

## **AUDIT COMMITTEE**

**Thursday 22 February 2022 at 6.00 p.m.**

**Held in Conference room 2, Council House, Walsall**

### **Present:**

Mr A. Green  
Councillor Elson  
Councillor. Flint  
Councillor. Johal  
Councillor. Robertson

### **Officers**

Director of Finance and Corporate Landlord  
Head of Finance  
Senior Accountancy Officer  
Representative of Mazars  
Representatives of Grant Thornton (GT)

### **Welcome**

At this point, the Chair opened the meeting by welcoming everyone, and explaining that as the emergency legislation which enabled Council meetings to meet virtually had expired, the Committee was meeting that evening in person with appropriate social distancing requirements. Members of the public viewing the meeting were directed to the papers which could be found on the Council's Committee Management Information system (CMIS) webpage. Members confirmed that they could both see and hear the proceedings.

### **39/21 Apologies**

Apologies were submitted on behalf of Sureya Ajaz, and Councillor Martin. Councillor Elson substituted on behalf of Councillor Martin.

### **40/21 Minutes of meeting held on 22 November 2021**

The revised minutes (annexed) of the meeting held on 22 November 2021 were considered.

### **Resolved**

**That the minutes of the meeting held on 22 November 2021 were agreed as a true and accurate record.**

### **41/21 Declarations of Interest**

There were no declarations of interest.

### **42/21 Deputations and Petitions**

There were no deputations submitted or petitions received.

### **43/21 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.

### **44/21 Notification of any issues of importance for consideration at a future meeting**

A Member raised the issue of the use of both the transformation fund and better care fund and asked that this be subject to audit. The Chair suggested that this be discussed under the agenda item for the internal audit work plan 2022/23.

### **45/21 Committee Decision Tracking Chart**

The Committee considered the committee decision-tracking chart.

### **Resolved:**

That the committee decision tracking chart was noted.

## **46/21 Update on 2020/21 Debtors position**

The Senior Accountancy Officer presented the report (annexed) and highlighted the salient points. The report provided an update on sundry, council tax and non-domestic rate debt levels and recovery since March 2021 - it included analysis in relation to the impact of the Covid-19 pandemic.

It was noted that the majority of sundry debt was owed by the Local NHS Clinical Commissioning Group (CCG) and work was ongoing to recover this debt. A high level of debt was owed by social care clients. Payment plans were arranged for these clients and council tax debtors, and it was noted that a backlog in the court system was contributing to the delay in the collection of this debt.

In response to concerns raised by Committee Members the Senior Accountancy Officer assured Members that the Council was actively pursuing the recovery of debt however the court's backlog was delaying progress. The Head of Finance reminded the Committee that government policy during the pandemic had also been amended in relation to collection of debt, preventing active collection of outstanding debt for a period of time.

A Member welcomed the comprehensive nature of the report and asked if there was a timescale after which debt was written off and the Senior Accountancy Officer stated that legally, council tax debts had to be pursued until such a time that recovery was not feasible. The debt collection team reviewed debt regularly.

Clarification was provided in relation to the CCG debt, the Committee were advised that negotiations were underway in relation to timescales. A Member questioned if the Health and Care Bill would impact this position, Officers stated that there was confidence that this would not have an impact but were aware of the pending legislation.

A Member questioned how debt was collected when a debtor deceased, the Head of Finance confirmed that the Authority sought to recover from the debtor's estate.

A Member noted the level of debt related to adult social care, and questioned the impact of this on the financial standing of the Authority if this increased further in the future. The Senior Accountancy Officer stated that this was monitored on a regular basis, and in 2021/2022 there had not been a significant increase in the level of debt occurring, and collection rates of debt were increasing.

## **Resolved**

That the Update on 2020/21 Debtors position was noted.

## **47/21 External Audit Annual report 2020/21**

The External Audit representative presented the report and highlighted the salient points (annexed). The report detailed the Auditor's review of the Council's arrangements in securing economy, efficiency and effectiveness in its use of resources. The Committee were advised that no significant weaknesses were identified, with eight improvement recommendations for the Council to consider detailed within the report. The extent of the Proud programme saving targets were highlighted as ambitious within the report, and continued attention should be given to this. It was noted that it was the first time that the report had been presented in this way and feedback from the Committee was sought.

In response to Member questions, the Head of Finance confirmed that Officers were comfortable with the management responses within the report, and Lead Officers had been identified for each recommendation. A Member asked for a regular update to Audit Committee on the recommendations, and it was confirmed that this would be possible.

It was noted that the Audit Committee completed a review of effectiveness and had identified the need for consistency in membership. The Head of Finance stated that succession planning for Committee membership had been raised with Group Leaders.

A Member suggested that it would be beneficial for Members to receive an update on the Proud programme.

The Executive Director responded to state that a report providing an update on the current position of the Proud programme would be taken to Cabinet in March, and to describe the assurance process. A Member clarified that the Audit Committee's role in relation to the Proud programme was in relation to the controls around the delivery of the programme, rather than delivery itself but suggested that this also be subject to review by a relevant Scrutiny Committee.

### **Resolved**

1. That the Audit Committee recommends that the External Audit Annual Report 2020/21 is submitted to Full Council.
2. That the Audit Committee recommends that regular updates on the Proud programme are taken to the appropriate scrutiny committee.

## **48/21 Internal Audit Progress Report**

The Head of Internal Audit presented the report and highlighted the salient points (annexed). The report provided an update on the current internal audit progress against the 2021/22 audit plan at the end of quarter 3 and performance against key performance indicators.

The Committee's attention was drawn to proposed amendments to the 2021/22 audit plan, and the reasons for this were explained. A Member requested that the Audit Committee were provided with any independent review reports to ensure any control issues were brought to the Committee's attention and to ensure the overall system of control was being reported and in sight of the Audit Committee.

## **Resolved**

1. The contents of the Internal Audit Progress Report be noted.
2. The proposed amendments to the internal audit work plan be approved.
3. The Committee be provided with any independent review reports 2020/21.

## **49/21 Risk Management Update**

The Head of Internal Audit presented the report and highlighted the salient points (annexed). The report provided an updated strategic risk register following a recent review. Although there had been no changes to risks, CMT had requested that the impact of inflation/cost of living increases on the Walsall population be considered and this may appear on the risk register in the future. Currently there were no risks in relation to fraud in the directorate or the strategic risk register, but work was ongoing to complete a fraud risk assessment and once complete, if appropriate, this would be incorporated into directorate registers and the strategic risk register.

In response to a query from a Member, the Head of Internal Audit stated that the strategic risk register was stable, there were a number of actions scheduled which would be completed within the following months. It was requested that any change to risks be reported to the Committee.

A Member queried the inter-relation of the risks relating to the proud programme transformational savings and the financial resilience of the organisation, noting that the former was a major mitigation of the latter and questioned the differences in the assessments of the risks. It was suggested that the lead officer on these risks be invited to attend a future meeting of the Committee to provide assurance. The Head of Finance commented on the differences between the risks and stated that it was kept under close review by CMT as part of the strategic risk register, but it was acknowledged that it would be useful to make this link within the strategic risk register. The Head of Finance added that the delivery of proud programme savings was one part of the organisations financial sustainability and there were other factors that impacted on this risk, which might explain the difference in assessment.

It was acknowledged that the delivery of the proud programme savings had been raised as ambitious by the external auditor and a Member questioned if additional assurance should be sought by the Audit Committee on the controls

in place to ensure that it was delivering associated savings. Members agreed that this would be beneficial.

Assurance was sought that consideration was being given to the impact of the Health and Social Care Bill by CMT - the Executive Director confirmed that this was the case and that the associated risk was on the directorate risk register. The Committee discussed the strategic relationship between health bodies and partnership arrangements, it was noted that this was not included in the strategic risk register. The Executive Director confirmed that the risks would be reviewed to ensure that all areas were covered.

### **Resolved**

1. That the Risk Management Update be noted.
2. The relevant Lead Officer is invited to a future meeting of the Audit Committee to provide further assurance in relation to controls in place to ensure delivery of savings and the inter-relation with the risk of financial resilience.

### **50/21 Counter Fraud and Corruption Arrangements Update**

The Head of Finance presented the report and highlighted the salient points (annexed). The Committee was advised that the report provided an update on the current position in relation to the Counter Fraud Response Plan, which had been previously considered by the Committee. Additional capacity had been put in place through a two year contract with Solihull MBC, and as part of this contract, policies were being reviewed and updated, the fraud risk register was being further developed and counter fraud training and awareness was being improved. This two year contract would be reviewed to ensure it met the needs of the Authority and proposed future arrangements would be taken to the Audit Committee in the future.

### **Resolved**

That the Counter Fraud and Corruption Arrangements Update was noted.

### **52/21 Internal Audit Work Plan and Charter 2022/23**

The Head of Internal Audit presented the report (annexed) and highlighted the salient points. The report detailed the recommended internal audit plan and internal audit charter for 2022/23. This had been based on the Council's strategic risk register, consideration had been given to the proud programme, emerging legislation and the impact of Covid-19. The work plan included two audits deferred from the previous year.

The Committee was advised that there were no changes proposed to the Internal Audit Charter which had been approved by the Committee last year.

A Member requested that controls around 'transformation funding' and the 'Better Care Fund' were added to the internal audit work plan. The Head of Internal Audit stated that as part of the current work plan, a piece of work was ongoing around governance arrangements for monitoring public health outcomes spend and transformation fund projects were included in this. Public health were considering changes to funding processes, to strengthen assurances in the future. It was suggested that the outcome of this work was concluded before adding further items to the work plan. This would be finalised by April 2022.

A Member suggested that debtors (Adult Social Care) were added to the work plan, the Director confirmed that there was scope for Adult Social Care to be included in the existing work plan. The addition of a further work item would be assessed in the coming months and the Audit Committee would be kept updated on this as a potential area.

A Member questioned why procurement was not included on the standard risk of areas to review. The Head of Internal Audit stated that specific work was being completed, and this would influence future work items.

### **Resolved**

1. That the Internal Audit Work Plan and Charter 2022/23 is approved by the Audit Committee.
2. That the full report on Governance Arrangements for Monitoring Public Health Outcomes spend is taken to the April meeting of the Audit Committee.
3. An update on the addition to the internal audit work plan of Adult Social Care debtors and procurement would be taken to a future meeting.

### **53/21 External Audit Planning Report for Year Ending 31 March 2022**

The External Audit representative presented the report and highlighted the salient points (annexed). The report provided an indicative audit plan of the financial statements, considered risks of significant weakness for securing economy, efficiency and effectiveness and sets out the proposed fees for the audit. The full audit plan will be presented to a future Audit Committee. Attention was drawn to the CIPFA exceptional consultation on the 2021/ 2022 Code of practice on local authority accounting. The Committee was advised that increased fee variations were detailed within the report, and assurance was provided that increased fees would be invested in people with specialist skills in order to produce the audit.

### **Resolved**

That the External Audit Planning Report was noted.

#### **54/21 External Audit Informing the audit risk assessment**

The External Audit representative presented the report and highlighted the salient points (annexed). The report provided the management responses to Grant Thornton's annual audit risk assessment for the 2021/22 financial year. It was considered that there were clear and robust arrangements in place. A Member stated that the code of conduct for Members was not referenced and suggested this be included.

#### **Resolved**

That the External Audit Informing the audit risk assessment was noted.

#### **55/21 Redmond Review Update**

The Head of Finance introduced the report and highlighted the salient points (annexed). The report provided an update on the current position of the Redmond Review, and provided an overview of the associated updates received from the Department for Levelling Up, Housing and Communities regarding measures to improve local audit delays.

A Member informed the Committee of the development of improved transparency of financial reporting, Officers confirmed that this would be distributed for comment.

#### **Resolved**

That the Redmond Review Update be noted.

The Committee moved into private session.

## **56/21 Update on internal audit priority 1 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.

## **57/21 Minutes of meeting held on 22 November 2021**

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

The private set of minutes for the meeting held on 22 November 2021 were submitted.

(See annexed)

### **Resolved**

That the private minutes of meeting held on 22 November 2021 be agreed.

### **Termination of Meeting**

The meeting terminated at 7.30pm

Chair.....

Date.....

