

Minutes of Audit and Risk Assurance Committee

**Thursday, 24 June 2021 at 5.00 pm
at Council Chamber - Sandwell Council House, Oldbury**

Present: Councillor M Gill (Chair)
Councillors Bostan, Z Hussain and O Jones

Officers: David Stevens (Chief Executive Officer); Sujit Tour (Director - Law and Governance and Monitoring Officer); Rebecca Maher (Head of Finance) and Peter Farrow (Audit Services and Risk Management Manager);

Also Present: Mark Stocks (Grant Thornton).

22/21 Councillor Sandra Hevican

The Committee stood in silent tribute to the late Councillor Sandra Hevican, who had sadly passed away in March 2021. Councillor Hevican had been a member of this Committee.

23/21 Apologies for Absence

Apologies for absence were received from Councillors Allen, Anandou, Akpoteni and Mr Jay Hussain (Independent Member).

24/21 Declarations of Interest

There were no declarations of interest made at the meeting.

25/21 To confirm the minutes of the meeting held on 18 March 2021 as a correct record



The minutes of the meeting held on 18 March 2021 (and reconvened on 18 May following an adjournment) were submitted.

Members were not minded to approve the minutes as a correct record, and requested that it be submitted to a future meeting for further consideration.

Members also felt that the matter referred to at Minute 21/21 required further discussion at a future meeting of the Committee.

The proposals were put to the vote and carried unanimously by those members present and with voting rights.

Resolved:-

- (1) that the minutes of the meeting held on 18 March (and reconvened on 18 May following an adjournment) are re-submitted to a future meeting of this Committee for consideration;
- (2) that, as a consequence of resolution (1) above the minutes of the meeting held on 18 March (and reconvened on 18 May following an adjournment) are not submitted to the Council at its meeting in July 2021;
- (3) that an additional meeting of the Committee is held, the matter referred to at Minute No. 21/21 of the meeting held on 18 March (and reconvened on 18 May following an adjournment) be re-considered at a future meeting of this Committee.

26/21 Urgent Business

There were no urgent items of business to consider.

27/21 Internal Audit Plan 2021/22

The Committee received the Internal Audit Plan for 2021/22, which set out the proposed work of internal audit for the year ahead.

The plan had been put together based on the Council's risk register, the ambitions set out in the Corporate Plan, the views of relevant directors and an awareness of the Council overall. From this, a long list of areas had been assessed to create the Plan. The

Council's response to the Covid-19 pandemic was included in the Plan, along with a number of other high-profile areas.

The plan was fluid and could change to accommodate new or emerging risks.

The Committee was assured that the Internal Audit team was adequately resourced to deliver the 2021/22 Plan.

Members thanked the officers for the tremendous work they had done to deliver the audit service and programme of business grants required as a result of the pandemic.

Resolved that the Internal Audit Plan for 2021/22 is approved.

28/21 Annual Counter Fraud Report

The Committee received a report setting out the work undertaken by the Counter Fraud Unit over the last year. The Unit had spent a significant amount of time working alongside the government to conduct checks on businesses applying for grants to support them during the pandemic.

Over £58m of grants had been paid to businesses to support them during the pandemic and the Unit had carried out both pre-payment and post-payment checks. It was estimated that around five of the 5,482 grants paid had been found to be fraudulent, however, a significant number of bogus grant claims had been detected before payment had been made. Post-payment checks continued and where necessary grants paid to ineligible businesses would be re-claimed. The government had provided local authorities with a number of free tools to support them in making checks on businesses applying for grants and it was anticipated that these tools would continue to be available for the foreseeable future.

The highest risk area continued to be housing related fraud and the Unit also spent a significant amount of time investigating council tax fraud. The Unit had also worked in collaboration with the Neighbourhoods directorate to recover 18 Council properties that had been obtained fraudulently. The government estimated that each property recovered was worth around £93k, in non-cashable terms.

The Unit continued to participate in the government's National Fraud Initiative, which provided valuable information and data matches to local authorities to support them in tackling fraud. Sandwell had been featured as a case study in the 2020 report.

Members congratulated the Unit on its hard work and successes.

29/21 External Auditors Progress Report

The Committee received a report setting out the work undertaken by the Council's external auditors, Grant Thornton, so far in 2020/21.

Auditing of the Council's financial statements for 2019/20 was still ongoing, due to outstanding matters in relation to property valuations. It was anticipated that the financial statements and the audit findings report would be presented to the Committee at its meeting in July 2021.

Audit of the financial statements for Sandwell Land and Property Ltd had now been completed and the Council had been advised to liquidate the company as soon as possible.

Work on the 2020/21 financial statements would commence in August, with findings being presented to the Committee in November 2021.

30/21 Informing the Risk Assessment

The Committee received a report setting out a series of questions that had been asked of the Council, the responses to which would inform the basis of the external auditors' risk assessments. In accordance with the International Standards on Auditing (UK), (ISA(UK)) auditors were required to consult the Committee. The Committee noted the responses that had been provided by officers.

Members sought clarification on the financial instruments used by the Council and the Head of Finance undertook to report back to a future meeting of the Committee.

31/21 External Audit Plan 2020/21

The Committee received an overview of the planned scope and timing of the statutory audit of the Council.

Council developments, including the impact of the pandemic, a chief officer restructure, the 2022 Commonwealth Games and the requirements of the Financial Reporting Code were some of the key factors in designing the work plan.

The new Code of Audit Practice 2020 had brought about significant changes to the way the audit of Value for Money would be approached, setting out a new set of criteria covering financial sustainability, governance and improvements in economy, efficiency and effectiveness. Auditors were now required to produce a commentary on arrangements across each of the key criteria, rather than the previous “reporting by exception” approach.

A significant risk of weakness had been highlighted in relation to governance and concerns were expressed about the Council’s ability to move forward from past events and focus on the future. Whilst the past events referred to had been significant, it was felt that the continued scrutiny of these matters did not serve the people of Sandwell. Concern was also expressed about the impact that these matters had had on relationships between officers and members. Auditors had written to the Chief Executive detailing the concerns and, under the Local Audit and Accountability Act 2014, could make statutory recommendations that the Council would be required to consider and respond to publicly. Mr Stocks confirmed that he would be undertaking a governance review of the Council to determine what action, if any, was appropriate.

Meeting ended at 6.19 pm

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