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AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 24 January 2022

<u>Present:</u>	Councillor	K Hodson (Chair)	
	Councillors	S Whittingham D Brennan K Cannon AER Jones S Kelly	J Johnson D Burgess-Joyce S Mountney Jason Walsh
	Independent Members	J Byrne P McAlister	

35 WELCOME AND INTRODUCTION

The Chair opened the meeting and reminded everyone that the meeting was being webcast and a copy is retained on the Council's website. The Chair also introduced Independent Members Joanna Byrne and Peter McAlister.

36 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Tony Smith.

37 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.

David Brennan declared a personal interest in the 2020/21 Statement of accounts for Wirral Council and Merseyside Pension Fund as a member of Merseyside Pension Fund.

38 MINUTES

Resolved –

That the minutes of the Audit and Risk Management Committee meeting held on 30th November 2021 be approved.

39 PUBLIC QUESTIONS

One question had been received for the previous meeting from John Brace. The Chair apologised to Mr John Brace as the question was missed due to an IT error and was not picked up until after the meeting. The Chair then read out the question and response.

Question:

Item 10 on the agenda of Wirral Council's Audit and Risk Management Committee meeting held on the 30th November 2021 had an item called 'SIRO Report' which can be found on pages 39-58 of the agenda pack for the meeting. Paragraph 13 on page 55 states, "During 2020-21 the Council did not receive or make any referrals to the First Tier Tribunal" and the accompanying table lists "0" for each category.

I was a party in First-tier Tribunal (General Regulatory Chamber) case EA/2021/0024 which was Wirral Metropolitan Borough Council v Information Commissioner & Mr John Brace which both started and ended in the 2020-21 financial year and for clarity this appeal was brought by Wirral Council. Why is this First-tier Tribunal case not mentioned in paragraph 13 of the SIRO report (page 56), which if incorrect may also make one of the figures & narrative in the accompanying table incorrect too (as in my opinion the "environmental information" row should read "1" instead of "0" and also the outcome for this row would be different than "Not applicable")?

Answer: Thank you for your question. Officers have briefed me and I can confirm that Wirral Council did indeed appeal to the First Tier Tribunal regarding the information Commissioner's decision, in respect to your appeal for full disclosure of the independent report produced by the IPW on the funding and phasing plan for Celtic Manor which Jack Nicklaus Joint Venture Group (NJVG) provided to the Council in January 2019.

On reviewing matters the Council subsequently withdrew the appeal and provided you with the requested information. I accept this matter should have appeared within the statistics quoted within the SIRO Report at the meeting of the Audit and Risk Management Committee on the 30th November 2021. Its omission was an oversight for which I apologise.

Thank you for bringing this to the attention of the Council, and I can confirm that other than the omission you highlighted, the contents of the SIRO Report were accurate.

40 **STATEMENTS AND PETITIONS**

There were no statements or petitions received.

41 **QUESTIONS BY MEMBERS**

There were no questions by Members.

42 **INTERNAL AUDIT UPDATE**

The Chief Internal Auditor introduced his regular report which detailed the performance and work of the internal audit service for the period 1 November

2021 to 31 December 2021. He drew Members' attention to the different tasks detailed in the report.

Members debated the issues and were reassured that

- There was no known fraudulent activity around accounts payable and the work to identify and mitigate it was precautionary
- The audit plan had been streamlined
- Internal auditors had been involved in the budget work
- There were robust processes to track grant monies received

Resolved:

That the report be noted.

43 **CORPORATE RISK MANAGEMENT UPDATE**

The Risk Continuity and Compliance Manager introduced the report of the Director of Resources which provided an update on the Council's risk management arrangements and areas of risk management focus for the following year, including the drafting of the improvement plan. She noted that the Risk Sub-Group continued to meet and the Senior Leadership Team (SLT) were scheduled to look at corporate risks in an early March 2022 meeting, although risks were built into the Departmental Risk Registers and regular departmental meetings were already taking place.

Members debated the scoring system used and sought reassurance on the capturing of risks between SLT and departments.

Resolved:

That the report be noted.

44 **2020/21 STATEMENT OF ACCOUNTS FOR WIRRAL COUNCIL AND MERSEYSIDE PENSION FUND**

The Senior Finance Manager, along with external auditors, introduced the report of the director of Resources which presented the final Accounts and the Audit Findings Reports of both Wirral Council and Merseyside Pension Fund. The Audit and Risk Management Committee had a statutory obligation to approve the accounts. The external auditors Grant Thornton UK LLP had substantially concluded on the Audit for 2020/21.

There was an amendment to the disclosures of current assets regarding an investment. Following further information being made available the investment had been held in bonds held at Fair Value and the Council had reclassified them from level 2 investments to level 1. The investment had moved from current assets to long term investments. This had not changed the financial position of the Council Accounts.

Members queried details of the accounts and noted that the finance team were introducing a new system which was intended to manage issues such as debtors, and that internal recharging was intended to be phased out. Members expressed concern at the level of guarantees that the Council had taken on amidst the regeneration works, and the minimum revenue position which was below recommendations. It was noted that the Pension Fund included an unqualified opinion.

Councillor Stuart Kelly proposed an additional resolution 5. This was seconded by Councillor Simon Mountney.

Resolved: That

- 1. the changes to the draft Accounts, and the External Audit Findings Reports for Wirral Council and Merseyside Pension Fund be noted.**
- 2. the final Accounts (Council and Merseyside Pension Fund) be approved as presenting a true and fair view of the Council's and Merseyside Pension Fund's income and expenditure for the year and its overall financial position.**
- 3. the Annual Governance Statement 2020/21 be approved.**
- 4. the Letter of Representation for Wirral Council be approved.**
- 5. officers report back on areas of significant interest identified.**

45 **PROCUREMENT UPDATE**

The Senior Manager, Commercial Procurement, presented the regular report of the Director of Resources which looked at the performance against targets for exceptions of contracts and the 'no PO no pay' policy within the Council. Both showed improving positions in the reporting period of 1 April to 30 September 2021.

Members noted the progress but remained concerned at the levels of compliance. They were informed that individual services had been identified for targeted action to educate and control. Members recognised that emergency issues required action which may be in contravention of policy but officers were expected to follow such actions with compliance at the first opportunity. The planned new finance software was to help.

Resolved:
That the report be noted.

46 **REGENERATION PROGRAMME - LEGAL SERVICES CAPACITY AND RISK MANAGEMENT**

The Director of Law and Governance presented his report which considered the risk profile of the Council's Legal Service in its support of the Council's regeneration ambitions, following a referral of the issue from the Economy, Regeneration and Development Committee. It was outlined that the

regeneration programme involved potential large risks and rewards for the Council and governance was needed with capability and capacity to manage the risks. Following peer review and auditing, various options were pursued, including an enlarged legal team, buying in specialist advice and assistance as well as additional help where required, and appraising risks regularly to understand where difficulties may arise in the future.

Members sought reassurance over the process of arranging support and the controls from the Senior Leadership team to manage the risks.

Resolved:

That the contents of the report be received.

47 **EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC**

Resolved:

That, under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined by paragraph 3 of Part I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

48 **REGENERATION PROGRAMME - LEGAL SERVICES CAPACITY AND RISK MANAGEMENT - EXEMPT APPENDICES**

Members debated the financial issues contained in the appendices which were exempt from publication.

Resolved:

That the report be noted.

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