

Minutes of Audit and Risk Assurance Committee

**20 July 2023 at 5.00pm
at Sandwell Council House, Oldbury**

Present: Councillor Preece (Chair);
Councillors Anandou, L Giles, Smith and Tipper.
Mr Ager (Vice-Chair-Independent Member).

Officers: Tony McGovern (Director – Regeneration and Growth), Alice Davey (Director – Borough Economy), Clair Norton (Commissioner), Peter Farrow (Audit Services and Risk Management Manager), Oliver Knight (Counter Fraud Lead), and Johane Gandiwa (Committee and Constitutional Services Lead Officer).

27/23 **Apologies for Absence**

An apology was received from Councillor Bhullar.

28/23 **Declarations of Interest**

There were no declarations of interest.

29/23 **Minutes**

Resolved that the minutes of the meeting held on 5 June 2023 be confirmed as a correct record.



30/23 **Urgent Additional Items of Business**

There were no urgent additional items of business.

31/23 **Counter Fraud Annual Report**

The Council's updated Anti-Fraud and Corruption Policy and Counter Fraud Strategy outlined details of the recent areas of counter-fraud activities undertaken by the Council's Counter Fraud Unit.

Fraud and error to the value of £28,600 had been identified, the majority of which was made up of Council Tax Reduction or Single Person Discount. An additional £512,000 worth of estimated savings based on the Cabinet Officer's notional estimated savings calculations was identified. The estimated figures were based on over 90 potentially fraudulent housing applications being cancelled prior to the allocation process beginning.

103 investigations were completed resulting in 9 prosecutions and 28 housing applications being cancelled. A further 36 properties were recovered to be relet. Prosecutions included areas of direct payments, Covid business grants, sub-letting and the theft of a council laptop.

In response to members' comments and questions, the following points were clarified/noted: -

- Covid grants investigations were completed;
- it was difficult to compare anti-fraud activities with other local authorities because of the absence of a benchmarking exercise. However, Sandwell had a bigger anti-fraud team with better results;
- in relation to tenancy fraud, reporting mechanisms were open to the public. These also included online/email direct reports which had proven to be very effective. Statistics on these would be shared with members;



- Council controls were robust. However, in one incident, a laptop had been lost to theft. An officer leaving the Council had removed the laptop from a controlled environment. However, the laptop was subsequently recovered. All Council laptops were tracked as part of the control mechanisms.
- all Directorates had asset registers and when officers left employment, there was a checklist used to ensure that all assets had been returned;
- in future reports officers would provide more information on Suspicious Activity Reports.

Resolved that the Council's updated Anti-Fraud and Corruption Policy and Counter Fraud Strategy be approved.

32/23

Directorate Risk Register – Borough Economy

The Director of Borough Economy provided an update on the Directorate's Risk Register.

Risks were managed through the Council's risk management process which was set out in its Corporate Risk Management Strategy, and involved the development of risk registers at strategic, directorate, operational and project levels. A summary of the directorate risks was presented to the Committee.

In response to members' comments and questions, the following points were clarified/noted: -

- the Directorate Risk Register did not reflect Council budget risks. These were dealt with at corporate level. The directorate was key in this process through managing financial risks and the monthly approach to budget monitoring;
- the directorate would cover income generation and financial risks in future reports as these may affect service delivery. A report would be provided to the Committee at a future meeting;



- road safety was sixth on the priority list and the risk profile was projected to fall to the green category by 2024. The priorities were set using the systems and processes and criteria set at the West Midlands regional level. A range of data was looked at over a five-year period;
- the Council would publish Road Safety Plans for the year online so that residents could see in a more transparent way the priorities that were in place for the Borough;
- a 7-day traffic survey was undertaken in May 2023 following concerns from communities. 85% of the vehicles were driven below the 29 miles per hour and police were able to enforce the regulations. The evidence from the survey did not support additional safety measures;
- waste management risk had moved from Red to Amber following an agreement between the Union and Serco. The accumulation of waste was added to the risks following the illegal blockade. The risk register was updated accordingly so the risk would remain at amber. It was hoped to have the risk profile on Green in the future;
- the business continuity plan with Serco was being reviewed to manage risk;
- in respect of refuse collection, the Directorate Risk Register did not encompass contract management as that was reflected at corporate level.

Officers assured the Committee that the most recent copy of Strategic Risk Register would be provided at the next meeting of the Committee.

33/23

Strategic Risk Review - Customer Journey

The Director of Regeneration and Growth presented the Customer Journey strategic risk review.

The key challenge observed was lack of consistency in dealing with customers. Other challenges in achieving the strategic objective were linked to the scale of the matter. For instance, 1.5 million contacts with clients had been made. The existing technology infrastructure was also not adequate.



The Committee was advised of the need for a cultural shift in respect to service provision. The extensive customer journey work programme was closely monitored by Cabinet and senior management. The customer journey required the Council to listen and be more attentive to the needs of customers. The Council received useful feedback from customers as well as members.

Making progress on the customer journey was key to lifting government intervention. Very high positive levels of satisfaction and feedback on the one stop shops had been recorded. Data and charts would be shared with Members.

The Council was in the process of procuring a new telephone system. The current system did not support good customer care, was out of date and did not have the functionality to transfer calls seamless across all parts of the Council. Council will select a partner for this process in due course, the strategic risk was therefore projected to continue in red up to June 2024.

In response to members' questions, the following points were clarified/noted:-

- community hubs had been successful. The satisfaction scores were impressive. Over 85% gave the Council four or five stars. Every person who attended the hubs gave positive feedback;
- data and statistics were available for the Committee. Most of the customers had housing enquiries;
- the cost of Council's pilot customer contacts was very high. A decision on continuing with the pilot exercise would be made in September in consultation with the Cabinet Member;
- the telephone system was a multifaceted challenge beyond technological considerations. A new system could not solve everything as there were other behavioural and cultural issues to be addressed;
- reported cases must not be closed prematurely and if any Councillor had a specific case, they must be taken to the Directors for actioning;



- challenges were encountered in getting statistically significant feedback from the customers. However, informal intelligence had been gathered and was found to be quite useful;
- the performance of Directorates was a standing item discussed at meetings of the central management team.

Officers would circulate to members top line figures for the Council Portal and MySandwell function.

34/23

Annual Internal Audit Report 2022-2023

The Committee considered the Internal Audit Annual Report 2022-2023. This followed the presentation of a summary of the issues by the Audit Services and Risk Management Manager. Four limited assurances opinions were presented in relation to Disabled Facility Grant, Taylors Lane Theft, Boscobel Repairs/Voids and Procurement and Contract Compliance.

Delays in the completion and signing-off of the Council's Statement of Accounts were reported. At the time the Audit report was produced, the finalisation of the 2020/21 and 2021/22 Statement of Accounts had encountered similar delays. Delays also affected the Council's Annual Governance Statements, which form part of the Statement of Accounts.

Based on the work undertaken during the year by Internal Audit, alongside that undertaken by other external bodies, there was reasonable assurance that the Council had adequate and effective governance, risk management and internal control processes.

However, the ongoing delays in the finalising and approving of the Council's Statement of Accounts from 2020/21 onwards, must be addressed to provide the Council with a more comprehensive and overall wider level of assurance going forward.

The Committee raised concern about the limited assurances on procurement and contract compliance. Officers gave reassurances that the Director of Finance would be invited to the next meeting to shed more light on procurement and contract compliance issues.



35/23 **Cabinet Forward Plan**

The Committee noted the Cabinet Forward Plan.

Meeting ended at 6.35pm

Contact: democratic_services@sandwell.gov.uk

