

Minutes of Audit and Risk Assurance Committee

**18 July 2024 at 6.01pm
at Sandwell Council House, Oldbury**

Present: Councillor Preece (Chair);
Councillors William Gill, Jalil and Johnston.
Mr Ager (Independent Vice-Chair)

Also present: Councillors Jeffcoat and Jag Singh.

Officers: Alex Thompson (Executive Director – Finance and Transformation), Claire Spencer (Acting Assistant Director – Finance), Peter Farrow (Audit Services and Risk Management Manager), Oliver Knight (Counter Fraud Manager), Mark Stocks (Grant Thornton), Zoe Thomas (Grant Thornton), Nerys Bint (Grant Thornton), Anthony Lloyd (Democratic Services Officer) and Connor Robinson (Democratic Services Officer)

22/24 **Apologies for Absence**

Apologies were received from Councillors Crompton and Giles and Independent Member Mr Hussain.

23/24 **Declarations of Interest**

There were no declarations of interest.

24/24 **Minutes**

Resolved that the minutes of the meeting held on 22 February 2024 are confirmed as a correct record.

25/24 **Additional Items of Business**

There were no urgent additional items of business.

26/24 **Oracle Cloud Implementation Report**

A representative from Grant Thornton, the Council's external auditor, provided an update to the Committee regarding the findings from their high-level overview of the Council's Oracle Cloud implementation process.

The assessment had started in September 2023 and concluded in November 2023. Various areas of investigation had taken place around data migration, security, business readiness, system and user acceptance testing and go live planning.

A strict criterion was in place to assess the Council's readiness for go-live from both a technical and organisational perspective, including feedback from officers across the Council and other partners. In July 2024, it was determined that such feedback pointed to the Council not being ready and, as a result, the Programme Board had made the decision to revise the timeline. This allowed programme and business teams more time to meet demand for training and user engagement, complete further testing and improve critical work in areas such as data collection, security and support.

As a result, the Go-Live dates had moved from July/August to September/October 2024.

Following questions from members, it was confirmed that:-

- the current Oracle system had been extended to the end of 2024 to accommodate the new system's new launch date;
- each stage of the process would be monitored closely to ensure sufficient testing had taken place;
- while unfortunate, delays had been necessary to ensure that the system would be ready and in a robust state on launch;
- the project board met weekly and had oversight of many different workstreams due to the complexity of the work;
- updates in relation to the project were delivered regularly to Senior Leadership Team, the Cabinet and Grant Thornton;
- work would continue after the system was operational to ensure that the functionality was fully utilised.

27/24

Interim Auditor's Annual Report on Sandwell Council – 2022/23

The Council's external auditor, Grant Thornton, was required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy themselves that the Council had made proper arrangements for securing economy, efficiency and effectiveness with its use of resources. The Code of Audit Practice issued by the National Audit Office required Grant Thornton to report its findings to the Council in relation to these "value for money" arrangements.

It was noted that significant improvements had been made over the last several years and that the Council was in a financially strong position with sufficient reserves and a strong savings programme. Despite this, the Council still faced serious challenges ahead. Governance procedures in place had seen large improvements and officers were commended for their collaboration and determination in meeting any requirements set out.

In regards to housing, the external auditor was not satisfied with the planned investment that was needed for maintenance and improvement of existing stock which had been deemed insufficient.

Resolved that a report detailing the current risks, concerns and issues faced by the Housing Directorate be provided at a future meeting of the Committee.

28/24

Statement of Accounts 2021/2022.

It was reported that the Council's external auditors had audited the 2021/22 Statement of Accounts between December 2023 and July 2024. The audit was substantially complete and the auditor had indicated that an unqualified opinion would be issued, subject to successful completion of the outstanding matters which included:-

- Completion of review of revises accounts;
- completion of review of investment properties prior period adjustment;
- receipt of management representation letter; and
- review of the final set of financial statements and Annual Governance Statement

It was noted that the process had been much more robust than previous years. Despite this, a vast array of amendments had been made and further work was required in the future to improve the quality of the accounts. Further discrepancies had been highlighted in relation to the dissolution of Sandwell Land and Property Limited which had impacted the income expenditure statement, however, this was deemed to be within the acceptable range and would not add particular value to the accounts.

Members were reminded that work on the 2022/2023 accounts was behind and that the 2023/24 accounts had not yet been submitted. It was suggested that more frequent oversight of the financial accounts at meetings of the Committee be considered.

Resolved

- (1) that the Council's 2021/22 Statement of Accounts is approved;
- (2) that, in accordance with (1) above, the Chair of the Audit and Risk Assurance Committee signs the Statement of Accounts 2021-2022 (in accordance with the requirements of the Accounts and Audit Regulations 2015);
- (3) that the Executive Director of Finance and Transformation is authorised to make any minor adjustments to the Statement of Accounts 2021-2022 prior to the publication of the audited Statement of Accounts;
- (4) that the Executive Director of Finance and Transformation and the Chair of the Audit and Risk Assurance Committee are authorised to sign the letter of representation in relation to the financial statements, on behalf of the Council, and send the letter to the Council's external auditor, Grant Thornton.

The Committee was provided with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control processes.

An update had been provided on the two reviews that had received limited assurance throughout the year. An audit of the use of Council Procurement Cards, had identified significant improvements, which had resulted in an increase in overall compliance. An audit of the Council's approach to climate change had also improved with significant refinement to the governance processes via bi monthly Climate Change Board meetings alongside a clear Climate Change Action Plan Monitoring Tool.

Three additional limited assurance reports were highlighted to members. In relation to an audit of HRA – Contract Overspends, only limited assurance could be provided due to a number of issues of non-compliance to the Council's Procurement and Contract procedures rules alongside a poor level of budget and contract monitoring. A further limited assurance opinion had been given following an audit of HRA Housing Disrepair Claims as a result of delays in responding to claims. An audit of Sandwell Valley/Forge Mill Farm Cash and Banking, had identified issues with reconciliations to the bank account.

All three limited assurance reports would be followed-up and reported to a future meeting of the Board.

30/24

Counter Fraud Annual Report 2023/2024

The Committee received the Counter Fraud Annual Report which detailed the areas of counter fraud activity undertaken by the Council's Counter Fraud Unit in 2023/24.

In total, 12 prosecutions had been made, 19 housing applications had been cancelled prior to allocation, 30 properties had been recovered due to tenancy fraud and two housing priority statuses had had their applications removed.

It was announced that the Council and Airport Parking Corporation of America were winners of the Partnership Award 2024. The collaborative effort involved a number of officers across several teams who had implemented a programme of training, joint working and data sharing which was used to effectively implement a scheme to tackle blue badge misuse in Sandwell.

Members congratulated officers on their award.

31/24

**Audit and Risk Assurance Committee Work Programme
2024/2025**

The Committee received its proposed work programme for 2024/25.

Resolved that the Audit and Risk Assurance Committee Work Programme for the 2024/2025 municipal year is approved.

Meeting ended at 6.55pm

Contact: democratic_services@sandwell.gov.uk