

MINUTES OF THE AUDIT COMMITTEE

24th June 2024 at 6.00pm

Held at the Council House, Walsall

Present:

Mr A. Green (Chairman)
Councillor Singh-Sohal (Vice-Chairman)
Councillor Larden
Councillor Waters
Councillor Mehmi

In attendance

S. Darcy	Director – Corporate Finance, Performance & Corporate Landlord
R. Hutchinson	Head of Finance – Deputy Section 151 Officer
H. Dudson	Assurance Manager
R. Walley	Strategic Technical Accounting and Transactional Finance Manager
R. Page	Technical Accounting Manager
S. Knowles	Head of Internal Audit (Mazars)
K. Lees	Grant Thornton (External Auditors)
C. Brom	Head of Transformation and Change
F. Hancock	Senior Democratic Services Officer

81 Welcome

The Chair welcomed to the Committee all Members and Officers in attendance and invited them to introduce themselves.

The Chair reported that there was a network problem at the Council House and the live stream link was unavailable. In view of this, the Chair advised that Item No. 12 (Annual Review of the Effectiveness of the System of Internal Control and Annual Governance Statement 2023/24) would be deferred until the next meeting as the Executive Director (Resources) had been due to attend the meeting virtually to present this item and respond to any question raised by the Committee.

82 Apologies

Apologies were received on behalf of Councillors Nawaz and Parkes.

83 Substitutions

There were no substitutions.

84 Minutes

Resolved that the minutes of the meeting held on 9th April 2024, 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 Singh-Sohal being added to the list of apologies.

85 Declarations of Interest

Councillor Larden declared an interest in Item No. 14. (Internal Audit Progress Report 2024/25) in view of the fact that he was a Governor of New Invention Infant and Junior Schools.

86 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.

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

There were no issues raised.

88 Committee Decision Tracking Chart

The Head of Finance – Deputy Section 151 Officer presented the report (see annexed) 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.

Resolved that the report be noted.

89 Audit Committee Role, Remit and Work Programme 2024/25

The Head of Finance – Deputy Section 151 Officer presented the report (see annexed) which presented the remit and delegations of the Audit Committee and the proposed work programme for 2024/25 for consideration and approval. The delegations had been the subject of a fundamental review in

2023/24 against the revised CIPFA Position Statement and supporting guidance, and there were no further changes proposed for 2024/25.

The Chair advised that a recruitment campaign was currently underway in relation to the Independent Member vacancies on the Committee and that Members of the Committee may be called upon at the appropriate stage to sit on an Interview Panel.

Resolved that: -

1. The Audit Committee's role and remit be noted.
2. The Audit Committee's Work Programme for 2024/25 be approved.

90 Risk Management Update – Strategic Risk Register (SRR2)

The Head of Transformation and Change presented the report (see annexed) which provided the Committee with assurance in relation to Strategic Risk Register (SRR) Risk 2 (*Transformation and Continuous Improvement does not achieve the outcomes and benefits required to ensure that available resources are directed to deliver the greatest outcomes for the community*), following its consideration of the SRR in November 2023.

Audit Committee considered the SRR at least twice per year and last considered SRR2 in November 2023. The Committee requested a further review of SRR 2 in 2024.

- SRR2: Following a Cabinet report in March 2024, recommendations were accepted to align the next stage of the Council's strategic transformational activity with the refreshed Corporate Plan and the Budget Setting Process supporting the Medium-Term Financial Plan. As this work is part of the Council's continuous improvement activity, the word Proud has been removed and the risk title was now '*Transformation and Continuous Improvement*'.
- The review of transformational activity, which was currently underway, had been commissioned by the Proud Board and coordinated through the Transformation Programme Management Office (PMO). The review had considered the status of the existing 7 workstreams originating from the Proud Programme, whether workstreams were closed down, continued or become 'business as usual', and the potential for including new areas of key importance such as Children's and Adult Social Care.
- The SRR2 description had been approved by CMT in the latest Risk Register Update report dated 30th May 2024. The description was: '*Transformation and Continuous Improvement does not achieve the outcomes and benefits required to ensure that available resources are directed to deliver the greatest outcomes for the community*'.

Risk 'Transformation and Continuous Improvement' was identified as a Strategic (SRR2) and also as a control in relation to the financial resilience risk (SRR7).

The Annual Statutory VFM Audit by the Council's appointed Auditor in 2022/23 had outlined key recommendations in relation to ensuring that identified benefits were delivered. These measures included having robust delivery plans, resourcing these plans appropriately and consideration for future measures for transformation. To respond to this, the Council had ensured the below measures were in place: '

- Each workstream steering group reviewed programme plans on a monthly basis and highlighted key risks and issues to Proud Board. This process continued during the review period.
- Both investments required, and benefits were discussed, at Proud Board and Transformation and Finance Group with an appropriate RAG (red/amber/green) rating applied,
- Resourcing; capability and capacity risks were additionally held on the Proud Board risk register alongside appropriate mitigations to ensure resources were prioritised according to benefit delivery.

Whilst the risk had been revised and updated, the table in Appendix 1 to the report highlighted that there had been no changes to the overall risk score between the last review by Committee in November 2023. All Strategic Risks had been reviewed at a workshop with senior leaders in February 2024 and the Strategic Risk Register had been presented to CMT on 30th May 2024. This risk assessment was in line with expectations, as the risk was dependent on project delivery which was ongoing, and the ongoing continuous improvements being made within the transformation programme management office.

Members asked questions, and sought assurances, in relation to a number of matters, including: -

- Whether this risk had a KPI or if it was scrutinised by another body, such as a Scrutiny Committee. The Head of Transformation and Change advised that there were a number of Steering Groups which had been established to ensure that actions were kept 'on-track'. In addition, the Proud Board was kept abreast of this risk.
- What was meant by demand processes under 'further actions No. 5'? the Head of Transformation and Change explained that there was a demand for competing priorities and such matters were assessed against a set of criteria to determine where resources should be allocated accordingly.
- Why there had been a reset of items in Q2 for 2024. The Head of Transformation and Change advised that 7 work streams had originally been established and, upon review, it was time to reflect and refocus resources accordingly as the situation had changed to when the streams had been established. The Revised Work Streams would be brought back to Cabinet for approval along with the Council Plan.

Resolved that the report be noted.

91 Pre-audit draft Statement of Accounts 2023/24

The Strategic Technical Accounting and Transactional Finance Manager presented the report (see annexed) which furnished the Committee with the pre-audit draft Statement of Accounts, along with the summarised accounts, and position of the Council as required under the Accounts and Audit (England) Regulations 2015.

Members enquired about the Grant Funding in relation to St Thomas More Catholic School. The Technical Accounting Manager explained that it related to a PFI scheme that started approximately 20 years ago and that the Council had received circa £800k to offset against the annual charge payable for this scheme.

Resolved that: -

1. the Council's pre-audit draft Statement of Accounts, as set out at Appendix 1 to the report, be noted.
2. the Council's draft summary of accounts, as set out at Appendix 2 to the report, be noted.

92 Internal Audit Annual Report and Head of Internal Audit Opinion 2023/24

The Internal Audit Manager presented the report (see annexed) 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 its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards (PSIAS) or guidance. The PSIAS required that Internal Audit provide an annual report to the Audit Committee timed to support the Annual Governance Statement.

In addition, the report also covered the work undertaken for the year ended 31st March 2024 and incorporated the Council's audit opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control.

Resolved that: -

1. Audit Committee receive and note the report.
2. when considering the Annual Governance Statement, Audit Committee take into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

93 Annual Review of the Effectiveness of the System of Internal Control and Annual Governance Statement 2023/24

Further to Minute No 81, consideration of this item was deferred until the next meeting.

94 Internal Audit Key Performance Indicators (KPI) 2023/24

The Head of Finance – Deputy Section 151 Officer presented the report (see annexed) which advised the Committee 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. The report provided performance data as at quarter 4 for 2023/24 which provided assurance to the Committee that work had been delivered in accordance with the contract requirements and confirmed that performance was in line with targets.

Resolved that the report be noted.

95 Internal Audit Progress Report 2024/25

The Internal Audit Manager presented the report (see annexed) which provided an update to the Committee on Internal Audit's progress against the 2024/25 audit plan.

Following a question by a Member, it was explained that External Audit could not place any reliance on the work undertaken by Internal Audit, although it would be considered and taken into account as part of their work.

In addition, the Chair queried if, in relation to the lack of confidence in the sickness and absence data as detailed on page 270 (Workforce Strategy), the problem was with the system or the data collection. The Head of Transformation and Change advised that there was currently a Once Source project being undertaken at present around this issue and that this issue should be mitigated by the time that Internal Audit next looked at it. The Director – Corporate Finance, Performance & Corporate Landlord added that the issue was mainly around the reporting of data and that he was confident that the work being undertaken would resolve the issues. The Internal Audit Manager clarified that there was an action plan in place and that this matter would be revisited in September 2024.

Resolved that the report be noted.

96 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.

97 Follow up of High Priority Recommendations

The Internal Audit Manager resented the report (see annexed) 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 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].

Termination of meeting

There being no further business the meeting terminated at 6.50pm.

Chair:

Date: