

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 22 October 2024

Present: Councillor H Cameron (Chair)

Councillors GJ Davies J Johnson
S Kelly T Laing
N Graham M Skillicorn

Independent Persons J Byrne

13 WELCOME AND INTRODUCTION

The Chair opened the meeting and reminded everyone that the meeting was being webcast and a copy was retained on the Council's website.

14 APOLOGIES FOR ABSENCE

There were no apologies for absence.

15 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

The following Members – Councillor Helen Cameron and Councillor George Davies - reported that they were members of the Pensions Committee which considered the Annual Statement of Accounts and Audit Findings reports for 2023/24 for Merseyside Pension Fund before referral to this committee (Agenda Item 8). The Chair reported this for clarity and noted that the Audit and Risk Management were asked to note these reports under the recommendations at this stage.

16 MINUTES

Resolved – That the minutes of the meeting held on 31 October be approved.

17 PUBLIC AND MEMBER QUESTIONS

The Chair reported that no questions, petitions or statements had been received in advance of the meeting.

18 INTERNAL AUDIT UPDATE REPORT

The Chief Internal Auditor presented his report which identified and evaluated the performance of the internal audit service and included details of any issues arising from the actual work and items of note undertaken during the period 1 August to 30 September 2024. Notable work included an audit of the Council's overall budget setting and monitoring arrangements, an audit review of the operation of the current Refuse Collection and Street Cleansing Contract, and a summary of Counter fraud activity undertaken.

Members of the committee discussed audit work undertaken regarding financial resilience. In response to queries, the Chief Internal auditor reported that the audit demonstrated that significant improvements had been made in establishing robust budget monitoring processes to manage the Council's finance when compared with previous years. The Chief Internal Auditor reported, however, that the scale of financial challenges the Council faced were significant. This was reflected in the risk register and there would be an update provided on progress of actions within the action plan at the next committee meeting.

Members further discussed council tax fraud investigations, modelling of the impact of potential changes to business rates, and actions relating to the refuse Collection and Street Cleansing Contract.

Resolved – That the report be noted.

19 **INTERNAL AUDIT COUNTER FRAUD REPORT**

The Chief Internal Auditor presented his report which updated the Committee on the activities of the Corporate Counter-Fraud Team within the Internal Audit service. The report covered the work undertaken by the team during the previous 12 months, including the Council's involvement in the National Fraud Initiative and co-ordination of the annual week-long Staff and Public Fraud Awareness Campaign, which was set to be take place again in November 2024. It was further reported that during the period, the Counter-Fraud team completed 280 reviews into fraud allegations received identifying in the region of £62k which the Council was able to recover.

Members discussed capacity within the Counter-Fraud Team and the potential impact of additional staff in recovering monies from fraudulent activity. The Chief Internal Auditor reported that there were 2 full-time dedicated fraud investigators within the team, which was broadly in line with the average of other local authorities in the region. In response to queries, the Chief Internal Auditor also confirmed that the team received real-time bulletins through the National Anti-Fraud Network on a daily basis.

Resolved – That the report be noted and that committee continued to support the work of the Counter Fraud Team.

20 **2023/24 STATEMENT OF ACCOUNTS FOR WIRRAL COUNCIL, MERSEYSIDE PENSION FUND AND ANNUAL GOVERNANCE STATEMENT.**

The Senior Finance Business Partner introduced the report of the Director of Finance which presented the final Statement of Accounts for 2023/24 and the Audit findings reports of Wirral Council and Merseyside Pension Fund, alongside the Annual Governance Statement for approval by the Committee. The report also updated Committee on the latest position in relation the recommendations in Grant Thornton's 2022/23 Annual Audit report. A summary of the changes to the draft Statement of Accounts position in appendix 1 was outlined. It was reported that changes related mainly to minor corrections of disclosure details and adding detail for financial transparency or additional context. There was one presentational change reported to the main financial statements for Wirral relating to the balance sheet, which had been amended to separately identify revenue grants received in advance previously included within creditors for both 2023/24 and 2022/23, and the creditors note and grant income note had been updated accordingly.

Representatives from Grant Thornton presented the Audit Findings Reports for Wirral Council and Merseyside Pension Fund. It was noted that the findings report for Wirral was interim at this stage, subject to the conclusion of Value for Money Findings. Following completion, the full findings would be presented at the next committee meeting.

Members discussed several aspects of the Statement of Accounts, Annual Governance Statement and Audit Findings reports including:

- The impact of increases in-year borrowing relating to capital spend
- The reporting of officer remuneration costs
- Challenges relating to developing capacity to deliver the Corporate Plan
- Factors behind the increase in external auditor fees.

In relation to updates on progress against recommendations in Grant Thornton's 2022/23 Annual Audit report, Members considered risks relating to financial resilience and requested further information to understand the wider risks local authorities were facing generally.

Resolved – That

- 1. The changes to the draft 2023/24 Accounts and the External Audit Findings Reports for Wirral Council and Merseyside Pension Fund be noted;**

- 2. The Annual Governance Statement for 2023/24 be approved;**
- 3. The letters of representation for Wirral Council and Merseyside Pension Fund be approved; and**
- 4. The updated position on the recommendations from Grant Thornton's 2022/23 Annual Audit Report be noted.**

21 PROCUREMENT ANNUAL UPDATE

The Head of Procurement introduced the report of the Director of Finance which provided Members with assurance that the Council was taking appropriate measures to comply with Contracts Procedure Rules (CPRs) for the period 1st April 2023 to 31st March 2024. The report detailed improvements in exceptions and breaches, where a 73% decrease in exceptions and a 71% decrease had occurred since the previous financial year. New procurement processes to challenge requests had also seen a significant decrease in the number of contract variations and extensions. The Head of Procurement further reported that compliance with No PO No Pay policy had been fully implemented and adhered to with no invoices processed in 2023/24 without a valid purchase order number. Enforcement of supplier set ups, the introduction of contract purchasing agreements, and plans to roll out Procurement cards were also set out.

Members placed on record their thanks to the Procurement Team for the progress made in the previous 12 months in improving compliance and discussed ways in which cultural and behavioural change across the organisation could achieve further progress going forward.

Resolved – That

- 1. The report be noted: and**
- 2. Committee thanks the Head of Procurement and the Procurement Team for progress made.**

22 SENIOR INFORMATION RISK OWNER (SIRO) ANNUAL REPORT

The Director of Law and Corporate Services presented the annual Senior Information Risk Owners (SIRO) report which detailed the work of the Information Management Team across the Council and the measures undertaken to ensure compliance with statutory requirements of Information Management legislation. The report detailed the role of the SIRO, Deputy SIRO and DPO, alongside detailing work undertaken in relation to cyber security risks, corporate governance, data breach management and freedom of information requests. The Director of Law and Corporate Services

reported that the number of requests received in 2024 under Freedom of Information (FOI) and Environmental Information Regulations had increased substantially and was higher than neighbouring authorities. A new case management system had been introduced to improve compliance rates and work was being undertaken to understand patterns of requests.

Members discussed the different types of FOI requests the Council receives and reasons behind the increase in requests. In response to queries, the Director of Law and Corporate Services highlighted several factors which have had an impact such as high numbers of requests from the same individuals and requests relating to Council proposals or schemes that generate significant public interest.

Resolved – That the report be noted.

23 **HEALTH AND SAFETY ANNUAL REPORT**

The Assistant Director - People and Organisational Culture presented the report of the Director of Law and Corporate Services which provided an update on the work that was being undertaken to identify and manage health and safety risks and improve health and safety practice across the Council. The report also outlined the specific work undertaken in relation to Local Authority Controlled schools. Accident and Incident reporting across both the Council and Wirral Schools were outlined in the past year, alongside a breakdown of how health and safety performance monitoring was undertaken in line with the Council's policy.

Members discussed the different types of health and safety incidents reported in previous year within the Council and ways to ensure staff have the appropriate support in place to ensure the proper reporting of incidents when they arise.

Resolved – That

- 1. The Annual Health and Safety report be approved; and**
- 2. The current and ongoing work to identify and manage health and safety risks and improve health and safety practice across the Council be noted.**

24 **WORK PROGRAMME**

The Chair introduced the report of the Director of Law and Corporate Services which outlined the committee work programme. The work programme included all reports of a statutory and legislative nature and reports which

were required to be reported to public sector audit committees during the municipal year for compliance with the Public Sector Internal Audit Standard.

In response to queries, officers confirmed a report in relation to Treasury Management and Partnerships and Other Bodies would be presented at the January Committee meeting. In addition, Members also requested that a workshop to consider benchmarking in relation to financial resilience be added to the work programme.

With those amendments, it was:

Resolved – That the work programme be noted.