

Minutes of Audit and Risk Assurance Committee

**22 February 2024 at 6.00pm
at Sandwell Council House, Oldbury**

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

In attendance: Brendon Arnold – Interim Director of Finance and Section
151 Officer, Mike Jones – Assistant Director Legal and
Assurance and Monitoring Officer, Peter Farrow – Audit
Services and Risk Management Manager, Mark Stocks –
Grant Thornton, Dave Guest - Assistant Director – ICT, Kate
Ashley - Strategic Lead Service Improvement, Lloyd –
Democratic Services Officer and Connor Robinson –
Democratic Services Officer.

10/24 **Apologies for Absence**

An apology was received from Councillor Bhullar.

11/24 **Declarations of Interest**

There were no declarations of interest.

12/24 **Minutes**

Resolved that the minutes of the meeting held on 18
January 2024 are confirmed as a correct record.



13/24 **Additional Items of Business**

There were no urgent additional items of business.

14/24 **Grant Thornton Follow-up Report and Improvement Plan Update**

A representative from Grant Thornton, the Council's external auditor, provided an update to the Committee regarding the findings from the second follow-up review.

It was noted that the Council had responded well to the initial concerns provided by Grant Thornton and that, as a result, the statutory recommendations had been completed. Clear progress had been witnessed around effectively managing corporate grip on longstanding issues and a key clear direction of travel had been identified in how the Council would continue to work with partners. Progress was also seen with the Council's commercial interactions.

One of the initial key statutory recommendations was in relation to officer and member relationships. Concerns had subsided and Grant Thornton were happy with positive direction the Council had taken. The Council's financial position was strong, and it was emphasised that an effective transformation strategy was required to make sure that the Council aligned itself correctly with what it needed to achieve over the coming years.

Members were minded that although there were still some challenges faced by the Council, such as ensuring that customer focus was prioritised and that Oracle Fusion was implemented correctly, the challenges were manageable.

In response to questions from members the following points were made:-

- The relationship between officers and members was measured via feedback and frequent discussions;
- the final version of the commissioners report had not yet been received and any details on the lifting of intervention would be relayed to the committee in due course;



- business thinking was perpetuated throughout the Council and the need of a commercial strategy wasn't seen as entirely required or efficient.

The representative from Grant Thornton was thanked for presenting the report to the committee.

14/24(a) **Grant Thornton Follow-up Report and Improvement Plan Update**

The Committee received a quarterly update on progress against the Improvement Plan as agreed by Council on 7 June 2022. The Improvement Plan incorporated all recommendations from the Grant Thornton Governance Review, the LGA Corporate Peer Challenge and the CIPFA Financial Management Review, as well as the Statutory Directions from the Secretary of State for Levelling Up, Housing and Communities.

The following updates were provided to the Committee:-

- Key Performance Indicators between the Council and Sandwell Children's Trust had been agreed;
- significant process had taken place and the statutory recommendations had been addressed and closed;
- the Budget and Corporate Scrutiny Management Board had carried out a successful scrutiny session on the Council's budget and finances prior to approval at Council;
- improved contract management processes were in place that allowed the Council to analyse concerns and issues as they arise;
- slippage had occurred around the continuous improvement framework;

The 2020/2021 final accounts had been prepared and signed off by Grant Thornton. Subsequently, the 2021/2022 draft final accounts were also being reviewed and the senior team finance team were monitoring progress on a weekly basis. It was hoped that Council's financial statements would have received a level of confidence by late summer 2024. Members were minded that a vast amount of audit opinions were outstanding across many



authorities nationally. Following consultations with audit regulators, central government had confirmed a disclaimer would be assigned to accounts that did not have an opinion by the deadline date of September 2024.

15/24 **Audit and Risk Assurance Committee – Terms of Reference Annual Review**

The Audit and Risk Assurance Committee reviewed its terms of reference annually to ensure that they remained fit for purpose. A variety of considerations were made when reviewing the terms of reference including guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). Since the last rendition, no further changes had been made.

Resolved that the Audit and Risk Assurance Committee terms of reference is approved.

16/24 **Annual Governance Statement 2021-22**

The Council was responsible for ensuring that its business was conducted in accordance with the law and proper standards, and that public money was safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the council was also responsible for putting in place proper arrangements for the governance of its affairs which included arrangements for the management of risk.

The governance statement had been prepared using the assurances provided from a variety of sources including external and internal audit, the strategic risk register, and the various other external reviews that took place during 2021-22 and subsequent years.

The format presented to the committee differed from previous years. The new format helped present reflect and provide a clear annual report of the Council's failures and measures. This ensured a more transparent and accurate representations of the measures



and how things were discharged by members and officers would continue to evolve.

17/24 **Internal Audit Plan 2024/25**

The Internal Audit Plan set out the intended internal audit programme of work for 2024/25. The internal audit resource would utilise a number of tools to obtain assurance on a number of different areas across the Council. Risks would be monitored by allocating a red, amber and green rating. Work would consist of both assurance and advisory works with key areas such as the Oracle Fusion implementation, the Council's move to becoming a cashless authority and oversight on the Council's relationship with voluntary community sectors being focussed on.

Although several vacancies were held within the Audit Team, recruitment processes were underway and, when fully resourced, the plan would be deliverable with additional resources being reserved for any emerging issues. The completion of the plan would help inform the Head of Audit's annual opinion on the adequacy and effectiveness of the council's governance, risk management and internal control framework.

Resolved that Internal Audit Plan for 2024/25 is approved.

18/24 **Internal Audit Progress Report**

The Internal Audit Progress Report contained details of the matters arising from internal audit work undertaken between April 2023 and January 2024.

Four additional pieces of work had been completed since the last update. This included work around Council rents, Council Tax, treasury management and direct payments. Several green and amber recommendations had been made following the reviews and the backlog of direct payments had been cleared. Additionally, no concerns were raised in relation to the collection of rent areas. No historic problems had occurred regarding the implementation of recommendations following internal audits.



19/24 **Cabinet Forward Plan**

The Committee noted the items contained within the Cabinet Forward Plan.

20/24 **Exclusion of the Public and Press**

Resolved that the public and press be excluded from the rest of the meeting. This is to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act, 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, relating to an action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

21/23 **Cyber Security Update**

The Committee received a presentation detailing the measures in place to protect the Council's cyber network. Cyber Security remained a red risk on the Councils Strategic Risk Register due to the constant threat of cyber-attacks and network breaches. Examples of cyber-attacks against other authorities were also shared with members.

Detailed scenario "playbooks" had been prepared to ensure that appropriate and effective responses were in place to combat several different eventualities. Additionally, reserves were in place to provide internal insurance in the case of any damages experienced as part of a cyber attack.

Meeting ended at 7.45pm with an adjournment between 7.03pm and 7.09pm.

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