

AUDIT COMMITTEE

Monday 14th January, 2019, at 6.00 p.m.

Conference Room, Council House, Walsall

Present

Councillor Craddock (Vice-Chair in the Chair)
Councillor Butler
Councillor Chattha
Councillor J. Fitzpatrick
Councillor Hicken
Councillor Robertson
Councillor Young

In attendance

Head of Finance

Representatives of Mazars
Representative of Grant Thornton (GT)

1/19

Welcome / Apologies

The Chair welcomed all in attendance and asked everyone present to introduce themselves.

Apologies were received on behalf of Mr A Green.

2/19

Minutes

A copy of the minutes of the meeting held on 24th September, 2018, was submitted:-

(see annexed)

Resolved

That the minutes of the meeting held on 24th September, 2018, 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 Councillor Young being added to the list of apologies.

3/19

Declarations of Interest

None submitted.

4/19 **Deputations and Petitions**

There were no deputations submitted or petitions received.

5/19 **Local Government (Access to Information) Act, 1985 (as amended)**

That, where applicable, 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.

6/19 **Notification of any issues of importance for consideration at a future meeting**

There were no issues raised under this item.

7/19 **Committee Decision Tracking Chart**

A report was submitted:-

(see annexed)

The Chair presented the report and highlighted the salient points contained therein.

The report outlined the purpose of the tracking chart which was to enable Members to monitor the various decisions taken by the Committee and provide a method of 'call-back' where required.

The Vice-Chair urged Members who had not yet completed their self-assessment form to do so as soon as possible.

Resolved that the report be noted.

8/19 **Annual Certification Work**

A report was submitted:-

(see annexed)

The Head of Finance presented the report and highlighted the salient points contained therein.

The report presented Ernst & Young's certification work for the financial year 2017/18 which covered the Housing Benefits Subsidy claim.

Resolved that the report be noted.

9/19

Risk Management Update

A report was submitted:-

(see annexed)

The Head of Finance presented the report and highlighted the salient points contained therein.

The report provided the Committee, whose delegated role it was to provide independent assurance on the adequacy of the risk management framework and the associated control environment, with an update on progress, since July 2018, with: -

- planned actions to embed the Risk Management approach as outlined in the action plan, that has been developed, as part of the new Risk Management Strategy, and
- a refreshed Strategic Risk Register.

Arising from discussions on this item, Members provided a robust challenge on the contents of the report. In particular, the Vice-Chair requested that an update report be brought back to the April meeting, in view of the fact that Members had just undertaken training on risk management. This would enable Members to apply what they had learned in the training more effectively, whilst it was still fresh in their minds.

As an aside to this discussion, the Vice-Chair queried if the Audit Training sessions were being counted towards Members' 12 hours mandatory development and training programme. The Clerk agreed to chase up this matter outside of the meeting and feedback to Members.

Resolved that: -

1. the strategic risk register be noted.
2. the updated strategy be approved.

10/19

Internal Audit Progress Report 2018/19

A report was submitted:-

(see annexed)

The Internal Audit Manager presented the report and highlighted the salient points contained therein.

The report provided an update to the Committee in relation to Internal Audit's progress on the 2018/19 audit plan, including an update on Risk Management.

Arising from discussions on this report, Members queried whether it was possible for the Local Authority to enforce how / where schools received their financial / governance service from. The Head of Finance agreed to investigate this matter and respond to Members outside of the meeting.

In addition, Members also queried whether there were any Legal requirements, or not, for school Governors to have undertaken a DBS check before being eligible to sit as a School Governor. The Committee wished to explore if it was possible to make it mandatory to require individuals, who had applied to become a Governor, to undertake a DBS check and all relevant training before being accepted as a School Governor. The Head of Finance agreed to investigate this matter and respond to Members outside of the meeting.

Resolved that the contents of the report be noted.

11/19 **Internal Audit Charter 2019/20**

A report was submitted:-

(see annexed)

The Internal Audit Manager presented the report and highlighted the salient points contained therein.

The report presented set out the terms of reference for the Charter and served as a basis for the governance of Walsall Council's Internal Audit Function. In addition, it also 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.

12/19 **Internal Audit Work Plan 2019/20**

A report was submitted:-

(see annexed)

The Internal Audit Manager presented the report and highlighted the salient points contained therein.

The report provide details of the recommended Internal Audit (IA) Plan for 2019/20 for the Committee's consideration. The total number of audit days had reduced slightly when compared to the 2018/19 plan. The fact that this was the fourth year of the contract, and previous assurances in relation to core financial systems, made the reduction possible without reducing the level of assurance which could be placed on IA work by the Committee. The

audits in the plan had been proposed on the basis of the council's current Strategic and Directorate Risk Registers, the Walsall Proud Programme which would give rise to significant change in the organisation in 2019/20, and any emerging legislation which would impact the council in 2019/20.

The Committee sought assurance from the Internal Audit Manager that the number of days set out within the report was adequate to undertake the work identified. The Internal Audit Manager clarified that she was comfortable with the number of days identified within the report.

The Vice-Chair then sought clarification from the Head of Finance to ascertain if she was content with the proposals set out with the report and the areas / level of work to be covered. The Head of Finance advised that she was, indeed, content.

Resolved that the report be noted.

13/19

Informing the External Audit Risk Assessment

A report was submitted:-

(see annexed)

The Head of Finance introduced the covering report and highlighted the salient points contained therein.

The report provided the details of the Audit arrangements which required Grant Thornton (the Council's external auditors) to formally update their understanding of management's processes and arrangements annually. As part of their work, Grant Thornton were required to obtain an understanding of these including: -

- Fraud, including identifying and responding to the risks of fraud
- Impact of laws and regulations
- Going concern considerations
- Accounting estimates
- Related party considerations

In addition, Grant Thornton had formally requested responses from the Council to a number of questions covering the areas, as set out above, which were attached as Appendix 1 to the report, for Members to consider and endorse.

The representative of Grant Thornton provided Members in more detail regarding the report from Grant Thornton.

The Cttee sought assurance from the representative of Grant Thornton that they were content with the responses by management. The representative

of Grant Thornton advised that she was content with the responses set out, with exception to the response as set out on page 125 in relation to staff. The Head of Finance clarified that she had misinterpreted the question and would be content to change it to reflect its true meaning.

The Vice Chair stated that the competence as a Committee relied upon several factors, including the self-assessment forms, regular and targeted training and ensuring an acceptable level of continuity in terms of the Membership of the Cttee. In view of this, he urged all Members to report back to their respective Groups the importance of maintaining some level of existing Members with experience to undertake the important functions require of the Committee.

Resolved that, subject to the amendment detailed above, the responses set out at Appendix 1 to the report, be approved.

14/19

External Audit Plan 2019/20 (GT)

A report was submitted:-

(see annexed)

The Head of Finance introduced the covering report and highlighted the salient points contained therein.

The report provided the Committee with details of the Council’s External Auditor’s, Grant Thornton, audit plan for the financial year ending 31 March 2019. It detailed the planned audit strategy driven by an assessment of the key issues and significant risks which could affect the accounts.

Resolved that the report be noted.

Termination of Meeting

The meeting terminated at 7.12 p.m.

Chair:

Date: