



Walsall Council

Audit Committee

Meeting to be held on: **25th September 2023 at 6.00 P.M.**

Meeting to be held in: **Conference room 2, Walsall Council House**

Public access to meeting via: <http://www.WalsallCouncilWebcasts.com>

MEMBERSHIP:

Mr A Green (Chairman and Independent Member)
Councillor Singh Sohal (Vice-Chair)
Councillor Bains
Councillor Harrison
Councillor Larden
Councillor R.K Mehmi
Councillor A. Nawaz

Quorum:

Three Members

Democratic Services, The Council House, Lichfield Street, Walsall, WS1 1TW
Contact Name: **Fred Hancock** Email: fred.hancock@walsall.gov.uk
www.walsall.gov.uk

AGENDA

PART I – PUBLIC SESSION

| Item No. | Report Title | Page No. |
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| 1 | Welcome and apologies. | |
| 2 | Minutes of meeting held on 26 th June 2023 – copy enclosed . | 13 |
| 3 | Declarations of Interest. | |
| 4 | Deputations and Petitions. | |
| 5 | Local Government (Access to Information) Act, 1985 (as amended). | |
| 6 | Notification of any issues of importance for consideration at a future meeting. | |
| 7 | Committee Decision Tracking Chart – copy enclosed . | 23 |
| 8 | Risk management update – Strategic Risk Register (SRR) and Strategic Risk 4B – copy enclosed . | 33 |
| 9 | Voter Identification – learning from Local Elections May 2023 – copy enclosed . | 75 |
| 10 | Statement of Accounts Audit Progress 2022-23 – copy enclosed . | 81 |
| 11 | Review of the Effectiveness of the Audit Committee – copy enclosed . | 87 |
| 12 | Annual Report of the Audit Committee to Council for 2022-23 – copy enclosed . | 99 |
| 13 | Internal Audit Progress Report 2023-24 – copy enclosed . | 117 |

PART II – PRIVATE SESSION

| Item No. | Report Title | Page No. |
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| 14 | Follow up of High Priority Recommendations – copy enclosed . (Exempt information under Paragraph 3 of Part I of Schedule 12A of the Local Government Act, 1972) (as amended) | 149 |

The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
Specified pecuniary interests

The pecuniary interests which are specified for the purposes of Chapter 7 of Part 1 of the Localism Act 2011 are the interests specified in the second column of the following:

| Subject | Prescribed description |
|---|---|
| Employment, office, trade, profession or vocation | Any employment, office, trade, profession or vocation carried on for profit or gain. |
| Sponsorship | <p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by a member in carrying out duties as a member, or towards the election expenses of a member.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Regulations (Consolidation) Act 1992.</p> |
| Contracts | <p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority:</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p> |
| Land | Any beneficial interest in land which is within the area of the relevant authority. |
| Licences | Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer. |
| Corporate tenancies | <p>Any tenancy where (to a member's knowledge):</p> <p>(a) the landlord is the relevant authority;</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p> |

| | |
|------------|--|
| Securities | <p>Any beneficial interest in securities of a body where:</p> <p>(a) that body (to a member's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either:</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p> |
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Schedule 12A to the Local Government Act, 1972 (as amended)

Access to information: Exempt information

Part 1

Descriptions of exempt information: England

1. Information relating to any individual.
2. Information which is likely to reveal the identity of an individual.
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals that the authority proposes:
 - (a) to give any enactment a notice under or by virtue of which requirements are imposed on a person; or
 - (b) to make an order or direction under any enactment.

7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.
8. Information being disclosed during a meeting of a Scrutiny and Performance Panel when considering flood risk management functions which:
 - (a) Constitutes a trades secret;
 - (b) Its disclosure would, or would be likely to, prejudice the commercial interests of any person (including the risk management authority);
 - (c) It was obtained by a risk management authority from any other person and its disclosure to the public by the risk management authority would constitute a breach of confidence actionable by that other person.

Terms of Reference of the Audit Committee

Membership

7 Members of the authority as determined by the Council with a maximum of 3 independent members (non-voting) appointed by the Council.

Substitutes

Substitute members may be nominated to the Committee in accordance with paragraph 4 of the Council procedure rules (Part 4).

Chairman and Vice-Chairman

The Chairman and Vice-Chairman will be appointed at the Annual Council meeting for the municipal year.

Quorum

The quorum of the Committee shall be one third of the membership, subject to a minimum of two.

Meetings

The Committee will meet five times per year and will usually meet at the Council House, Walsall at 6.00 p.m.

Access to information

The Committee will comply with the Access to Information Rules set out in Part 4 of the Constitution.

Purpose

To act as the Council's Audit Committee, the purpose of which is to provide independent assurance to members of the adequacy of the risk management framework and internal control environment. To provide an independent review of governance, risk management and control frameworks, which include the council's arrangements for performance management and oversee the financial reporting and annual governance processes. To oversee internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Delegations

To exercise the following powers and functions of the Council:

Governance, risk and control

- (1) To review the Council's corporate governance arrangements against a good governance framework, the Local Code of Governance and consider annual governance reports and assurances, including those for significant partnerships or collaborations.
- (2) To review and approve the annual governance statement (AGS) and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control; and to consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.
- (3) To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- (4) To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- (5) To monitor the effective development and operation of risk management in the Council.
- (6) To monitor progress in addressing risk related issues reported to the committee.
- (7) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

- (8) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- (9) To monitor the counter fraud strategy, actions and resources.
- (10) To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.

Internal Audit

- (11) To approve the internal audit charter.
- (12) To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- (13) To commission work from internal audit.
- (14) To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- (15) To approve significant interim changes to the risk-based internal audit planning resource requirements.
- (16) To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- (17) To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These include:
 - a. Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
 - b. Regular reports on the results of the Quality Assurance and Improvement Programme.
 - c. Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
- (18) To consider the head of internal audit's annual report:
 - a. The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note on the results the Quality Assurance and Improvement Programme that supports the statement.
 - b. The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with a summary of the work supporting the opinion.

- (19) To consider summaries on specific internal audit reports as requested.
- (20) To receive reports outlining the action taken where the head of internal auditor has concluded that management has accepted the level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- (21) To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of the internal audit that takes place at least once every five years.
- (22) To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
- (23) To support the development of effective communication with the Head of Internal Audit, provide free and unfettered access to the audit committee chair, including the opportunity for a private meeting with the committee.

External audit

- (24) To consider the external auditors annual letter, relevant reports, and the report to those charged with governance and their implications for governance, risk management or control.
- (25) To consider specific reports as agreed with the external auditor.
- (26) To comment on the scope and depth of external audit work to ensure it gives value for money.
- (27) To commission work from external audit.
- (28) To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSAA).
- (29) To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- (30) To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Financial reporting

- (31) To oversee the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.

- (32) To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from financial statements from the audit that need to be brought to the attention of the Council.
- (33) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

- (34) To report to those charged with governance of the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.
- (35) To report to full Council on a regular basis the committee's performance in relation to the terms of reference and effectiveness of the committee in meeting its purpose.
- (36) To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.