

Minutes of Audit and Risk Assurance Committee

**Thursday, 16 September 2021 at 5.00 pm
at Council Chamber - Sandwell Council House, Oldbury**

Present: Councillor M Gill (Chair)
Mr Ager (Independent Vice-Chair)
Councillors Allen, Z Hussain and O Jones

Also present: Surjit Tour (Director of Law and Governance and Monitoring Officer), Simone Hines (Director of Finance and Section 151 Officer), Rebecca Maher (Head of Finance), Melanie Barnett (Acting Operational Director of Children's Services and Education), Carl Burke (Principal Accountant), Sean Russell (Customer Feedback Coordinator), Mandip Chahal (Senior Joint Commissioning Manager), Chris Hilton (Interim Service Manager for Strategic Assets and Land) and Mark Stocks (Grant Thornton)

45/21 Apologies for Absence

Apologies were received from Councillors Akpoteni and Anandou and Independent Member Mr J Hussain.

46/21 Declarations of Interest

There were no declarations of interest made.

4721 Minutes

The Committee received the minutes of the meetings held on 18th March and 29th July 2021.



Resolved:

- (1) that the minutes of the meetings held on 18th March and 29 July 2021 are approved as a correct record;
- (2) that the Director of Law and Governance and Monitoring Officer, reports to the next meeting on progress in carrying out the resolutions of Minute No. 21/21 of the meeting held on 18th March (and reconvened, following an adjournment, on 18th May) 2021.

48/21

Additional Items of Business

There were no additional items of business to consider.

49/21

Statement of Accounts 2019/20

The Committee received the Council's Statement of Accounts for 2019/20. It was noted that that the delays in presenting these accounts was due to queries that external auditors, Grant Thornton, had around asset valuation.

The accompanying Audit Findings Report was presented as a separate agenda item.

Resolved that the Statement of Accounts for 2019/20 is approved.

50/21

Audit Findings Report 2019/20

In reference to Minute No. 49/21 (above) the Audit Findings Report in connection with the 2019/20 Statement of Accounts was presented by the Council's external auditors, Grant Thornton.

It was noted that there had been many delays in presenting this report, as a result of queries around asset valuation. Adjustments to the Comprehensive Income and Expenditure Statement (CIES) had resulted in a net decrease of £10.6m in deficit. A number of significant adjustments had been made, however, there was no loss to the Council.

It was again highlighted that the current processes for valuation of property, plant and equipment were poor and overly complex and would continue to cause delays in the audit process until resolved. Urgent action had been recommended.

Concerns had been reported to management around weaknesses in IT controls and the use of journals and the control measures in place.

Concerns around the establishment of Sandwell Land and Property and the contingent liability for the Council around its shares were re-iterated. The Committee noted that the company was in the process of being wound up.

Auditors had concluded that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources, except for its arrangements around Children's services which had been rated as 'inadequate' by OFSTED. Progress could be seen in Sandwell Children's Trust however there was a need to address staff vacancy rates. Members highlighted that the recent Ofsted inspection of the Trust's fostering service had resulted in a "Good" rating. It was hoped that this have a positive impact on the wider organisation.

The Head of Finance confirmed that the majority of required actions in the report had now been implemented, however the implementation of an electronic asset register was still in progress as a procurement process would need to be undertaken.

The Committee requested a further report to a future meeting on progress in addressing the high-risk actions set out in the accompanying action plan, particularly in relation to the implementation of new systems to replace Excel asset registers, the implementation of a new property database and management challenge of external valuations of property, plant and equipment.

In relation to the sale of Providence Place in West Bromwich, (Minute No. 20/20 of the Budget and Corporate Scrutiny Management Board meeting held on 20 August 2020 and Minute No. 68/20 of the Cabinet meeting held on 26 August 2020 refer), the sale represented a significant financial loss

for the Council of around £22m. Whilst the decision to sell the building for use as an academy for arts and music was laudable, the external auditor highlighted the significant financial loss to the Council and urged that future purchases or sales of land and property were clearly aligned with a long-term estates strategy.

The Committee was informed that both the purchase of the building and its subsequent sale were supported by external valuations. The decision to purchase the building and the cost of such had been offset against the cost of rent for the remainder of the lease (up to 2026). Following a change in the Council's operational requirements, and the declaration of the building as surplus to requirements, the opportunity to attract a new school had been taken.

Contracts for the sale of the building had recently been exchanged with the Department for Education and discussions were taking place regarding a completion date. Discussions were also taking place with officers from Strategic Assets and Land on the lessons learned from the process, as part of Grant Thornton's detailed review of governance, the findings of which would be reported to the Committee after October 2021.

51/21

Audit and Risk Assurance Committee Annual Report 2020/21

The Committee gave consideration to its Annual Report which detailed the work undertaken during 2020/21.

The Head of Finance reported the main causes for concern were the Audit Findings Report 2019/20 and the five 'limited' rated internal audit reports. Based on the work undertaken during the year and the implementation by management of the recommendations made, Internal Audit had given reasonable assurance that the Council had adequate and effective governance, risk management and internal control processes.

Resolved that the Audit and Risk Assurance Committee Annual Report 2020/21 is approved and presented to the next meeting of the Council.

52/21

Local Government and Social Care Ombudsman Annual Report year end 2020 and 2021

The Committee noted the Local Government and Social Care Ombudsman's (LGSCO) Annual Reviews for the years ending 31 March 2020 and 2021, which provided a summary of the complaints dealt with in relation to the Council.

115 complaints had been received by the LGSCO in 2019/20 period, of which 17 detailed investigations had taken place and 15 complaints had been upheld. 78 complaints had been received in 2020/21 period, of which 16 detailed investigations had taken place and 13 cases were upheld. It was reported that there was a more pro-active approach to managing complaints, which had resulted in a reduction in the number of complaints so far for the 2021/22 period.

The Committee noted that the most common complaints related to adult social care, of which there was a backlog due to the impact of the covid-19 pandemic. The LGSCO was aware of the delay and the team was now working through a backlog. It was noted that the Council compared favourably to other local authorities in the region in this respect.

5321

Strategic Risk Register - Children's Social Care

Further to Minute No. 37/21 of the meeting held on 29 July 2021, the Acting Operational Director of Children and Education attended the meeting to address the Committee on strategic risk 4 on the strategic risk register, which related to children's social care.

Further detail was provided on the measures in place to address the risk, which included monthly meetings between the Council and the Trust to provide assurance on the management of the risk and to consider performance and operational matters (Operational Partnership Board). In addition, each quarter, the Lead Member for Children's Services and the Chief Executive met with the Chair of the Trust Board and the Chief Executive of the Trust, at a Strategic Partnership Board (SPB).

On behalf of the Council, the Trust had developed a three-year Improvement Plan in response to the Ofsted inspection findings published in January 2018. The Plan had recently

been refreshed, utilising the feedback provided by Ofsted during its regular monitoring visits and input from both the Council and Independent Improvement Board, with an aim of becoming a 'Good' or better organisation. The delivery of the Improvement Plan was overseen by the Improvement Board, which was independently chaired, and progress was monitored as part of the Council's contractual monitoring processes.

It was reported that following a recent Ofsted inspection, the fostering service had been rated "Good", which demonstrated the progress being made by the Trust.

Meeting ended at 5.58 pm

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