

AUDIT COMMITTEE

Thursday 8th July 2021 at 6.00 p.m.

Held in Town Hall, Council House, Walsall

Note: This meeting was held in the Town Hall in accordance with s.102 of the Local Government Act 1972 and the Council's Constitution. In order to comply with social distancing requirements as a result of the Covid-19 pandemic, the meeting was conducted physically via Microsoft Teams in accordance with the Council's Standing Orders for Remote Meetings.

Present:

Mr A. Green
Councillor. Johal
Councillor. Flint
Councillor Pedley
Councillor. Robertson
Councillor. Smith
Sureya Ajaz

Officers

Chief Executive – Dr Helen Paterson
Director of Finance, Corporate Performance Management and
Corporate Landlord
Head of Finance
Director of Public Health
Corporate Finance Manager
Corporate Assurance Manager
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. He advised that the meeting would be conducted via Microsoft Teams to enable it to be streamed on YouTube for members of the public to view and enable officers to contribute remotely if required. He also confirmed that voting that evening would be by way of a show of hands which would be visible on YouTube. 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.

01/21 Apologies

Apologies were submitted on behalf of Councillor Chattha.

02/21 Minutes of meeting held on 12th April 2021

The minutes of the meeting held on 12th April 2021 were considered.

Resolved (Unanimous)

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

- Minute 91/20 resolution 'The report of the external auditor on the Redmond review' be noted and that the Audit Committee receive the response in relation to the Redmond review in due course.

03/21 Declarations of Interest

There were no declarations of interest.

04/21 Deputations and Petitions

There were no deputations submitted or petitions received.

05/21 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.

06/21 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.

The Committee agreed to a change to the agenda to receive agenda item 11 prior to agenda item 7.

07/21 Head of Internal Audit Annual Report and Opinion 2020/21

The Head of Internal Audit presented the report and highlighted the salient points (annexed) contained within. The report summarised the work that Internal Audit carried out during the financial year 2020/2021, and incorporated the audit opinion on the adequacy and effectiveness of the council's framework of governance, risk management and internal control which would feed into the Annual Governance Statement.

The Committee were informed that the External Auditors opinion on the framework of governance, risk management and control was substantial in its overall adequacy and effectiveness. Certain weaknesses had been identified, however fewer fundamental issues had been raised than in the previous year, and they were across six areas with four of these in schools.

A Member questioned how Walsall performed in comparison to other Local Authorities, it was suggested that it was likely that Walsall had more of the good assurance levels. A Member asked for further information on 'fundamental concerns' and questioned if they were open and transparent. The Head of Internal Audit confirmed that the Audit Committee would see them as part of a later agenda item. The Head of Finance confirmed that this information would be received in the private session, this was due to the commercial sensitivity of the information.

The Chair thanked Officers for their work during a challenging year, and stated it was a reassuring position. It was stated that benchmarking information would be welcomed in the future.

Resolved

That the Audit Committee received and noted the Head of Internal Audit Annual Report and Opinion 2020/21.

08/21 Annual Review of the Effectiveness of the System of Internal Control and Annual Governance Statement 2020/21

The Chief Executive introduced the report and highlighted the salient points contained within (annexed). The Committee were informed that the report contained the findings of the review of the effectiveness of the council's system of internal control. The Committee were informed of the ways in which the Chief Executive ensured that assurance against governance was sought and specific questions were asked to ensure this. The Committee heard ways in which good governance was promoted. A conclusion that the effectiveness of the system of internal control was adequate overall and there were no significant governance issues to report. The Annual Governance Statement incorporated some amendments to governance to allow the council to respond to the Covid-

19 pandemic in a timely manner, whilst still operating within overall good governance arrangements.

A Member made a point of clarity in relation to the table on page 17, The Head of Internal Audit noted this point. The Chair asked for clarification that the Walsall Proud Programme Management Office were responsible for the governance of all change activity. The Chief Executive stated that this was correct, as the programme management office managed the change process, however the decisions went to the Proud Board which was chaired by the Chief Executive. The Chair suggested that this was included into the Annual Governance Statement as it would be helpful for this to be understood.

Resolved (4 in favour and Councillor P. Smith abstained)

1. That the Committee received, reviewed and approved the Annual Governance Statement which will be reviewed by external auditors and published alongside the post-audit Statement of Accounts.
2. The Committee noted that if there were significant governance matters that arose between this report date and approval of the accounts, then an amended Annual Governance Statement will be brought back for Audit Committee's consideration.
3. Noted that the Chief Executive and Leader of the Council approved the Annual Governance Statement on 29 May 2021.

06/21 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.

07/21 Audit Committee role, remit and work programme 2021/22

The Head of Finance highlighted the salient points of the report (annexed). The Committee were advised that it outlined the remit of the Audit Committee and the proposed work programme for 2021/22 for consideration and approval. The Committee's role in relation to the Governance framework was highlighted. Appendix 2 contained the proposed timetable and work programme, along with a training programme for Committee Members.

Resolved (Unanimous)

- 1. To note the remit of the Audit Committee.**
- 2. To approve the proposed work programme for 2021/22.**

08/21 Annual Report of the Audit Committee 2020/21

The Head of Finance highlighted the salient points of the report (annexed). Members were informed that the report provided Council with an oversight of the work of the Audit Committee during 2020/21.

Resolved (4 in favour Councillor Pete Smith abstained):

- 1. That Audit Committee noted the proposed Annual Report.**
- 2. The Annual Report of the Audit Committee 2020/21 be approved and that the Vice Chair of the Audit Committee during 2020/21 present the report to the next meeting of council.**

09/21 Pre-audit draft Statement of Accounts 2020/21

The Finance Manager (Technical Accounting and Treasury Management) spoke to the report and highlighted the salient points contained within (annexed). The Committee were advised that the report presented the pre-audit draft Statement of Accounts for 2020/21 along with a summarised account.

A Member asked for clarification on the prepayments for pension payments, and whether this had been executed. The Finance Manager stated that the Council had made an upfront payment to the Pension Authority which had created savings for the Council.

In response to challenge from Members Officers confirmed that the 'Outbreak Management Grant' was underspent, however it was received in advance and had been carried forward to future years.

Members were asked to send any questions on the pre-audit draft statement of accounts 2020/21 in advance of the training and once Members had received

the report. All questions raised would be report and answered at the Committee meeting.

Resolved (by assent)

- 1. Audit Committee noted the council's pre-audit draft Statement of Accounts (Appendix 1).**
- 2. Audit Committee noted the council's draft summary of accounts (Appendix 2).**
- 3. Members are given the opportunity to ask questions of the Statement of accounts.**

10/21 Internal Audit Progress Report 2021/22 & KPIs – as at the end of Quarter 1

The Head of Internal Audit presented the report and highlighted the salient points (annexed). Members were informed that the report provided an update to Audit Committee on Internal Audit's progress against the 2021/22 audit plan as at the end of quarter 1. Levels of assurance were described to Members, it was noted that the work of internal audit related to strategic risks for the Local Authority. In response to a query from Members, the Chair stated that the work programme for Internal Audit was presented to the Committee and this provided the opportunity for it to be reviewed by Members.

Resolved (by assent)

That noted the Internal Audit Progress Report 2021/22 & KPIs – as at the end of Quarter 1.

11/21 Corporate Plan 2021/22 Markers of Success Baseline

The Chair reminded Members that the Committee had raised concerns, at its meeting on 12th April 2021, in relation to the absence of performance indicators within the corporate plan.

The Director of Public Health presented the report and highlighted the salient points (annexed). The focus of the report was the 'twenty markers of success', which were attached to outcomes within the corporate plan. Members were informed that each Director across the authority was responsible for a marker, of which the delivery plan was reported to CMT and Cabinet.

A Member stated that the report did not provide the Committee with enough information to determine in which direction the baseline indicators should be moving. The Director of Public Health stated that the quarter one report would be presented to Cabinet and would include the trajectory, RAG status, tolerance level and a narrative on action taken in relation to indicators. A Member suggested that it was difficult for the Committee to assure themselves that it was an adequate performance indicator without indication of tolerance

levels and how RAG ratings would be monitored. Officers explained that the RAG ratings would be monitored through directorates, and they would be taken to CMT and Cabinet. A Member suggested that it should be clear what these tolerances were across all key performance indicators. The Committee were assured that these would be reported to CMT and Cabinet.

The Director of Public Health clarified the terminology in the report. A Member stated that the indicators should make it clear what successes were being achieved. It was stressed that the Audit Committees role was to ensure that control systems were in place for the Council to measure performance. It was concluded that the Audit Committee were not currently satisfied how the Council was going to measure the performance of the corporate plan. It was stressed that the corporate plan was a key part of the governance framework and the Committee were not currently assured that the current arrangements were robust enough for the Council to measure performance.

In response to this the Committee requested early sight of the corporate plan for 2023-2025 to include key performance Indicators, RAG ratings tolerances and trajectories.

Resolved

That a further report on the 'Corporate Plan 2021/22 Markers of Success' is considered by the Committee at its meeting in September and should include key performance indicators, tolerances and RAG ratings.

Private session

Exclusion of Public

Resolved -

That, during consideration of the next item on the agenda, the Committee considers that the item for consideration is exempt information for the reasons set out therein and Section 100A of the Local Government Act, 1972, and accordingly resolves to consider that item in private.

Update on internal audit priority 1 recommendations

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 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 23rd March 2021 were submitted.

(See annexed)

Resolved -

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

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

Termination of Meeting

The meeting terminated at

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