

Minutes of Audit and Risk Assurance Committee

20 November 2025 at 6.02pm at Sandwell Council House, Oldbury

Present: Councillor Preece (Chair)

Councillors: L Giles Fitzgerald Johnston Rahman A Singh	Members: Mr Hussain Mr Pattar
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Apologies: Councillors Gavan, Haq, Jalil and Trumpeter

Also present: Lisa Mackensie (Grant Thornton) and Sue Thomas (Grant Thornton).

Officers: Alex Thompson (Executive Director – Finance and Transformation), Claire Spencer (Service Director – Finance), Peter Farrow (Audit Services and Risk Management Manager), Lisa Reid (Audit Client Lead) and Ant Lloyd (Democratic Services Officer).

41/25 **Declarations of Interest**

There were no declarations of interest.

42/25 **Minutes**

Resolved that the minutes of the meeting held on 18 September 2025 are confirmed as a correct record.

43/25 **Additional Items of Business**

There were no urgent additional items of business.

44/25 **External Audit - Interim Auditor's Annual Report**

Grant Thornton had issued the Council with its interim auditor's annual report. The report summarised the work carried out by Grant Thornton for the 2024/25 financial year as the Council's appointed external auditor.

The annual value for money assessment focussed on three main themes and each theme had been provided with a red, amber or green (RAG) rating:-

- financial sustainability – rated Amber,
- governance – rated Red, and
- economy, efficiency and effectiveness – rated Amber.

Only one key recommendation had been made by Grant Thornton who highlighted that significant improvements had taken place when compared to the 2023/2024 review, which had resulted in a total of six key recommendations.

The key recommendation for 2024/2025 aimed to address concerns in relation to the Council's governance regarding its arrangements for producing the annual financial statements so that statutory deadlines were met.

Furthermore, improvement recommendations had been provided as part of the annual report which recommended the Council to:-

- establish collaborative approach in its oversight of the Children's Trust;
- draw up a recovery plan which sought to limit the pressure on the Dedicated Schools Grant budget whilst delivering the service;
- ensure it resolved the outstanding Oracle Fusion issues, optimised the use of the system to improve efficient and carry out a post implementation review;
- strengthen arrangements to improve oversight of internal audit actions;
- formalise and implement a corporate data quality policy;
- ensure that clear arrangements were in place for timely and accurate responses to Local Government and Social care Ombudsman enquiries;
- continue to maintain a strong focus on continuous improvement within Housing Services.

In response to questions from members, officers confirmed that a template, provided by the Chartered Institute of Public Finance and Accountancy (CIPFA), would be utilised to assist the Committee with a self-assessment on an annual basis, following the recommendation from Grant Thornton.

Clarification was provided regarding the use of waivers during procurement exercises and how a waiver differed from non-adherence. Waivers were only utilised when the tender process was unable to fulfil the required number of quotes or when only a single supplier was available. This was opposed to non-adherence which occurred when rules had not been followed or a mistake had been made. Grant Thornton was satisfied with the Council's current oversight on procurement thresholds and that the Council's arrangements were extremely robust when compared to other similar sized organisations.

Concerns were raised by members in relation to the Council's record of responding to ombudsman reviews and asked that Grant Thornton continue to monitor the situation over the next year.

The Committee thanked Grant Thornton for its work in preparing the annual report.

45/25 **External Audit – Audit Progress Report and Sector Updates**

Grant Thornton, as the Council's external auditor, had issued the Council with its audit progress report. The report provided a report on the progress of the audit of the 2024/25 statement of accounts alongside additional information on audit sector developments.

It was noted that both the 2022/23 and 2023/24 accounts had been disclaimed due to the backstop as not enough work had been carried out to issue clean opinions on the accounts. In relation to 2024/25 accounts, the backstop date was February 2026 and, as such, Grant Thornton believed that enough work would be completed on the closing balances to be comfortable with the Council's closing position.

Grant Thornton aimed to provide an opinion on the accounts in February 2026. Although the accounts were received late, there had been an improvement in terms of timescales when compared to previous years.

No major issues had yet been identified however, it was noted that the Council had seen delays with providing the Council's bank reconciliation and issues with ICT systems which was largely due to the new ledger implementation

46/25 **Internal Audit Charter**

There was a statutory requirement for internal audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' were in effect the 'Public Sector Internal Audit Standards' and the Council's Internal Audit Page Charter.

However, from April 2025, these were replaced by the Global Internal Audit Standard in the UK Public Sector. Therefore, the Charter had been updated to reflect this and was based on guidance provided in the new standards.

It was reported that no major or significant changes had been made to the Charter as a result of the new Global Internal Audit Standard however, the following minor changes had occurred:-

- the purpose of internal audit had been reworded;
- the Charter set out the Council's commitment to the Global Internal Audit Standard and CIPFA Code;
- the Charter set out the need for an internal formal mandate;

- the Charter highlighted the need for the audit function to maintain independence within the organisation, especially when conducting reviews;
- the Charter set clear responsibility on audit to report any concerns of interference to the Audit and Risk Assurance Committee; and
- the Charter increased focus on ethics and the Council's adherence to ethical concerns.

The Charter also set out the role of the internal audit team and its relationship to other teams, especially when considering the need for individual teams to own their own risks.

In response to questions from members, it was confirmed that the changes to Charter would be highlighted to the Council's Senior Leadership Team to ensure that a clear understanding of the Charter was in place at a senior level.

Resolved that the Internal Audit Charter is approved.

47/25

Housing Transformation Programme (Strategic Risk)

Members were provided with an update on the progress on delivery of the Housing Improvement Plan.

The Regulator of Social Housing (RSH) had issued the Council with a C3 Regulatory Judgement on October 30, 2024. This meant that the Regulator felt that there were serious failings in the council delivering the outcomes of the Safety & Quality Regulatory Standard and that significant improvement was needed.

The failure to comply with the RSH Consumer Standards framework, was attributed to the following:-

- a failure to demonstrate that necessary Asbestos management surveys had been undertaken in relevant Council homes;
- a failure to demonstrate remedial electrical repairs had been conducted with a backlog of 14,000 repairs, dating back to covid 'lockdown';
- a lack of information relating to housing stock condition.

Since November 2024, the Council's housing service had engaged in regular meetings with the RSH to discuss emerging or additional issues and to outline progress towards compliance with the Regulatory Standard.

It was noted that significant progress had been made, particularly in relation to the issues identified by the Regulator during October 2024:-

- inspections undertaken in relation to Gas, Electrical, Fire, Water, Lift, and Asbestos Safety;
- housing Stock Condition surveys of over 14,000 properties;

- addressing the repairs backlog (a contractor had been appointed to complete all outstanding backlog repairs by October 2026, with all urgent repairs in the backlog having already been completed). Internal audit had undertaken three audits to date to provide validation on the actions in the plan;
- Electrical Safety Inspection audit received limited assurance;
- fire safety front entrance doors audit received reasonable assurance;
- stock Condition Survey audit was awaiting completion.

In response to questions from members, it was confirmed that all of the Council officers who were responsible for inspecting properties were adequately trained, however, it was noted that there were several vacancies that required recruitment to address the backlog in repairs. Clarification was also sought on the proposed timelines for completing stock condition surveys on all of the Council's properties. It was confirmed that the Council aimed to have completed a stock condition survey on 100% of all properties by the end of 2026. Furthermore, it was noted that the Council would aim to then carry out stock condition surveys on 20% of its properties on an annual basis, enabling the Council to have consistent access to up-to-date data.

Concerns were raised in relation to the Council's housing management system which was deemed inadequate for what the Council required. It was confirmed that a new integrated housing management system was being sought which would enable the Council to report and track the repairs process much more efficiently.

Members were satisfied with the update however; the Committee was keen for the work on procuring and implementing a new integrated housing management system to be prioritised as a key factor in addressing housing management concerns.

Resolved that the Cabinet Member for Finance and Resources considers all avenues to ensure that the new integrated housing management software (IHMS) procurement and implementation process is expedited so that the new system is in place in a timely manner.

48/25

Risk Management Policy and Strategy

The Committee was provided with an update on changes to the Council's Risk Management Policy and Strategy following a review. Effective risk management was a key element in good corporate governance and was essential to the overall performance of the Council in its corporate plan objectives.

It was reported that the following updates had been made to the Strategy:-

- the Strategy now detailed how it would support the Council Plan;
- the role of the Council's Performance Board had been included;

- the role for members as decision makers in taking due regard for the risks associated with the decisions they made was included; and
- further definition on risk attitude and appetite had been included.

Members highlighted the importance of ensuring that risks arising in relation to the use of Artificial Intelligence should be incorporated into the Council's strategic risk register which was welcomed by officers.

49/25

Internal Audit Programme Report

The Committee was informed of the latest work of internal audit and progress against the delivery of the 2025/26 Internal Audit Plan.

In total, four auditable areas had been reviewed, and each had been assigned a level of assurance depending on the overall opinion obtained from the Audit.

An audit of the Right to Buy (RTB) processes had been undertaken as part of the approved Internal Audit plan for 2025/26. It was noted that the change in regulations had led to a significant increase in Right to Buy applications which had created a backlog and impacted upon the Council's ability to meet statutory deadlines. Members were aware that this was not unique to the Council and reasonable assurance had been given to the audit.

An audit had also focussed on the period following the introduction of Oracle Fusion. The introduction of the new software resulted in a significant change to many working practices, and a number of initial issues within payroll had been identified by the Council. Officers were at the time working with the support team in order to rectify these. The audit also found that in the early stages post go-live of Oracle Fusion, there were a range of errors regarding the calculation and payment of a number of employees' salaries. It was highlighted that issues were being addressed and the number of such errors had reduced. However, this had taken both time and resources in to order to achieve this and only limited assurance could be issued.

An audit review had been undertaken to confirm that gas installations in Riverside's housing stock met legal safety standards in accordance with the Gas Safety (Installation and Use) Regulations and other health and safety laws. The aim was to make sure tenants, contractors, and the public were protected by confirming that gas appliances were regularly and properly checked, with clear records retained.

A CP12 certificate, also known as a Landlord Gas Safety Certificate, was a legally required document in the UK that confirmed gas appliances in a rental property had been inspected by a Gas Safe registered engineer and were safe to use. It was noted that not all of the certificates included the name of the individual engineer. While the company name was included, the lack of a specific name made it difficult to confirm the engineer's qualifications. Reasonable assurance was issued.

A review had been carried out on the Council's compliance with its statutory responsibilities and internal procedures for electrical safety inspections across the housing stock. In October 2024, the Regulator of Social Housing published a regulatory judgement confirming a customer grading of C3, indicating a serious failure, specifically relating to outcomes in the Safety and Quality Standard.

The audit formed part of the Council's wider response to the judgement, with a focus on strengthening assurance around building and resident safety.

Ensuring compliance with electrical safety obligations was a legal requirement and a critical part of the Council's duty of care to its tenants. The review also considered whether operational procedures were robust and consistently applied across all relevant property types, including new builds, voids and buy back properties.

The review noted that post inspection remedial actions had not always been effectively monitored, with job tickets delayed up to 60 days, inspection and testing had not been always properly scheduled or completed over recent years and electrical servicing records were not always updated for certain properties, including new builds, right to buys, buy backs and void properties. As such, only limited assurance was provided by Audit.

Members noted the update and were thankful for the work carried out by Audit.

50/25

Internal Audit Programme Report

Members noted the Committee Work Programme for the 2025/26 municipal year.

Meeting ended at 7.35pm

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