

## **AUDIT COMMITTEE**

**Thursday 27<sup>th</sup> September 2021 at 6.00 p.m.**

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

### **Present:**

Mr A. Green  
Councillor. Flint  
Councillor Kaur  
Councillor Pedley  
Councillor. Robertson  
Sureya Ajaz

### **Officers**

Executive Director Resources and Transformation  
Director of Finance, Corporate Performance Management and  
Corporate Landlord  
Head of Finance and Assurance  
Director of Public Health  
Deputy Head of Finance - Corporate  
Finance Manager - Technical Accounting and Treasury Management  
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.

## **12/21 Apologies**

Apologies were submitted on behalf of Councillor Johal. Councillor Kaur substituted on behalf of Councillor Johal for the duration of the meeting.

## **13/21 Minutes of meeting held on 8<sup>th</sup> July 2021**

The minutes of the meeting held on 8<sup>th</sup> July 2021 were considered.

### **Resolved (Unanimous)**

**That the minutes of the meeting held on 12<sup>th</sup> April 2021 were agreed as a true and accurate record subject to the following amendments:**

- **Removal 'external' on page 11 minute 7/21**
- **Page 11 minutes 8/21 replace 'ensured' with 'sought assurance of good governance, and gave examples of questions asked that enabled her to conclude that the effectiveness of the system of internal control was adequate overall and there were no significant governance issues recorded**
- **Page 15, 11/21 replace 'assured' with 'advised'.**

## **14/21 Declarations of Interest**

There were no declarations of interest.

## **15/21 Deputations and Petitions**

There were no deputations submitted or petitions received.

## **16/21 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.

## **17/21 Notification of any issues of importance for consideration at a future meeting**

There were no issues raised as issues of importance for consideration at a future meeting.

## **18/21 Committee Decision Tracking Chart**

The Committee considered the committee decision-tracking chart. The item was described to new Members of the Committee.

### **Resolved:**

**That the committee decision tracking chart was noted.**

## **19/21 Corporate Plan 2021/22 Markers of Success**

The Director of Public Health spoke to the report and highlighted the salient points (annexed). This report detailed the RAG ratings of the tolerances under the markers of success, as outlined in 2.2. The Chair reminded Members that this had been requested to demonstrate that the Executive were able to monitor how the corporate plan was meeting targets and was being delivered. It was noted that the 2022-2025 corporate plan was under development along with the associated markers for success.

A Member suggested that those indicators rating 'red' were referred to the Children's Services Overview and Scrutiny Committee. The process of monitoring the corporate plan was described.

A Member questioned if the plan was updated in real time and how the progress was recorded. The Director of Public Health stated that the markers were reported to Cabinet quarterly. It was stated that from April 2022, it was hoped that the reporting would be completed on a more regular basis.

### **Resolved**

- 1. That the Corporate Plan 2021/22 Markers of Success was noted.**
- 2. That Officers and the Executive consider presenting the performance of the corporate plan to a relevant scrutiny committee, at least once a year.**

## **20/21 Post Audit Statement of Accounts 2020/21, Annual Governance Statement and Audit Findings report**

The Chair reminded the Committee that Members had received a draft version of the statement of accounts at the last Audit Committee meeting, with training provide alongside the report.

The Finance Manager introduced the report and highlighted the salient points (annexed). Included within the report were:

- Audit Findings Report.
- The post audit statement of accounts 2020/21.
- Annual Governance Statement.
- Letter of representation.
- Summary of accounts.

It was noted that the external auditors were finalising their work and so in order for the Council to meet its statutory requirements, the fourth recommendation had been amended to the following:

- Note, consider and endorse the letter of representation attached (Appendix 4) and that the Chair (or the Vice-Chair) of the audit committee be authorised to sign the letter of representation and agree any minor amendments that may be required.

Officers were asked why there had been an increase in debtors within the balance sheet and if as a result of the increase this would be dealt with differently in the future. It was clarified that was due, in the main, to the pandemic during 2020/21 and Government guidance on the management of debt. This guidance had now expired. The Committee were assured that debt owed was pursued by the Council. A Member questioned if accounting policies needed to be amended, and the Finance Officer stated that the Council policy for recognising debtors was in line with accounting standards and it was unlikely these would change. However the revision of Council Accounting Policies would be received by the Audit Committee in April 2022. The Committee were advised that it was too early to identify long-term trends as a result of debts (due to Covid), although it was stressed that levels of debt were being monitored. The Chair requested that the Audit Committee monitor this, and requested a report in January 2022.

In response to concern expressed by Members, the Head of Finance and Assurance stated that during the initial national lockdown there was a national policy not to pursue debt, however the Council was once again implementing debt collection policies. A Member requested an update on money owed to the Council as a result of leases, it was confirmed that further detail on this would be included in the report (material items of debt and the impact of Covid) due to Audit Committee in February 2022.

The Grant Thornton Representative provided the context to the Audit Findings report. Members were advised that value for money work was in progress due to a national change to timetabling, a report would be taken to a future meeting of the Audit Committee with further details.

The process for completing the 'Audit Findings report' was described and it was stressed that the deadline for Walsall Council reporting audited accounts was 30 September 2021. Although there were outstanding factors which may affect this, the Council would still meet the accounting requirements.

The Committee were informed that the financial audit had been more complicated due to the receipt of Covid grants, although it was noted that in Walsall this had created only minor adjustments. The significant risk and adjustment areas were explained. These were:

- Not yet received assurances from West Midlands Pension Fund.
- Not yet received assurances from Birmingham Airport.

It was noted that errors had been identified in the valuation of assets within the Pension Fund and these would be flagged as an unadjusted misstatement within the Councils accounts. However it was not expected to be adjusted for as it was not a material figure. This was the reason that the audit findings report and the letter of representation had been revised. The Committee were asked to consider this issue, it was stressed that there would be no impact on cost of services. Officers confirmed that as this was below materiality the accounts would not be adjusted. Officers also confirmed that the Pension Fund accounts were not produced by the council and the error was outside their control.

External Audit representatives stated that there had been a significant number of Covid grants received by the Council, which had led to the adjustment of accounts. Another key area of audit focus was the valuation of land and assets, key areas had been highlighted within the reports. In relation to the valuation of the pension fund liability, External Auditors had been made aware of an unadjusted misstatement that had been identified (relating to pension fund assets), and as a result of this the final version of the audit findings report would most likely be updated. If the Committee were satisfied that an adjustment wasn't required this would not have an impact on the audit opinion. Reference was also made to the Birmingham Airport valuation, this work was outstanding and had not been provided to the external auditors.

Members were advised that there were no significant issues in relation to value for money and work was largely complete. Information presented to the Auditors suggested the council was on track to deliver savings in relation to the Proud programme. It was noted that the strategic risk register monitored the Proud programme, and the External Auditor stated that they were satisfied that there were appropriate reviews and monitoring of savings, however its delivery remained a risk.

A Member asked for clarification on the depreciation of the Saddlers Centre and other assets. Officers explained that the valuation reduction had taken place over a number of years and yearly accounts would have reflected this. Officers confirmed that a review of the Strategic Asset Plan was taking place.

Further information was provided to the Committee on Sherborne recycling Company, and the Councils interest in this. It was noted that group accounts would be prepared in the future, and the Audit Committee would be advised of the impact of its duties in relation to the financial statement of accounts.

The Chair thanked Officers and the External Auditors for their hard work in producing the 'Post Audit Statement of Accounts 2020/21'.

### **Resolved**

- 1. The Committee received the audit findings report from Grant Thornton on their audit of the 2020/21 statement of accounts, considered the key messages and noted that there had been agreed amendments made to the accounts during the audit.**
- 2. The Committee noted and approved the post-audit Statement of Accounts for 2020/21 including the Annual Governance Statement.**
- 3. The Committee noted the summary of accounts.**
- 4. The Committee noted, considered and endorsed the letter of representation and agreed that the Chair (or the Vice-Chair) of the audit committee be authorised to sign the letter of representation and agree any minor amendments that may be required.**
- 5. The Chair of the Committee signs and dates the accounts as required under the Accounts and Audit (England) Regulations 2015.**
- 6. The Chief Financial Officer is authorised to distribute copies of the audited Statement of Accounts to partners and stakeholders alongside the Annual Governance Statement 2020/21.**

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

The Internal Audit Representative introduced the report and highlighted the salient points (annexed). This report provided an update to Audit Committee on Internal Audits progress against the 2021/22 audit plan. Key performance Indicator performance for quarter 1 was presented to Audit Committee in July 2021 and quarter 2 would be presented in November 2021.

A Member asked for clarification on the remit of 'workforce planning'. The internal Audit representative stated that the precise remit was to be confirmed.

### **Resolved**

**That the Internal Audit Progress Report be noted.**

## **22/21 Risk Management Update – Strategic Risk Register**

The Deputy Head of Finance (Corporate) presented the report and highlighted the salient points (annexed). The Committee were informed that the purpose of this report was to update Audit Committee of recent risk management activity, and the update of the Strategic Risk Register. A 'lessons learnt' exercise was undertaken during the previous financial year, and this had been followed up with the newly formed 'Directors Group' to support the corporate review. It had helped to embed the risk register across the organisation. As a result of this two additional risks had been identified and added to the register. The Covid-19 risk register was now incorporated into the main Strategic Risk Register.

A discussion was held on cyber-attacks and a Member sought assurance that this was being monitored. The Executive Director stated that the Council took this risk very seriously and as a part of the Proud programme, investment in a team had been made - the Council were strong in the management of cyber security.

### **Resolved**

**That the Risk Management Update – Strategic Risk Register be noted.**

## **23/21 Counter Fraud Response Plan Updated Timeline**

The Deputy Head of Finance (Corporate) introduced the report and highlighted the salient points (annexed). Members were informed of work being progressed in relation to the Counter Fraud response plan presented to Audit Committee in April 2021. Based on conversations and discussions with a neighbouring Local Authority the timetable had been updated to reflect recommendations made.

### **Resolved**

**That the Counter Fraud Response Plan Updated Timeline be noted.**

**24/21 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 follow up of priority one recommendations report (annexed).

**Resolved -**

**That the update on internal audit priority 1 recommendations be noted.**

**Minutes of meeting held on 8<sup>th</sup> July 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 23<sup>rd</sup> March 2021 were submitted.

(See annexed)

**Resolved -**

**That the private minutes of meeting held on 8 July 2021 be agreed.**

**Termination of Meeting**

The meeting terminated at 7.40pm

Chair.....Date.....  
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