noted.

17/22 Private Minutes of meeting held of 28 April 2022

(Exempt information under Paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended).

Resolved

The private minutes of the meeting held on the 28 April 2022 were confirmed and signed.

There being no further business the meeting terminated at 19:47.

Chair.....

Date.....