

AUDIT COMMITTEE

Monday 24th April, 2017, at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Councillor Chambers (Vice-Chairman in the Chair)
Councillor Craddock
Councillor Phillips (Substitute for Councillor Robertson)
Councillor Washbrook
Councillor Young

Mr A Green

In attendance

Chief Finance Officer
Head of Law – Non Contentious

Representatives of Mazars
Representatives of Ernst and Young

126/17

Welcome / Apologies

The Vice-Chair welcomed all in attendance.

Apologies were received on behalf of Councillors Robertson and Mr Bell.

In view of the fact that this was the last meeting of the Committee in the 2016/17 Municipal Year, the Vice-Chair wished to have his thanks recorded in relation to the invaluable contribution made by both Members and Officers throughout the year. The Vice-Chair also wished to have the Committee's thanks recorded in relation to Michael Tomlinson (Treasury Financial Administration and Systems Manager) who had recently retired and had supported the Audit Committee over many years.

Furthermore, it was also reported that it was highly unlikely that Mr Bell would be able to return in his capacity as Independent Member and Chair of the Audit Committee. In view of this, and subject to confirmation that Mr Bell wishes to stand down, the Vice-Chair requested that the Chief Finance Officer commences a recruitment campaign to fill the two Independent Member vacancies on the Audit Committee.

127/17

Minutes

A copy of the minutes of the meeting held on 27th February, 2017, was submitted:-

(see annexed)

Resolved

That the minutes of the meeting held on 27th February, 2017, a copy having previously been circulated to each Member of the Committee, be approved and signed by the Chairman as a correct record, subject to the two typographical errors on pages 3 and 6 being rectified.

128/17 **Declarations of Interest**

None submitted.

129/17 **Deputations and Petitions**

There were no deputations submitted or petitions received.

130/17 **Local Government (Access to Information) Act, 1985 (as amended)**

There were not items on the agenda which were required to be considered in private session under this Act.

131/17 **Notification of any issues of importance for consideration at a future meeting**

There were no issues raised under this item.

132/17 **Amendments to officer delegations under Part 3.5 of the Council's Constitution**

A report was submitted:-

(see annexed)

The Head of Law – Non Contentious presented the report and highlighted the salient points contained therein.

The report provided the Committee with the amendments to Officer Delegations which would be considered by Annual Council at its meeting to be held on 22nd May, 2017.

Resolved that: -

1. the revisions to Officer Delegations, as set out in the Appendix to the report, be noted.

2. the report be circulated to Group Leaders and independent Members for information.

133/17

Risk Management Update

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein. In doing so, she reported that the document was still very much 'work in progress' and that a full version would be presented to the next meeting.

The report provided the Committee with an update on the corporate risk register (CRR) to provide an assurance that significant business risks had been identified and appropriate action taken to manage such risks. The register had been reviewed by the Corporate Management Team (CMT) at their meeting on 6th April, 2017. This work was ongoing to verify the control actions in order to complete the residual risk scores and an update would be provided at the next meeting of the Audit Committee.

Members held a discussion around the format of the report and it was agreed that future iterations of the report would include additional information around reference to objectives, assurances around adequacy of controls, target dates / residual targets and likelihood descriptors.

Arising from discussions on the register, Members requested a briefing note in relation to Risk No. 2 and why it was felt that this particular risk would affect all of the Council's objectives.

Resolved that: -

- (1) the corporate risk register be noted;
- (2) The Audit Manager prepares and circulates to Committee Members a briefing note in relation to Risk No. 2.

134/17

Accounting Policies 2016/17

A report was submitted:-

(see annexed)

The Chief Finance Officer presented the report and highlighted the salient points contained therein.

The report detailed the accounting policies for 2016/17 for review by the Committee. Reviewing the accounting policies prior to completion of the statement of accounts was seen as good practice and it also provided guidance for reviewing the statement of accounts.

The statement of accounts summarised the Authority's transactions for the 2016/17 financial year and its position at the year-end of 31st March, 2017. The Authority was required to prepare an annual statement of accounts in accordance with the Accounts and Audit (England) Regulations 2015. Those regulations required the statement of accounts to be prepared in accordance with proper accounting practices. These practices primarily comprised the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and were supported by International Financial Reporting Standards (IFRS).

Resolved that the accounting policies, for use in the completion of the financial statements for 2016/17, be noted.

135/17

Counter Fraud Update

A report was submitted:-

(see annexed)

The Chief Finance Officer presented the report and highlighted the salient points contained therein.

The report provided the Committee with an update in relation to the Council's counter fraud arrangements, including the revised Anti-Money Laundering Policy (Appendix 1) and the Counter Fraud and Corruption Policy (Appendix 2) both for the Committee's endorsement.

Members queried how / if the two Policies linked-in with the Council's Whistleblowing Policy. The Chief Finance Officer advised that the Whistleblowing Policy was referenced within the Counter Fraud Policy. He agreed to circulate the Whistleblowing Policy for Members to peruse.

Resolved that: -

1. the revised Anti-Money Laundering Policy and Counter Fraud and Corruption Policy, as set out in the appendices to the report, be endorsed.
2. the Chief Finance Officer circulates the Whistleblowing Policy to Committee Members.

136/17

Internal Audit Plan 2017/18

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein.

The report provided the Audit Committee with the Internal Audit Plan 2017/18 for approval. In line with the contract, the total number of audit days had reduced by 43 days. The fact that this was the second year of the contract, and previous assurances in relation to core financial systems, made the reduction possible without reducing the level of assurance that could be placed on Internal Audit work by the Committee.

Members sought an assurance from the representative of Mazars that losing 43 Audit days would not adversely affect the Council's position. The representative of Mazars advised that Mazars had now been at Walsall for a year and were in a better position to understand what was required going forward. In view of this, she was satisfied that losing the 43 audit days, which was in-line with the terms of the contract, would not adversely affect the Council's position.

Members also queried what, or if there was a, mechanism in place for auditing the Combined Authority. The Vice-Chair advised that he had been appointed to the Combined Authority's (CA) Audit Committee and feedback on the mechanisms in place for auditing the Authority. The representative from Mazars advised that the CA was in the Plan at present in view of the fact that that much of it was still being 'bottomed-out'.

Resolved that the Internal Audit Plan for 2017/18 be approved.

137/17

Internal Audit Progress Report 2016/17

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein.

The report provided the Committee with an update on Internal Audit's progress for 2016/17.

Members considered the report and sought the representative of Mazars' opinion on whether the Committee should be concerned with the Adult Social Care Audit, particularly in relation to the adequacy of the controls in place given the fact that the issue had been ongoing for a considerable amount of time. The representative of Mazars advised that a lot of work had been undertaken on this matter and much progress made. However, there were still 14 priority 2 recommendations in place at present. A follow up audit would be undertaken in around 3 / 4 months where management had advised that the action plan in place should address the outstanding matters.

The representative of Ernst & Young reported that part of their Value for Money work would include specific reference to Adult Social Care, although he was unable to provide the Committee with any update on the matter at present. He hoped to be in a position where an update would be available for the next meeting.

Members remained concerned about the control weaknesses identified.

The representative of Mazars assured Members that future updates would be brought back to the Committee on progress against this item.

The Vice-Chair requested that a briefing note on the unresolved legal and financial issues in relation to the current position on this particular matter be drafted and sent to all Committee Members.

Resolved that: -

1. the contents of the report be noted.
2. the Chief Finance Officer arranges for a briefing note to be sent to Committee Members on the unresolved legal and financial issues in relation to the Adult Social Care matter.

138/17

Internal Audit Charter

A report was submitted:-

(see annexed)

The representative of Mazars presented the report and highlighted the salient points contained therein.

The report detailed the Internal Audit Charter, which set out the terms of reference and served as a basis for the governance of Walsall Council's Internal Audit Function. Furthermore, it set out the purpose, authority and responsibility of the function in accordance with the UK Public Sector Internal Audit.

Resolved that the Internal Audit Charter be approved.

Termination of Meeting

The meeting terminated at 6.48 p.m.

Chair:

Date: