

Minutes of Audit and Risk Assurance Committee

18 September 2024 at 6.00pm
In the Council Chamber - Sandwell Council House, Oldbury

Present: Councillor Preece (Chair);
Mr Ager (Vice- Chair);
Councillors Crompton, L Giles, Jalil, Johnston, Trumpeter, J Singh and Mr Hussain.

In attendance: Zoe Thomas (Senior Audit Manager - Grant Thornton).

Officers: Alex Thompson (Executive Director – Finance and Transformation), Alan Lunt (Executive Director – Place), Mike Jones (Assistant Director – Legal and Assurance and Monitoring Officer), Claire Spencer (Acting Assistant Director – Finance), Vanessa Maher- Smith (Legal Manager - Governance and Regulatory Services and Data Protection Officer), Peter Farrow (Audit Services and Risk Management Manager), and John Swann (Democratic Services Officer).

32/24 **Apologies for Absence**

There were no apologies for absence.

33/24 **Declarations of Interest**

There were no declarations of interest.

34/24 **Minutes**

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

35/24 **Additional Items of Business**

There were no urgent additional items of business.

36/24 **Audit and Risk Assurance Committee Annual Report 2023/ 24**

The Audit Services and Risk Management Manager provided the Committee with an overview of the Audit and Risk Assurance Committee Annual Report 2023/ 24.

The report summarised the main areas of work undertaken by the Audit and Risk Assurance Committee during 2023/ 24.

Resolved that Audit and Risk Assurance Committee Annual Report 2023/ 24 is approved for submission to Full Council.

37/24 **Annual Governance Statement 2022/ 23**

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, as well as 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.

The Committee noted the Annual Governance Statement 2022/ 23.

38/24 **Housing Transformation Programme Update**

The Committee received an overview of the Housing Transformation Programme. The Committee had previously noted several issues of concern in relation to the council's housing service that were raised by both the council internal audit team and external auditors, Grant Thornton.

The new compliance system would be in operation by April 2025 and a cross-council multi-disciplinary Housing Transformation Board would oversee the technical specification and procurement of the software packages.

Third party consultants had been engaged to support the Council on its Transformation Programme. It was noted that the Safety and Quality Consumer Standard required the Council to know the condition of all housing stock. The Council was in the early stages of data collection to complete the programme of stock condition surveys to meet this requirement.

A Contracts Management Board had been established to oversee the development and implementation of projects in addition to housing repairs responsive works.

It was reported that the housing service was responding and positively to the issues identified within audit reports as well as to issues identified by the Regulator of Social Housing.

From the comments and questions by members, the following responses were made, and issues highlighted:

- Rental income and the Housing Revenue Account Capital Programme would be spent on urgent repairs matters to ensure the Council was compliant with the decent homes standard.
- Historically 80 contracts had been in place with contractors which supported the repairs function. These had been 'bundled' and consolidated into a reduced number of broader contracts which were more attractive to companies when the Council awarded the contracts.
- The operational delivery of aids and adaptations had been reviewed and an improvement plan developed to ensure that vulnerable customers were receiving a good a service.
- The Council had not collected data centrally relating to the six key safety elements (gas, electric, fire, water, asbestos and elevators) and these would be recorded as part of the stock condition surveys. It was anticipated that this would be completed by April 2025.

- The Executive Director – Place undertook to provide the Committee with an update to provide assurance to members.
- It was acknowledged that tenants were frequently incorrectly reporting routine repairs as emergency to speed up the repairs process. This had resulted in incorrect trade staff being despatched to site which meant the job took longer to complete.
- Engagement with tenants to develop the repairs policy had taken place via satisfaction surveys and tenants conferences.
- The Executive Director – Place undertook to create a risk register for the Housing Transformation Programme.

39/24

Senior Information Risk Officer Report

The Council was required to manage all information, and in particular personal information, it held in accordance with UK legislation.

The report summarised the key projects throughout the 2023/24 municipal year and set out the Council's compliance with the UK General Data Protection Regulations (GDPR), data protection legislation and the Freedom of Information Act 2000. The report had been approved by the Information Governance Board and the Senior Information Risk Officer.

A review of the privacy notices, the retention schedule and Council's compliance with the transparency code had also been conducted over the previous year.

From the comments and questions by members, the following responses were made, and issues highlighted:

- Artificial Intelligence (AI) was a rapidly expanding area and the Council was due to prepare a policy in relation to AI by April 2025.
- 85% of Freedom of Information (FOI) requests had been answered within the statutory timescales during the period covered by the report.

- There was a disparity between directorates in terms of FOI compliance; support had been provided from the governance team to those areas which required improvement.
- The Information Commissioners Office had received some complaints however these were robustly responded to and checks were in place to ensure responsible officers had oversight of this process.

(Councillor Jalil left the meeting during consideration of this item).

40/24 **Strategic Risk Register Update Report**

The Committee received an update on the profile of the key strategic risks faced by the Council since the last report in January 2024 (Minute no. 5/24 refers).

The Strategic Risk Register was a live document that reflected the Council's risk profile. Risks were regularly reviewed to ensure that they remained appropriate in order to aid informed decision making and resource allocation. Each risk was assigned either a red, amber or green (RAG) rating depending on the severity of the risk.

The Committee noted that, in total, there were six red risks on the register as of August 2024.

Homelessness and Temporary Accommodation, and SEND Placements and Transport, were new red risks due to a backlog of cases, a lack of placements and limited resources. However, Members received assurance that efforts were underway to address the issues and improve the service.

Cyber Security, Compliance with DPA/ GDPR, Climate Change and Adults Strategic Workforce Development were the four ongoing risk which had been captured as part of the Risk Register. Due to the ongoing challenges associated with cyber security and the threat from hacking and scams, it was anticipated that this would be a red risk for an extended period of time.

Continuous Improvement and Housing Transformation were two new risks which had been categorised as amber. Whilst the Improvement Plan, Adult Social Care Market Sustainability and

Partner Organisations/ Contractors Service Delivery had been removed from the risk register.

The remainder of the risks were classified as amber or green which was deemed a fair reflection on the Council's current position.

41/24

Timetable for Production and Audit of the 2022/23 and 2023/24 Statements of Accounts

On 1 August 2024, the audit of the Council's 2021/22 Statement of Accounts was completed and an unqualified audit opinion was issued by the external auditor, Grant Thornton, on the accounts.

Following publication of the audited Statement of Accounts for 2021/22, the Council had been working on the draft Statement of Accounts for the year ending 31 March 2023. This work was substantially complete and was anticipated to be presented to the auditor, and published, during mid-September 2024. Grant Thornton commenced work on detailed audit testing of 2022/23 transactions and working papers in August 2024.

The statutory deadlines for publishing unaudited accounts for 2022/23 and 2023/24 were 31 May 2023 and 31 May 2024 respectively. There had been significant delays in finalising financial statements relating to previous financial years, due to technical accounting issues, resource issues and delays in carrying out audit work. This has led to a resulting delay in producing the Statements of Accounts for 2022/23 and 2023/24.

It was highlighted that the issues faced by the Council were being experienced by local authorities across the country.

In order to deal with the backlog of outstanding unaudited accounts across local bodies, on 31 July 2024, the Ministry of Housing, Communities and Local Government (MHCLG) announced its intention to implement a series of 'backstop' deadlines, by which audits of outstanding accounts must have been completed.

In order to comply with the 'backstop' deadline it would not be possible, due to time constraints, to undertake a full audit on the

Council's outstanding accounts and it was proposed that a partial audit would be undertaken instead.

The Senior Audit Manager - Grant Thornton, presented the Council's external auditor, Grant Thornton's Audit Plans for the 2022/23 and 2023/24 to the Committee.

Resolved that the Council's plan for preparation and audit of the 2022/23 and 2023/24 Statements of Accounts is approved.

42/24

Audit and Risk Assurance Committee Work Programme 2024/25

The Committee noted its work programme for the 2024/ 25 municipal year.

Meeting ended at 7.38pm

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