

Agenda

Audit and Risk Assurance Committee

Thursday, 18 November 2021 at 5.00 pm
At Council Chamber - Sandwell Council House, Oldbury

This agenda gives notice of items to be considered in private as required by Regulations 5 (4) and (5) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

1 Apologies for Absence

To receive any apologies for absence from members of the Committee.

2 Declarations of Interest

Members to declare any interests in matters to be discussed at the meeting.

3 Minutes

7 - 12

To confirm the minutes of the meeting held on 16 September 2021 as a correct record.

4 Additional Items of Business

To determine whether there are any additional items of business to be considered as a matter of urgency.

5 Committee Terms of Reference Annual Review

13 - 18



To conduct the annual review of, and agree, the terms of reference for the Committee.

6 Committee Work Programme 2021/22 Update 19 - 20

To note the updated work programme of the Committee for the remainder of 2021/22 municipal year.

7 Audit Findings Report 2019/20 - Update on Action Plan 21 - 38

To consider and comment on the update regarding the 2019/20 Audit Findings Report Action Plan.

8 Voluntary and Community Sector Grants Update 39 - 42

To consider and comment on the update regarding how the Council plans to maintain an appropriate oversight and management of grant funding to the voluntary and community sector in future.

9 CIPFA Audit Committee Update 43 - 64

To inform the Committee of the contents of the latest CIPFA Audit Committee Update.

10 Strategic Risk Register Update 65 - 90

To note and comment on the strategic risks.

11 Exclusion of the Public and Press

That the public and press be excluded from the rest of the meeting. This is to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act, 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 relating to information which is likely to reveal the identity of an individual (Agenda Item 12); and information relating to the financial and business affairs of any person, including the authority holding that

information (Agenda item 13).

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|-----|---|-------|
| 12. | Update on Previous Recommendations | 91 - |
| | 2 | 102 |
| | To note the progress with regards to the resolutions from the Audit and Risk Assurance Committee. | |
| 13. | SEND Passenger Transport Contract | 103 - |
| | 3 | 126 |
| | To review and comment upon the recommendations from the June 2021 review of the SEND Passenger Transport Contract from an internal control perspective. | |

Kim Bromley-Derry CBE DL
Interim Chief Executive
Sandwell Council House
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Distribution

Councillor M Gill (Chair)
Independent Members Ager (Vice-Chair) and J Hussain
Councillors Akpoteni, Allen, Anandou, Z Hussain, O Jones, J Webb.

Contact: democratic_services@sandwell.gov.uk

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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.

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.

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

Contact: democratic_services@sandwell.gov.uk

Report to Audit and Risk Assurance Committee

18 November 2021

Subject:	Audit and Risk Assurance Committee – Terms of Reference Annual Review
Director:	Simone Hines Director of Finance
Contact Officer:	Peter Farrow Audit Services and Risk Management Manager, peter_farrow@sandwell.gov.uk

1 Recommendation

- 1.1 Conduct the annual review of, and agree, the terms of reference for the Committee.

2 Reasons for Recommendation

- 2.1 The terms of reference for the Committee were last reviewed in September 2020. It is recognised best practice that such terms of reference are reviewed annually by the Committee to ensure they remain fit for purpose.

3 How does this deliver objectives of the Corporate Plan?

		The Audit and Risk Assurance Committee is a key component of the council's governance, risk management and internal control framework.
		
		

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4 Context and Key Issues

- 4.1 Since they were last reviewed there have been no amendments to the terms of reference for the Committee.

5 Alternative Options

- 5.1 The purpose of the report is to enable an annual review of the Committee's terms of reference to be undertaken. As such, there is no alternative option.

6 Implications

Resources:	There are no direct resource implications arising from this report.
Legal and Governance:	The council is not obliged by law to appoint an Audit Committee, but this course of action has been taken in line with guidance from CIPFA.
Risk:	The Audit and Risk Assurance Committee is a key component of the council's risk management framework.
Equality:	It was not necessary to undertake an Equality Impact Assessment.
Health and Wellbeing:	There are no direct health and wellbeing implications from this report.
Social Value	There are no direct social value implications from this report.

7. Appendices

- 7.1 There are no appendices.

8. Background Papers

- 8.1 There are no background papers.

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Audit and Risk Assurance Committee – Terms of Reference

Statement of purpose

Our Audit and Risk Assurance Committee is a key component of the council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our Audit and Risk Assurance Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control

To review the council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.

To review the annual governance statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

To monitor the effective development and operation of risk management in the council.

To monitor progress in addressing risk-related issues reported to the committee.

To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

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To monitor the counter-fraud strategy, actions and resources.

To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal Audit

To approve the internal audit charter.

To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

To approve the risk based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

To approve significant interim changes to the risk-based internal audit plan and resource requirements.

To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.

To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:

- Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work;
- Regular reports on the results of the quality assurance and improvement programme;
- Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the annual governance statement.

To consider the head of internal audit's annual report:

- The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the quality assurance and improvement programme that supports the statement - these will indicate the reliability of the conclusions of internal audit.

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- The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion - these will assist the committee in reviewing the annual governance statement.

To consider summaries of specific internal audit reports as requested.

To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

To contribute to the quality assurance and improvement programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

To consider a report on the effectiveness of internal audit to support the annual governance statement, where required to do so by the Accounts and Audit Regulations.

To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

External Audit

To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.

To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

To consider specific reports as agreed with the external auditor.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To commission work from internal and external audit.

To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

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Financial Reporting

To receive detailed training in respect of the process associated with the preparation, sign off, audit and

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

To report to full council on a regular basis on the committee's performance in relation to the terms of reference, and the effectiveness of the committee in meeting its purpose.

To publish an annual report on the work of the Committee.

Audit and Risk Assurance Committee Work Programme 2021/2022

Date of Meeting	Item	Responsible Officer
11th January 2022 (Reports due 22nd December)	Statement of Accounts 2020/21	Simone Hines
	Corporate Risk Management Strategy	Narinder Phagura
	Internal Audit Update	Peter Farrow
	Counter Fraud Update	Oliver Knight
	CIPFA Audit Committee Update	Peter Farrow
	Internal Audit Charter	Peter Farrow
	Appointment of External Auditors	Peter Farrow
17th March 2022 (Reports due 7th March)	Strategic Risk Register Update	Narinder Phagura
	Annual Governance Statement Action Plan Update	Narinder Phagura
	Internal Audit Update	Peter Farrow
	Counter Fraud Update	Oliver Knight
	Internal Audit Plan 2022/23	Peter Farrow

	CIPFA Audit Committee Update	Peter Farrow
	Financial Management Code Action Plan Update	Narinder Phagura/Rebecca Maher
	Review of Financial Regulations	Rebecca Maher/Narinder Phagura
	Review of Procurement and Contract Procedure Rules	Haley Macmichael

Items to be scheduled:		
	Voluntary Sector Leases (agreed on 29 July 2021)	Peter Farrow
	Review of Anti-Money Laundering Policy	Simone Hines

Report to Audit & Risk Assurance Committee

18 November 2021

Subject:	Audit Findings Report 2019/20 – Action Plan Update
Director:	Director of Finance Simone Hines
Contact Officer:	Head of Finance, Rebecca Maher Rebeca_maher@sandwell.gov.uk

1 Recommendations

- 1.1 That the Board considers and comments upon the update regarding the 2019/20 Audit Findings Report Action Plan.

2 Reasons for Recommendations

- 2.1 Audit and Risk Assurance Committee members requested an update on the progress the Council has made against the Action Plan which Grant Thornton had produced as part of their Audit Findings Report for 2019/20. This report has been produced in response to that request.

3 How does this deliver objectives of the Corporate Plan?

  	  	<p>The Council's financial status helps to underpin the Council's Corporate Plan and associated aspirations.</p>
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4 Context and Key Issues

- 4.1 Appendix 1 attached shows the actions that were recommended by Grant Thornton in their 2019/20 Audit Findings Report and the progress against these actions.
- 4.2 The actions have been RAG rated in order to highlight where there are concerns. A number of actions have now been addressed with the main concerns being: -
- Progress on procuring a new Asset Management System has been delayed due to a lack of capacity within the Procurement Team as a result of sickness and vacancies. Temporary staff are in the process of being appointed in order to move this forward.
 - A number of the actions are dependent on the implementation of Oracle Fusion, particularly those around the IT Controls. The IT Controls actions are currently being reviewed and next steps are to be agreed with Grant Thornton.
- 4.3 The actions regarding the provision of information to Grant Thornton in respect of valuations are currently rated 'amber'. This is because it will not be possible to judge the sufficiency of this information until the 2020/21 audit has progressed further. In order to assist with this, an Asset Valuation Steering Group has been established to monitor the queries raised by Grant Thornton and ensure that accurate responses are being provided in a timely manner.

5 Appendices

Appendix 1 – Audit Findings Report Action Plan 2019/20

6 Background Papers

Grant Thornton Audit Findings Report 2019/20



AUDIT FINDINGS REPORT ACTION PLAN - MAIN AUDIT (VALUATIONS)

Appendix 1

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RECOMMENDATION	PROGRESS UPDATES	TARGET DATE
Management should modernise the record keeping by investing in a bespoke asset register or by acquiring an asset register module in the new ledger upgrade.	Demonstrations from MRI, CIPFA and Technology Forge. Approximate costs received from MRI, still waiting for costs from others. Fortnightly meetings being held. Additional procurement capacity required to move forward - hoping to get two temporary staff in post in the next couple of weeks.	Dec-22
Management should undertake a programme of property inspections to ensure that all property records are up to date.	Work is being outsourced. Brief is being prepared and work will be appointed in the new year.	
Management should include in the instructions to the valuer that they will supply evidence to support the assumptions in the valuations so that management can check and challenge the valuations before applying to the asset register and accounts.	<u>Ongoing - Asset Management Team to ensure that this is included in instructions and can be provided to GT if necessary.</u>	Ongoing
MEDIUM PRIORITY Management should ensure that there is formal documentation of such discussions with the external valuer.	<u>Ongoing - Asset Management Team to ensure that evidence of this is available to be provided to GT if necessary.</u>	Ongoing
Management should ensure that all assets are appropriately recorded at the land registry	<u>Now Complete - Paper prepared by Legal team to explain circumstances when this is not necessary</u>	ASAP
Management should ensure that all purchases and sales of assets are clearly aligned with the council's accommodation strategy.	N/a	Ongoing

AUDIT FINDINGS REPORT ACTION PLAN - MAIN AUDIT (OTHER)

RECOMMENDATION	PROGRESS UPDATES	TARGET DATE
HIGH PRIORITY Management should ensure that there are appropriate checks in place to ensure that arrears from subsidiary systems are accurately reflected in the accounts. Specifically in relation to HB arrears management should undertake appropriate analysis to ensure the position is correctly reflected in the 2020/21 accounts (we have included this year as an uncorrected misstatement)	Received information from Revs and Bens today, now to be assessed and work out accounting entries along with provision before updating management to go to internal and external audit and audit committee. Meeting taking place on Monday 27th April with Revs and Bens. <u>Now approved and in place.</u>	30th April 2021

<p>Management should look to simplify the bank reconciliation as currently it is extremely difficult to review by both management, which is probably a factor as to why the error was undetected by review but also for audit purposes.</p>	<p>Contact made with Wolverhampton to discuss their processes and procedures once closedown has passed. Reconciliations have been tidied up since April but further work will be done later in the year. <u>Additional work on 2019/20 has delayed work on this area.</u></p>	<p>Dec-21</p>
<p>Management should continue to review impairment of receivables, building on the work done as part of the final accounts and considering further the impact of COVID-19 on the collectability of debt, as recovery procedures are implemented. Communication between the finance team and the revenues departments should be strengthened in the process of making estimates.</p>	<p>Communicated with Revs and Bens and provision workings to be reviewed with the data supplied from Revs and Bens and their further input. General bad debt provision agreed internally and to be presented to GT. <u>Now complete and agreed with GT</u></p>	<p>May-21</p>
<p>Management should review the provision for appeals annually using the most up to date analyse local information and knowledge of the sector.</p>	<p>Process is now in place and regular reports are being run to ensure the most up to date appeals data is used and that it is checked by Revs and Bens. The final appeals provision will be discussed and agreed at a meeting between the Finance Manager and the Revs and Bens Manager. <u>Now complete</u></p>	<p>May-21</p>
<p>MEDIUM PRIORITY</p>	<p>Meeting held with GT and Principal Accountants to explain importance of journal approvals. <u>Ongoing</u></p>	<p>Ongoing</p>
<p>Management should review controls over journals to ensure that such large journals are reviewed and approved.</p>	<p>System identified an issue with this and therefore no payment was made. The controls in the system therefore worked as they should.</p>	<p>N/a</p>
<p>Management should look at the controls and safeguards and controls around payments to prevent postings being made that are outside appropriate parameters.</p>	<p>Management should ensure the recommendations made in the IT report are addressed - see IT Controls sheet.</p>	
<p>Children's Trust pensions: We were satisfied that the accounts reflect the children's trust pensions consistent with the intention of both parties. However the paper trail to support the accounting was poor, although following discussions and legal letters was adequate for audit purposes. We recommended</p> <ul style="list-style-type: none"> • a fixed contribution rate should be confirmed as payable by the children's trust • The council and Trust and pension fund should more formally set out the position on the pension in a tripartite agreement. 	<p><u>In progress</u></p>	<p>Dec-21</p>
<p>We would recommend that all schemes are reviewed at least once to ensure that the understanding of the council's commitment under the guarantees is understood and then the larger schemes updated annually.</p>	<p><u>Now complete</u></p>	<p>May-21</p>
<p>PFI Training - Portway</p>	<p><u>Now complete</u></p>	<p>Jun-21</p>

Sandwell MBC Audit Progress Report and Sector Update

Year ending 31 March 2021

November 2021



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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This paper provides the Audit and Risk Assurance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit and Risk Assurance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk ..

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at November 2021

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Financial Statements Audit 2019/20

We presented the Audit findings report to the September Audit Committee. We have yet to issue the opinion on the accounts. We are working with the finance team to finalise some of the remaining adjustments to the accounts and to ensure the internal consistency of the statements following the extensive adjustments made in the course of the audit.

Also, in response to matters raised at other Councils nationally, the GT approach for the 2020/21 audit includes undertaking some benchmarking work on the Minimum Revenue Provision (MRP) and the Capital Financing Requirement (CFR) to gain additional assurance around the accuracy of these amounts within the financial statements. As these balances are related year on year, we judged it prudent to undertake the exercise on the 2019/20 accounts as they have yet to be finalised. This exercise has raised some queries in relation to the CFR that the finance team are currently working through. Completion of this exercise will provide assurance on these areas for both the 2019/20 and 2020/21 accounts.

Financial Statements Audit 2020/21

We undertook our initial planning and interim work for the 2020/21 audit in Spring 2021. and our plan was issued to the June 2021 committee.

The Accounts and Audit (Amendment) Regulations 2021 push back the date by which principal authorities need to publish their draft financial statements to the first working day of August. In 2020 this date was pushed back to 31 August. The target date for the publication of audited financial statements is 30 September. In 2020 this date was pushed back to 30 November 2021.

We have yet to receive a final draft of the accounts, however we started our work on the accounts during October 2021 as there are areas of the accounts that have been finalised. Clearly the publication date for the accounts has now been missed and in view of the late commencement of the audit and the absence of a final set of accounts, the 2020/21 audit is unlikely to be finalised until January 2022, although we hope to complete much of the substantive work before Christmas. We will provide an update at the 11 January committee.

Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline is now no more than three months after the date of the opinion on the financial statements.

Progress at July 2021 (cont.)

Page 29

Value for Money: Governance review

We have agreed with management that we will undertake a governance review at the council and a scope of work has been agreed with management. Our work is now substantially complete and a draft report is to be issued to senior officers. Once the clearance process is completed we will agree how best to report our findings to the Council. In addition to any other reporting mechanisms agreed we will bring the report to the Audit Committee in January 2022.

Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2020/21 claim has begun and we expect to complete this work in January 2022.

We certify the Authority's annual Teachers' Pensions return in accordance with procedures agreed with Teachers' Pensions. The certification work for the 2020/21 is due to begin in November.

Meetings

We currently meet formally weekly with Finance Officers to progress audit queries and also weekly with the Director of Finance in order to keep each other up to date on progress. We also meet monthly with the Interim Chief Executive.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Financial Reporting Workshop in February, which helped to ensure that members of your Finance Team were up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

Audit Deliverables

Page 30

2020/21 Deliverables	Planned Date	Status
<p data-bbox="120 408 264 437">Audit Plan</p> <p data-bbox="120 456 1317 555">We are required to issue a detailed audit plan to the Committee setting out our proposed approach in order to give an opinion on the Authority's 2020/21 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.</p>	June 2021	Complete
<p data-bbox="120 584 338 612">Progress report</p> <p data-bbox="120 632 1317 692">We will report to you the findings from our interim audit and other matters within our Progress Report.</p>	June 2021 / November 2021	Complete
<p data-bbox="120 721 421 750">Audit Findings Report</p> <p data-bbox="120 769 1317 829">The Audit Findings Report will be presented to the committee when the audit is nearing completion.</p>	TBC	Not yet due
<p data-bbox="120 858 338 887">Auditors Report</p> <p data-bbox="120 906 734 935">This is the opinion on your financial statements.</p>	TBC	Not yet due
<p data-bbox="120 979 450 1008">Auditor's Annual Report</p> <p data-bbox="120 1027 1155 1056">This Report communicates the key issues arising from our Value for Money work.</p>	March 2022	Not yet due

Sector Update

Page 31

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

What can be learned from Public Interest Reports? – Grant Thornton

Page 32

2020 will be remembered as a tumultuous year in local government, with the pandemic creating unprecedented pressure on the sector. It also saw the appearance of two Public Interest Reports (PIRs), followed by another in January this year – the first to be issued in the sector since 2016. PIR's can be issued by local auditors if there are significant concerns around council activity, such as major failings in finance and governance.

The recent PIRs have made headlines because, up to this point, very few have ever been issued. But, as our latest report “Lessons from recent Public Interest Reports” explores, all three illustrate some of the fundamental issues facing the wider sector and provide a lesson for all local authorities around: weaknesses in financial management; governance and scrutiny practices; and council culture and leadership; which, when combined, can provide fertile ground for the kind of significant issues we might see in a PIR.

The COVID-19 pandemic highlighted four essential factors we probably always knew about local government, have often said, but which are now much better evidenced:

- 1) Local government has provided fantastic support to its communities in working with the NHS and other partners to deal with the multifaceted challenges of the pandemic.
- 2) Britain's long centralised approach to government has been exposed to some degree in terms of its agility to tailor pandemic responses to regional and local bodies. This is recognised by the current government who continue to pursue the options for devolution of powers to local bodies. Track and Trace delivered centrally has not been as successful as anticipated and, according to government figures, local interventions have had more impact.

- 3) Years of reduced funding from central government have exposed the underlying flaws in the local authority business model, with too much reliance on generating additional income.
- 4) Not all authorities exercise appropriate care with public money; not all authorities exercise appropriate governance; and not all authorities have the capability of managing risk, both short and long term. Optimism bias has been baked into too many councils' medium-term plans.

The PIRs at Nottingham City Council (August 2020), the London Borough of Croydon (October 2020), and Northampton Borough Council (January 2021) are clear illustrations of some of the local government issues identified above. The audit reports are comprehensive and wide-ranging and a lesson for all local authorities. Local authorities have a variety of different governance models. These range from elected mayor to the cabinet and a scrutiny system approach, while others have moved back to committee systems. Arguments can be made both for and against all of these models. However, in the recent PIR cases, and for many other local authorities, it's less about the system of governance and more about how it operates, who operates it and how willing they are to accept scrutiny and challenge.

There are a number of lessons to be learned from the recent PIR reports and these can be broken down into three key areas which are explored further in our report:

- 1) The context of local government in a COVID-19 world
- 2) Governance, scrutiny, and culture
- 3) Local authority leadership.

The full report is available here:

[Lessons from recent Public Interest Reports | Grant Thornton](#)

Annual Transparency Report – Grant Thornton

Page 33

As auditors of several listed entities as well as nearly one hundred major local audits, we are required as a firm to publish an annual transparency report.

The report contains a variety of information which we believe is helpful to audit committees as well as wider stakeholders. The Financial Reporting Council (FRC) in their thematic review of transparency reporting noted that they are keen to see more Audit Committee Chairs actively engaging and challenging their auditors on audit quality based on the information produced in Transparency reports on a regular basis. We agree with the FRC and are keen to share our transparency report and discuss audit quality with you more widely.

The transparency report provides details of our:

- Leadership and governance structures
- Principle risks and Key Performance Indicators
- Quality, risk management and internal control structure
- Independence and ethics processes
- People and culture
- Compliance with the Audit Firm Governance code and EU Audit directive requirements

We have made significant developments in the year as part of our Local Audit Investment Plan to improve our audit quality. We welcome an opportunity to discuss these developments and our transparency report should you wish.



The full report is available here:

[Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Local authority Covid-19 pressures – MHCLG

Page 34

Outturn figures from the Ministry for Housing, Communities and Local Government (MHCLG) show that local authorities in England reported additional cost pressures of £12.8bn relating to Covid-19 in 2020-21. Overall, local authorities spent £7.2bn responding to the pandemic last year, with the largest share of additional expenditure going on adult social care services at £3.2bn.

Additional expenditure due to COVID-19 by class and service area (£ millions) (2020-21)

	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Adult Social Care – total	0.473	1,254.880	848.656	663.404	413.842	3,181.254
Children's social care - total (excluding SEND)	0.000	94.933	131.127	89.799	62.987	378.846
Housing - total (including homelessness services) excluding HRA	63.129	5.254	74.949	42.281	112.971	298.584
Environmental and regulatory services - total	33.564	68.097	67.512	66.704	63.556	299.433
Finance & corporate services - total	48.222	53.445	83.984	76.923	78.284	340.858
All other service areas not listed in rows above	184.550	634.578	584.924	564.737	395.137	2,363.926
Total	329.937	2,111.187	1,791.153	1,503.848	1,126.777	6,862.902



The figures are available in full here: <https://www.gov.uk/government/publications/local-authority-covid-19-financial-impact-monitoring-information>

Income losses due to COVID-19 by class and source of income (£ millions) (2020-21)

	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Business rates	276.498	0.000	194.192	207.351	537.667	1,215.708
Council tax	399.037	0.000	217.633	191.219	232.727	1,040.616
Sales fees and charges	516.426	194.923	553.907	396.745	475.728	2,137.728
Commercial income	82.448	24.159	120.629	204.211	52.154	483.600
Other	33.494	39.947	27.163	53.664	45.166	199.435
Total	1,307.903	259.029	1,113.524	1,053.190	1,343.441	5,077.087

Government response to Redmond review – MHCLG

Page 35

Government has published an update on the Ministry of Housing, Communities & Local Government response to Sir Tony Redmond’s independent review into the effectiveness of external audit and transparency of financial reporting in local authorities.

The MHCLG press release states “The Audit, Reporting and Governance Authority (ARGA) – the new regulator being established to replace the Financial Reporting Council (FRC) – will be strengthened with new powers over local government audit, protecting public funds and ensuring councils are best serving taxpayers.

The new regulator, which will contain a standalone local audit unit, will bring all regulatory functions into one place, to better coordinate a new, simplified local audit framework.

ARGA will continue to act as regulator and carry out audit quality reviews as the FRC does now. It will now also provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice – the guidelines councils are required to follow.

The government has confirmed that the Public Sector Audit Appointments (PSAA) will continue as the appointing body for local audit, in charge of procurement and contract management for local government auditors.

In the immediate term, MHCLG will set up and chair a Liaison Committee, which will comprise senior stakeholders across the sector that will oversee the governance of the new audit arrangements and ensure they are operating effectively.”

The press release goes on to state the “measures finalise the government’s response to Sir Tony Redmond’s independent review into local audit, carried out last year.

The government has already announced £15 million to support councils with additional costs in audit fees, and recently consulted on the distribution of this funding. Government is also consulting on improving flexibility on audit fee setting and has extended the deadline for when councils must publish their audited accounts.



The press release can be found here:

<https://www.gov.uk/government/news/government-publishes-update-to-audit-review-response>

Consultation on 2023-24 audit appointments – Public Sector Audit Appointments

Page 36

Public Sector Audit Appointments (PSAA) is consulting on the Draft prospectus for 2023 and beyond.

PSAA state “Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

The objectives of the procurement are to maximise value for local public bodies by:

- securing the delivery of independent audit services of the required quality;
- awarding long term contracts to a sufficient number of firms to enable the deployment of an appropriately qualified auditing team to every participating body;
- encouraging existing suppliers to remain active participants in local audit and creating opportunities for new suppliers to enter the market;
- encouraging audit suppliers to submit prices which are realistic in the context of the current market;
- enabling auditor appointments which facilitate the efficient use of audit resources;
- supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery; and
- establishing arrangements that are able to evolve in response to changes to the local audit framework.”

The plans include proposals to adjust the procurement ratio between quality and costs from an equal 50:50 to 80:20, as well as trying to bring new suppliers in to the market.

The consultation on the PSAA’s proposals closes on 8 July.



The news article can be found here:

<https://www.psa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/prospectus-2023-and-beyond/draft-prospectus-for-2023-and-beyond/page/7/>

Councils given power to build more homes for first time buyers and for social rent – MHCLG

Page 37

The Ministry of Housing, Communities & Local Government (MHCLG) has announced that councils in England will have more freedom on how they spend the money from homes sold through Right to Buy to help them build the homes needed in their communities.

The MHCLG press release states the “package will make it easier for councils to fund homes using Right to Buy receipts, including homes for social rent, and give them greater flexibility over the types of homes they provide to reflect the needs of their communities.

It will also give councils more time to use receipts and to develop ambitious building programmes. The government wants homes supplied using Right to Buy receipts to be the best value for money, and to add to overall housing supply, to help towards delivering 300,000 new homes a year across England by the mid-2020s.”

The press release goes on to note “New measures include:

- extending the time councils have to spend Right to Buy receipts from 3 years to 5 years
- increased cap on the percentage cost of new homes councils can fund from Right to Buy receipts raised from 30% to 40% per home, making it easier to build replacement homes
- allowing receipts to be used for shared ownership, First Homes, as well as affordable and social housing, to help councils build the homes their communities need
- introducing a cap on the use of Right to Buy receipts for acquisitions to help drive new supply.”



The press release can be found here:

<https://www.gov.uk/government/news/councils-given-power-to-build-more-homes-for-first-time-buyers-and-for-social-rent>



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Report to Audit and Risk Assurance Committee

18 November 2021

Subject:	Voluntary and Community Sector Grants Update
Director:	Neil Cox – Director, Business Strategy and Change
Contact Officer:	Kate Ashley - Strategic Lead - Service Improvement Kate_Ashley@sandwell.gov.uk

1 Recommendation

- 1.1 To update the Audit and Risk Assurance Committee on how the council plans to maintain an appropriate oversight and management of grant funding to the voluntary and community sector in future and in ensuring a strategic relationship with the sector to deliver the aspirations of the Corporate Plan.

2 Reasons for Recommendation

- 2.1 Following an internal audit review of voluntary and community sector grants, the Committee requested that they be kept up to date on what changes to the oversight and management of this funding would take place. This report sets out the latest arrangements regarding this.

3 How does this deliver objectives of the Corporate Plan?

		The Audit and Risk Assurance Committee is a key component of the council's governance, risk management and internal control framework
		
		

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4 Context and Key Issues

4.1 The council's relationship with and funding to the voluntary and community sector is set out in a number of key documents. These provide a level of structure and governance around the issuing of grants, and include:

- Sandwell Compact (last reviewed by Cabinet in 2019),
- Voluntary & Community Sector Funding Protocol (reviewed in 2019),
- Voluntary & Community Sector Grant Funding Procedures and Guidance (part of Financial Regulations)

These documents are supplemented by the support and guidance provided by the Voluntary Sector Support Team (VSST) to commissioners across the council and external organisations.

- 4.2 It is recognised that the voluntary and community sector make a valuable contribution to the local community and to the council in enabling it to meet its objectives. The sector also played a key role in supporting community resilience during the pandemic
- 4.3 Following a review of voluntary sector grants issued across the council conducted during 2018/19, a working group led by the former Executive Director- Neighbourhoods recommended establishing a centralised budget for grants paid to the Voluntary and Community Sector and implementing more robust monitoring to create a collective overview of activity. This approach was agreed by Leadership Team in February 2020 and led to the establishment of the Investing in the Voluntary & Community Sector Strategic Group (IITVCS group).
- 4.4 Unfortunately, limited progress had been made in this area due to changes in senior leadership, focus of the organisation responding to the Covid-19 pandemic, and limited capacity within Service Improvement and the VSST to drive the implementation of strategic change. The direction of travel was again confirmed at Leadership Team in October 2020, but it was agreed that implementation would be paused following the outcome of the Senior Management Restructure.
- 4.5 The main challenge the organisation was facing was that commissioners from different directorates were using different approaches to how they award and monitor grant funding, and there was a lack of information sharing across directorates to enable an organisational understanding of what activity is being funded across the sector and the outcomes derived from such funding.

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- 4.6 It had been envisaged that the implementation of the Grant Management System within Oracle Fusion would provide improved mechanisms for capturing and reporting information on grants activity. However, in light of the challenges surrounding the implementation of the core functions within Oracle Fusion, it is unlikely that this functionality would be available in the near future.
- 4.7 Also, this agenda has suffered from a lack of clear strategic ownership and direction at senior leadership level over the last twelve months. Whilst all directors involved agree that a co-ordinated and strategic approach with the voluntary and community sector was required, not having a single identified lead to push the agenda forward has meant that the key piece of work to centralise the grant budgets has stalled.
- 4.8 With the implementation of permanent changes in personnel across the senior management team, this presented an ideal opportunity to take stock of the approach that the council now wishes to take and agree the future action plan for this area. This action plan will include the recommendations from the previous internal audit report.
- 4.9 Therefore, the Leadership Team were asked to consider and agree the arrangements that needed to be put in place to maintain the appropriate oversight and management of grant funding to the voluntary and community sector over the short to medium term future.
- 4.10 In addition to this, and in light of both recent structural and personnel changes within the senior management structure of the organisation and following feedback from the voluntary and community sector, Leadership Team was also asked to consider and agree which Director was best placed to take the lead on the council's relationship with its voluntary sector partners. In October 2021, the Leadership Team agreed to centralise the Voluntary Sector Support Grant Budget but retain commissioning responsibility within directorates. This would result in the overall budget for grant funding being centralised into the Business Strategy and Change directorate, along with the administration of issuing grants and the Director for Business Strategy and Change would formally take the lead on developing and managing the organisation's relationship with the sector, whilst decision making on the allocation of grants would be retained by the IITVCS group.
- 4.11 Directorates would retain responsibility for identifying where grants would add to/support the delivery of desired outcomes and retain knowledge of and relationships with relevant local organisations.

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This approach will require robust financial reporting on grants and activity, along with a good working relationship between commissioners and the IITVCS group. It would also provide clear governance arrangements for decision making and provide stronger foundations for beginning to build an effective strategic relationship with the sector.

4.12 Once this new process had been given time to become embedded, it then would be subject to an internal review, in all likelihood as part of the next Internal Audit Plan.

5 Alternative Options

5.1 The purpose of the report is to inform the Committee on the planned oversight and management of grant funding to the voluntary and community sector. As such, there is no alternative option.

6 Implications

Resources:	There are no direct resource implications arising from this report.
Legal and Governance:	The council is not obliged by law to appoint an Audit Committee, but this course of action has been taken in line with guidance from CIPFA.
Risk:	The Audit and Risk Assurance Committee is a key component of the council's risk management framework.
Equality:	It was not necessary to undertake an Equality Impact Assessment.
Health and Wellbeing:	There are no direct health and wellbeing implications from this report.
Social Value	There are no direct social value implications from this report.

7. Appendices

7.1 There are no appendices.

8. Background Papers

8.1 There are no background papers.

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Report to Audit and Risk Assurance Committee

18 November 2021

Subject:	CIPFA Audit Committee Update
Director:	Simone Hines Director of Finance/Section 151 Officer
Contact Officer:	Peter Farrow Audit Services and Risk Management Manager, peter_farrow@sandwell.gov.uk

1 Recommendation

1.1 Review and comment upon the latest CIPFA Audit Committee Update.

1 Reasons for Recommendation

2.1 To inform the Committee of the contents of the latest CIPFA Audit Committee Update.

3 How does this deliver objectives of the Corporate Plan?

		Internal Audit operates across the council and helps it accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.
		
		



4 Context and Key Issues

4.1 CIPFA produce a series of briefing papers to support public sector audit committee members and to provide a practical resource for those who support audit committees. The update is published approximately three times a year. Each one will include a main feature, together with pointers to new developments or guidance that audit committee members may need to be aware of. The latest edition includes articles on supporting improvements to risk management arrangements, defining the relationship between the audit committee and the scrutiny function and the new consultation on local audit and audit committee arrangements.

5 Alternative Options

5.1 The purpose of the report is to inform the Audit and Risk Assurance Committee of the latest CIPFA Audit Committee Update. As such, there is no alternative option.

6 Implications

Resources:	There are no direct resource implications arising from this report.
Legal and Governance:	Internal audit is a statutory service in the context of the Local Government Accounts and Audit Regulations (Amendment)(England) 2015. The Act states that: <i>“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”</i> . These Standards have been adopted by the council’s internal audit section.
Risk:	The agreed actions detailed in Internal Audit reports are designed to mitigate risks.
Equality:	It was not necessary to undertake an Equality Impact Assessment.
Health and Wellbeing:	There are no direct health and wellbeing implications from this report.
Social Value	There are no direct social value implications from this report.



7. Appendices

7.1 There are no appendices.

8. Background Papers

8.1 CIPFA Audit Committee Update



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Report to Audit and Risk Assurance Committee

18 November 2021

Subject:	Strategic Risk Register Update Report
Director:	Director of Finance Simone Hines
Contact Officer:	Audit Services Business Partner Narinder Phagura Narinder_Phagura@sandwell.gov.uk

1 Recommendations

1.1 To note and comment on the strategic risks.

2 Reasons for Recommendations

2.1 Effective risk management is a key element of good corporate governance, as noted in the council's [Code of Corporate Governance](#), and is essential to the overall performance of the council in meeting its corporate plan objectives. Good risk management will ensure that resources are used efficiently and effectively, and that assets and resources are protected against risk in the most efficient way.

2.2 The role of the ARAC is to provide assurance to the Council that it has a system of governance, risk management and internal control in place and that the adequacy and effectiveness of these arrangements continue to inform decision making throughout the emergency and recovery period.



3 How does this deliver objectives of the Corporate Plan?

		The report details the key strategic risks that need to be managed to ensure that they do not negatively impact on the delivery of the Corporate Plan objectives.
		
		

4 Context and Key Issues

- 4.1 This report updates the Committee on the profile of the key risks currently faced by the Council since they were last reported in July 2021.
- 4.2 The risk register is a live document and reflects the Council’s risk profile at the time of preparing this report in November 2021. The risks undergo ongoing review to ensure they remain appropriate and are correctly assessed in order to aid informed decision making and resource allocation.
- 4.3 The Strategic risk register does not include all of the risks faced by the Council. Other risks are captured within directorate, programme and project risk registers in line with the Council’s risk management framework.
- 4.4 The review and assessment of each strategic risk, has been discussed with the risk owners and discussed with the Leadership Team and Cabinet Members. A summary of the strategic risk register is included at appendix A. The following changes are noted since the last update to the Committee:
- Risk 4- Children’s social care- the assessment of this risk has reduced to 12 (red). The reduction is due to the improvements in staffing levels. There are a number of Social Workers and Advanced Practitioners that have commenced employment or will be starting over the coming weeks. There is also a permanent senior leadership team in place in the operational area of the Trust. In addition to this, a recent review by Ofsted of the Council’s



fostering service found all areas to be rated as “Good”, demonstrating a positive direction of travel.

- Risk 53- Oracle Fusion (previously referenced as Business Management System) – the target date for this risk has been updated from October 2021 due to delays in the project implementation.
- Risk 56- Towns Fund Programme- the assessment of this risk has increased from 9 (amber) to 12 (red) as a result of delays in the production of business cases and the full establishment of the programme management office (due to programme manager sickness absence). Remedial actions are being implemented including, the transfer of a senior Regeneration Officer to manage the programme; an external recruitment process is underway and additional resources have been allocated to the production of some of the business cases.

4.5 In addition to the above, a number of new risks have been identified for inclusion in the risk register as follows:

- Risk 27b – In year budget monitoring and management has been included in the register, which considers the arrangements in place to ensure the Council operates within the resources available and allocated in its budget and that planned savings and efficiencies are being delivered and achieved.
- Risk 61- Partner/ Contractor delivery of services. This risk considers the arrangements in place to ensure effective contract management arrangements are in place, in particular within the Council’s key contracts, to ensure compliance with the contract terms, good quality service delivery and to provide assurance on value for money.

4.6 A detailed update on each of these risks, including the measures in place to mitigate them is included within Appendix A.



5 Alternative Options

- 5.1 Whilst this report does not require a decision and therefore, alternative options do not need to be considered, when measures are being considered for the mitigation of each of the strategic risks, this takes into account any alternative options available.

6 Implications

Resources:	The authority's budget planning process is being reviewed to take account, as far as is practicable, the future impact of the pandemic to ensure that limited resources are appropriately allocated in light of the pandemic, to the reset and recovery plan for Sandwell and any new emerging priorities.
Legal and Governance:	There are numerous standards applicable to the management of risk within the local authority sector. Included amongst these is guidance from CIPFA/Solace, the British Standards Institute (BSI) and a set of joint standards published by the Institute of Risk Management (IRM), Alarm (The public sector risk management association) and AIRMIC (Association of Risk Managers in Industry and Commerce). Evidence that robust management of the authority's strategic risks is being undertaken demonstrates compliance with these standards. The management of COVID related risks will also take into account central government directives and regulatory guidance to ensure these are complied with.
Risk:	The report itself is an update of the key risks facing the Council.
Equality:	As a decision is not being sought in this report, it is not necessary to undertake an Equality Impact Assessment. However, when measures and decisions are being considered for the mitigation of risks, risk owners must take into account any equalities impact and whether an equalities impact assessment is required.



	The Council recognises that its workforce is instrumental in assisting the organisation in managing the strategic risks noted within this report (as set out in Appendix A) and thereby delivering the Council’s priorities. As such, the Council must ensure that equalities implications and how they affect the workforce as well as the wider community are considered and underpin all decisions and risk mitigating actions.
Health and Wellbeing:	The management of risk takes into account where appropriate, the implications on health and wellbeing of our communities.
Social Value	The actions and decisions that are being considered for the mitigation of the strategic risks, will take into account the meeting of the Council’s social value commitments.

7. Appendices

Appendix A – Strategic risk register summary as at November 2021

8. Background Papers

None



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Strategic Risk Register Summary @ November 2021

Appendix A

Profile of Current Strategic Risk Scores

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Red	4, 21a, 27, 27a, 42a, 53, 54, 56, 59, 61
Amber	6a, 6b, 27b, 50, 55, 58, 60
Green	57





1. Best start in life for children and young people



2. People live well and age well



3. Strong resilient communities



4. Quality homes in thriving neighbourhoods



5. A strong and inclusive economy



6. A connected and accessible Sandwell

Risk Ref	Risk Title and Description	Previous risk score (Jun 2021)	Movement in risk score	Current risk score (Nov 2021)	Target risk score and date	Progress to Date (incl. risk mitigations and further actions)																																					
4 07/12	<p>Children’s Social Care</p> <p>If the Council does not put in place robust arrangements and receive appropriate assurances to ensure that the Sandwell Children’s Trust addresses the areas of poor or inconsistent performance, as outlined by Ofsted (and as required by the Statutory Direction served on the Council by the Secretary of State on 6 October 2016), with rigour and pace, then the Council will fail in its responsibilities to:</p> <ul style="list-style-type: none"> Safeguard vulnerable children Promote and improve the outcomes of children in its care Manage any adverse financial consequences arising from the failure to create favourable outcomes for children within the resources available to it Improve the continued adverse affect on the Council’s reputation. <p>Risk Area – Children’s Services Risk Owners – Director of Children’s Services</p> <p>Objectives impacted: 1 and 3</p>	16 (red)		12 (red)	8 (amber) Requires Improvement Next full Ofsted inspection expected in 2022	<p>Measures to manage the risk continue to include:</p> <ul style="list-style-type: none"> Progress against KPIs which are monitored and overseen by the Operational and Strategic Partnership Boards. Performance against KPIs has been good with areas continuing to improve. The Department for Education chaired Improvement Board continues to have oversight of progress against the refreshed improvement plan. The most recent Ofsted inspection of the Fostering service, rated all areas as ‘Good’, demonstrating a positive direction of travel. The full Ofsted inspection is likely to be early in 2022. Completion of case file audits and learning from the audit and the resultant activity is used to ensure practice improvement. Improvements in staffing levels over recent weeks have resulted in an increase in the number of Social Workers and Advanced Practitioners that have commenced employment or will be starting over the coming weeks. This, alongside the positive Ofsted rating for fostering services has resulted in the reduction in the risk score. 																																					
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<p>6a 10/07</p>	<p>Emergency Planning</p> <p>If the Council does not put in place effective arrangements to plan and mitigate against national, regional or local emergencies as defined by Part 1 of the Civil Contingencies Act 2004 (CCA) then this will result in:</p> <ul style="list-style-type: none"> Actual or anticipated failure to adequately protect vulnerable persons Failure to support the emergency services Loss of public confidence in the Council Failure to fulfil Civil Contingencies Act responsibilities <p>Risk Area – Neighbourhoods and Communities</p> <p>Risk owner – Director of Borough Economy</p> <p>Objectives impacted: All</p>	<p>8 (amber)</p>		<p>8 (amber)</p>	<p>4 (green)</p> <p>When a full review of the response is conducted (April 2022) and an action plan implemented to deal with the lessons learned</p>	<p>The Covid-19 pandemic continues to test and provide assurance on the robustness and effectiveness of the Council's emergency preparedness and planning arrangements.</p> <p>Mitigations include:</p> <ul style="list-style-type: none"> Continued governance arrangements in place to oversee and support the Council's response to managing community transmission of Covid-19 Regular communications to residents and businesses to ensure they understand the steps that need to be taken to control the spread of infection and also to understand and allay any continued concerns around vaccination. Participation in the West Midlands Local Resilience Forum (LRF). Contribution to the Community Risk Register (CRR) via the Risk Assessment Working Group. The CCR informs the capabilities and plans required of partners and is approved by LRF. Ongoing review and maintenance of other emergency plans including the Sandwell Emergency Plan; Rest Centre Plan; Humanitarian Assistance Centre Plan; Sandwell Flood Plan; Extreme Weather Plan; Black Country Excess Deaths Plan; Sandwell Borough Evacuation Plan; and the Emergency Transport Plan. The recovery plan continues to be implemented and is informed by the lessons learned to date and risk assessments to see where further improvements can be made. A review of the Council's response over the last 1-2 years will be undertaken and a report will be presented through Scrutiny to Cabinet by April 2022. 																											
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6b 04/18	<p>Business Continuity Management (BCM)</p> <p>If the Council does not develop, review, monitor and test plans and capabilities that seek to maintain the continuity of key functions in the event of an unplanned disruptive incident, then it will be unable to perform critical business functions which will impact the provision of Council services and result in potential financial loss and loss of public confidence in the Council.</p> <p>Risk Area – All Council services Risk owner – Director of Borough Economy Objectives impacted: All</p>	9 (Amber)		9 (amber)	6 (green) April 2022	<p>Business continuity plans are in place to mitigate the denial of; staff (e.g. illness, industrial action), ICT (e.g. software failure, cyber attack), facilities (e.g. building closure), stakeholders (e.g. suppliers, partners).</p> <p>The pandemic has continued to provide some assurances around the robustness and effectiveness of the continuity of key functions over the last 18 months, whereby Council wide business continuity plans have been tested through a shift to working remotely.</p> <p>All plans are being updated to incorporate organisational structure changes, working practice changes and updated arrangements will be reported through Scrutiny to Cabinet by April 2022.</p> <p>The Council continues to seek ongoing assurances over the resilience of its supply chains in the care provider market in respect of the arrangements in place in the event of any significant exit of care workers from the care sector.</p>																																
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21a 06/15	<p>Compliance with the Data Protection Act 2018 (DPA 2018), the General Data Protection Regulations (GDPR) and Freedom of Information Act 2000 (FOIA)</p> <p>If the Council does not ensure it has a robust framework in place to comply with the DPA 2018 (which includes GDPR) or FOIA then it faces significant external action from the Information Commissioner’s Office for failing to undertake its statutory duty. Further, failing to comply will result in negative public reaction and reputational damage, significant monetary penalties, loss of confidential data and potentially legal action.</p> <p>Risk Area – Legal & Governance Risk Owner- Director of Law and Governance Objectives impacted: 3</p>	12 (red)		12 (red)	8 (amber) June 2022	<p>The measures in place to manage this risk continue to include:</p> <ul style="list-style-type: none"> • The Information Governance Board which is chaired by the Senior Information Risk Owner (SIRO) and which meets monthly to monitor progress against the information governance (IG) workplan. • The annual completion of and compliance with the NHS self- assessment toolkit -NHS Digital which demonstrates the Council processes in place to meet the requirements of the NHS’s data protection standards and sharing arrangements. • Annual review of the IG framework and regular update and review of the related policies including, mobile phone use, Whatsapp for Business guidance, MS Teams guidance and email use policy. • The Council’s data retention policy has been reviewed and updated and will be presented to Cabinet for approval in the coming weeks. Work will continue to be progressed and monitored by directorates to ensure the records held by the Council align to the approved retention policy. The target date reflects the timescales to complete this work. 																																
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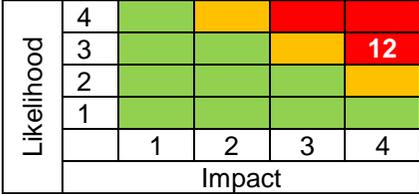
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27 06/09	<p>Medium Term Financial Strategy and Resource Allocation</p> <p>Local Government continues to operate in an uncertain financial environment arising from reducing central government funding, increasing demand for services and Covid-19. If the Council is unable to identify sufficient savings and put in place the necessary policies, processes and actions to manage pressures and manage its plans, then this will impact on the Council's ability to effectively discharge its statutory responsibility to set a balanced budget for future years.</p> <p>Risk Area – Finance & Resources Risk owner- Director of Finance Objectives impacted: All</p>	12 (red)		12 (red)	8 (amber) Dependent upon announcements of Comprehensive Spending Review	<p>Managing the Council's financial position over the medium term remains extremely challenging. Work is underway to prepare a balanced budget for 2022/23 and to identify savings, income generation and transformation projects. The forecast gap for 2022/23 has increased from the position in the current MTFP. Savings targets have been set for Directorates and workshops have been held with Leadership Team and Cabinet. A draft budget report will be reported to Cabinet in December setting out a number of savings proposals in order to ensure a balanced and sustainable budget is achieved for 2022/23. A review of earmarked and unallocated reserves has also taken place to ensure the Council's reserves are sufficient to meet the risks it faces. The MTFP will also be updated a part of the budget setting process and will incorporate the impact of the Spending Review 2021 and Local Government Finance Settlement (expected in December).</p>																															
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27a 06/21	<p>Future Government Policies and Funding Sources</p> <p>If the government does not provide local authorities clarity over the future plans for health and social care reforms, the public health grant, Better Care Fund, future years funding and continuing, with one year funding settlements then this inhibits local authorities to effectively manage medium term/ three year plans and put in place the necessary processes and actions to manage future pressures. This will impact on the Council's ability to deliver sustainable services to the people of Sandwell and effectively discharge its statutory responsibility to set a balanced budget for future years</p> <p>Risk Area – Finance Risk owner- Interim Chief Executive Objectives impacted: All</p>	red		16 (red)	8 (amber) Dependent upon future government announcements	<p>This risk was identified as a consolidation of previous risks within the strategic risk register and the Covid-19 risk register in respect of a national funding solution for children's social care; risks around the government only providing local authorities with one year settlements, the health and social care reforms; government funding for school place planning and future funding for public health and the Better Care Fund.</p> <p>Due to the uncertainties that are currently prevalent around all of these funding sources, the risk continues to be assessed as very high. Whilst the Spending Review 2021 has now been announced, the actual impact for Sandwell won't be known until the Local Government Finance Settlement is announced in December. It's also unclear at this stage whether the settlement will be multi-year.</p>																																
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27b 10/21	<p>Budget Monitoring and Management</p> <p>If the Council does not put in place effective arrangements to monitor and manage the current year's budget to ensure that planned savings are achieved and efficiencies realised, then it will result in overspends and the resilience of the Council's finances.</p> <p>Risk Area – Finance & Resources Risk owner- Director of Finance Objectives impacted: All</p>	n/a	n/a	9 (amber)	6 (green)	<p>Aspects of this risk were previously reported under risk 27.</p> <p>The risk has been separated from risk 27 to ensure there is a focus on the current year's budget and planned savings and that this is monitored.</p> <p>Measures in place to manage this risk include the financial management processes that the Council has in place including budgetary control and the regular reporting of financial performance to Leadership Team, Budget Board, Scrutiny and Cabinet.</p> <p>The budgetary position for Quarter 1 was reported to Cabinet on 1 September 2021 and a further update on the progress up to Quarter 2 will be reported in November 2021.</p> <p>The Quarter 1 position noted projected pressures against the approved budget for the year of £7.6m. The pressures have arisen largely due to services continuing to experience the financial impact of Covid and in particular, a significant loss of income due to suspended or significantly reduced services.</p> <p>The position for Qtr 2 is still being finalised at the time of writing this report, but increased pressures on Adult Social Care demand are being experienced which will impact on the overall position reported for Qtr 2.</p> <p>The pressures for 2021/22 are expected to be managed through the centrally held unused Covid grant funding from 2020/21 and additional grants received or anticipated for 2021/22.</p> <p>Uncertainty over the ongoing impact of Covid-19 upon Council services, especially income generation make meaningful projections difficult. However, assuming an incremental return to business as usual by the end of 2021/22 it is anticipated that the Covid funding available will be sufficient to offset any cost pressures</p>																											
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						<p>and income reductions. As such, this is informing the current assessment of this risk as amber.</p> <p>CIPFA are also undertaking a review of the Council's Financial Management arrangements using their Five Star Financial Management Model. The outcome of this review may inform this risk going forward.</p>																																
<p>42a 02/17</p>	<p>Cyber Security</p> <p>If the Council does not have a co-ordinated approach and understanding of its existing cyber security controls or those available to it, together with an analysis of identifiable gaps, then this could expose the Council to cyber-attack resulting in:</p> <ul style="list-style-type: none"> The inability of the Council to deliver services, particularly critical services for a significant period of time The loss of corporate and sensitive personal data (including bank details) Enforcement action Significant financial loss and Reputational damage <p>Risk Area – Information Governance and ICT</p> <p>Risk Owner – Director of Business Strategy and Change</p> <p>Objectives impacted: All</p>	<p>12 (red)</p>		<p>12 (red)</p>	<p>8 (amber)</p> <p>September 2022</p>	<p>This risk continues to be managed through the current measures in place and ongoing work programme which include:</p> <ul style="list-style-type: none"> Regular meeting of the Cyber Board who monitors progress against the cyber improvement plan. Quarterly updates on all work undertaken to the Leadership Team and Corporate Scrutiny Board. Training for all staff through the implementation of the meta-compliance annual training Regular communications continue to be sent to employees around the risks of remote working, password security, etc. Attendance at national C-Tag forums and West Midlands Warning, Advice and Reporting Point (WARP) where members can receive and share up-to-date advice on information security threats, incidents and solutions. Adoption of the Active Cyber Defence tools provided by the National Cyber Security Centre New Windows 10 refresh being tested before deployment to all employees during 2022. Replacement of the Council's Storage Area Network, including procurement of additional ransomware protection tools. Replacement of the Council's server platform. 																																
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						<ul style="list-style-type: none"> • Completion of Multi Factor Authentication pilot and subsequent deployment in 2022. • Development of a second data centre to enhance business resilience. • Procurement of new contact centre telephony to replace unsupported hardware and software. <p>The above measures will also enable certification of the Public Services Network which remains in deferred status at present.</p>
50 01/18	<p>Commonwealth Games Aquatic Centre</p> <p>If the Council fails to deliver this project to scope, timescales and cost, then this will result in significant reputational damage to the Council.</p> <p>Risk Area – Neighbourhoods</p>	8 (amber)		8 (amber)	4 (green) Summer 2023	<p>Work on site continues to progress well since main construction commenced in January 2020.</p> <p>Good progress has been made on the Aquatics Centre in a difficult construction market with the building now being watertight and work on finishes now well underway. The project remains on target to be delivered on time and on budget prior to the 2022 Commonwealth Games. As there is a significant</p>

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	<p>Risk Owner – Director of Regeneration and Growth</p> <p>Objectives impacted: 2, 5 and 6</p>					<p>construction project to complete following the Games to prepare the building for opening to the public in the summer of 2023 and given current market pressures in the construction industry the risk of this project remains Amber.</p>
<p>53 04/18</p>	<p>Oracle e-Business Suite (previously Business Management System)</p> <p>If the appropriate project governance arrangements are not put in place to ensure that the project is delivered to time, scope and budget, then this may result in:</p> <ul style="list-style-type: none"> The Council’s business system being unsupported Inability to transform services that would enable processes to be more efficient Non compliance/ misalignment with other Council policies and projects such as Organisational development, the digital strategy, Work Place 	<p>12 (red)</p>		<p>12 (red)</p>	<p>8 (amber) June 2022</p>	<p>The current system used by the Council becomes unsupported by Oracle from 31 December 2021.</p> <p>The measures in place to manage this risk include:</p> <ul style="list-style-type: none"> Project management and governance arrangements are in place including a Project Board, team, plan, project sponsor and a project manager. The first phase of the project plan was to go live in October 2020 and subsequent phases / sprints were planned to carry out service improvement and system functionality improvement works thereafter. As a result of the pandemic, the completion of the first phase has been significantly delayed. A number of other Oracle users, including Local Authorities have experienced difficulties migrating to the cloud solution due to the pandemic and the complexity of the project. Consequently, Oracle have confirmed that they
						

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	<p>Vision and the IT transformation programme.</p> <p>Risk Area – Finance & Resources</p> <p>Risk Owners – Director of Finance Director of Business Strategy and Change</p> <p>Objectives impacted: All</p>					<p>will provide ‘market driven support’ for EBS Version 12.1 until 31 December 2023. This is additional to the current contract which gives the Council licence to use the software and means that EBS Version 12.1 will be fully supported with patches to ensure the software is sustainable and compliant with legislation until the end of 2023.</p> <p>The Council are currently negotiating the terms of this market driven support to take effect in 2022.</p> <p>The risk as currently worded however, is about having an unsupported system and ensuring service transformation to enable efficient processes and digital transformation. As the pandemic continues and the Council negotiates the terms of the additional support for 2022 however, it remains as an ongoing risk to the delivery of the project.</p>																															
<p>54 05/21</p>	<p>Special Educational Needs and Disabilities (SEND)</p> <p>If the Council is not able to appropriately support children with Special Educational Needs and Disabilities within the budget available, the impact on their life chances will be affected, the Council will likely be subject to increased Tribunals, and the Council's reputation will be adversely impacted.</p> <p>Risk Area – Children’s Services</p> <p>Risk Owners –Director of Children’s Services</p> <p>Objectives impacted: 1 and 3</p>	<p>12 (red)</p>		<p>12 (red)</p>	<p>8 (amber) February 2022</p>	<p>The management of the risk continues to include:</p> <ul style="list-style-type: none"> Assurance provided from the Operational Group. A SEND Transport working group is in place. This group has corporate membership from across the Council and is chaired by the Group Head for Education Support Services. An action plan is in place and is being closely monitored to ensure it delivers on the outcomes required. The Council's Children’s Services and Education Scrutiny Board has oversight and a report on the findings of the Scrutiny review into SEND transport was considered by the Board in September 2021. Subsequently, recommendations were made to Cabinet on 20 October, covering the commissioning of SEND Transport for the end of the current extended contract period (February 2022), matters relating 																															
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						<p>to the longer-term delivery of SEND Transport and other, more general, recommendations on the topic.</p> <ul style="list-style-type: none"> Reviews into the procurement process for SEND transport have also taken place by the Council's Internal Audit service and reviews by the Chair of the Council's, Audit and Risk Assurance Committee (ARAC) and the Council's external auditors are ongoing and will be reported to the ARAC in due course. 																																	
<p>55 03/21</p>	<p>Implementation of External Audit Recommendations</p> <p>If the Council does not put in place and successfully implement an action plan on a timely basis to address the recommendations made by the Council's external auditors in its Audit Findings Report (AFR), then this may result in future audits providing a qualified opinion, additional audit costs being incurred and reputational harm to the Council.,</p> <p>Risk area- Finance</p> <p>Risk owner – Director of Finance</p> <p>Objectives impacted - All</p>	<p>9 (amber)</p>		<p>9 (amber)</p>	<p>6 (green) September 2022</p>	<p>This risk has been included as a result of the Council's external Auditor's Audit Findings Report 2019/20 which was presented to the Committee at its meeting on 18 March 2021 and in September 2021.</p> <p>An update on the progress on the implementation of the recommendations made is being presented to the Committee as a separate agenda item and as such the mitigations in place and progress details are presented within that update.</p>																																	
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<p>56 04/21</p>	<p>Towns Fund Programme</p> <p>If the Council fails to deliver the towns fund programme by identifying suitable projects, preparing robust full business cases and ensuring effective delivery then this will result in the inability to regenerate our town centres, create sustainable economic growth and create long term economic prosperity, and also reputational harm to the Council.</p> <p>Risk area- Regeneration and Growth</p> <p>Risk owner – Director of Regeneration and Growth</p> <p>Objectives impacted – 2, 3, 4, 5 and 6</p>	<p>9 (amber)</p>		<p>12 (red)</p>	<p>6 (green) March 2022</p>	<p>The towns fund programme has robust governance in place to oversee the programme including a Town Deal Board (superboard) and three Local Boards aligning to the town deal areas. Each Board level has clear responsibilities set out in the Governance arrangements approved by Cabinet on 16th June 2021. The responsibilities of the Town Deal Board align with the requirements of Government.</p> <p>The Council is the Accountable Body for the Town Deal funding. The Director of Regeneration and Growth chairs a Towns Fund Accountable Body Officers Group (which is also attended by the Director of Finance and officers from procurement and legal as well as all project leads) to review risks and provide a forum for resolution of issues, as well as seeking assurances on the management of risk.</p> <p>Towns fund and MHCLG advisors are regularly engaged to ensure that the programme is progressing.</p> <p>The assessment of this risk has increased as a result of delays in the production of business cases and the full establishment of the programme management office (due to programme manager sickness absence). Remedial actions are being implemented including, the transfer of a senior Regeneration Officer to manage the programme. An external recruitment process is underway and additional resources have been allocated to the production of some of the business cases.</p>																																
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57 06/21	<p>New Operating Model</p> <p>If the Council does not put in place effective arrangements to support new working styles for employees this could result in a detrimental impact on the health, well-being and motivation of employees as well as having a negative impact on the productivity and attendance of the workforce and effective delivery of key frontline services.</p> <p>Risk area- Transformation</p> <p>Risk owner – Director of Business Strategy and Change</p> <p>Objectives impacted - All</p>	6 (green)		6 (green)	3 (green) March 2022	<p>Measures already in place to manage the risk include:</p> <ul style="list-style-type: none"> • Staff, Managers and Trade Unions being actively engaged in both recognising the current pressures and difficulties the workforce is facing as well as contributing to the new operating model. • Regular communication and engagement with all stakeholders is ongoing. • Existing HR policies and procedures are in place that provide the safety net and guidance, and where appropriate A review of corporate policies in relation to working from home with amendments made as appropriate to ensure the right support is available to employees in the new operating model, is also underway. • Clear and managed health and safety policies and practices and risk assessments being in place. <p>In order to further mitigate this risk, a pilot of the hybrid working is being run from 18 October to January 2022, with a view to full roll out in February / March 2022. Directors and service managers have received their focal fixed home zone allocations and will be receiving individual service area allocations in the coming weeks.</p> <p>Assurances are being provided via the Work Place Vision Board. Success will be judged on the basis of the engagement scores the Council achieves in the pulse surveys that will be undertaken.</p>																																
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<p>58 06/21</p>	<p>Equalities</p> <p>If the Council fails to meet its legal obligations in respect of the Equalities Act 2010 and Public Sector Equality Duty ensuring fairness is adhered to and is unable to demonstrate and evidence compliance with its obligations, then this will result in potential legal consequences for non compliance, reputational harm to the Council as well as potential impact on recruitment and retention.</p> <p>Risk area- Legal</p> <p>Risk owner – Director of Law and Governance</p> <p>Objectives impacted - 5</p>	<p>9 (amber)</p>		<p>9 (amber)</p>	<p>6 (green) TBC</p>	<p>To ensure the continued management of this risk the following measures are in place:</p> <ul style="list-style-type: none"> An Equalities Commission has been set up with agreed Terms of Reference and a newly appointed Chair following the restructure of Cabinet. The Commission will report to the Leader of the Council and the interim Chief Executive. Three Stakeholder Groups, also with Terms of Reference have been set up including an Ethnic group; LGBT+ group and a Disabilities stakeholder group and are due to meet shortly. A fourth group in respect of Women is being set up following request from Trade Unions. Funding has been secured for 5 full time posts and the recruitment process is underway. An action plan has been developed based on feedback provided by employees across the Council along with gaps identified in the workforce diversity data as well as best practice put forward by other public-sector organisations. A robust governance framework to help monitor and review the objectives and actions in the plan are also in place. <p>Further analysis is now underway to understand some of the matters raised previously by these forums and once fully analysis has been completed, the action plan will be further updated and shape the work programme for the Commission. It is envisaged that the Council will have a good understanding of its equalities healthcheck by mid autumn. At this time, the risk assessment will be reviewed and updated.</p>																																
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59 04/21	<p>Corporate governance</p> <p>If the Council fails to undertake and conduct its business in accordance with necessary governance principles and practices to ensure that its actions remain lawful and consistent with best practice and are sufficiently open and transparent, then this will result in challenges being made to the Council, reputational harm and loss of confidence in the Council</p> <p>Risk area- Governance</p> <p>Risk owner – Director of Law and Governance</p> <p>Objectives impacted - All</p>	12 (red)		12 (red)	8 (amber) March 2022	<p>Actions being taken to manage this risk include:</p> <ul style="list-style-type: none"> The Council's external auditors are currently conducting a governance review with a focus on the Council's perceived inability to move forward from historic/ legacy matters and the impact that this is having on the Council being able to move forward. The review is looking at how the Council's governance ensures that there is an effective focus on future plans and services and that member behaviour is appropriate. The recommendations from the review will be reported to the Audit and Risk Assurance Committee. The Council has put in place mechanisms to ensure lessons are being implemented including: The review of the members code of conduct Review of the ethical framework arrangements New arrangements for dealing with member complaints and a revised social media policy and gifts and hospitality policy The Council has embarked upon a scrutiny review, completion of which is expected this municipal year. Upgraded audio visual systems in the chamber. The Council has upgraded its Committee Management Information System to aid and support more open and transparent decision making. A review will be undertaken to update the decision making arrangements including the forward plan, report templates and report writing. A review of the Council's Constitution to ensure it remains fit for purpose. This will be overseen by the Governance and Constitution Review Committee. 																																
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<p>60 04/20</p>	<p>Health and Safety</p> <p>If the Council does not allocate resources and put effective arrangements in place to support, protect its residents and workforce and the people they come into contact with then there is a potential risk to health, wellbeing and life, resulting in negative reputational impact and also potential for future litigation claims against the Council.</p> <p>Risk area – HR and Public Health</p> <p>Risk owner – Director of Public Health and Director of Business Strategy and Change</p> <p>Objectives impacted – 1, 2 and 3</p>	<p>8 (amber)</p>		<p>8 (amber)</p>	<p>4 (green)</p>	<ul style="list-style-type: none"> Ensuring there is an effective role for Scrutiny particularly around pre decision making and policy development. <p>Mitigations continue to include:</p> <ul style="list-style-type: none"> Monitoring through staff surveys and manager briefings the levels of wellbeing in the workforce and the borough. A suite of preventative measures which include the wellbeing hub for employees with information and assistance on various matters including mindfulness, stress management , physical activities, etc. Support measures the Council has put in place to ensure that people are signposted to pathways to seek self help and therapy as required. This includes existing mental health strategies such as CAMHS, providing capacity and funding through grants to the voluntary community sector to ensure local provision is available for all.
<p>61 10/21</p>	<p>Partner Organisations / Contractors Service Delivery</p> <p>The Council works closely with partners and contractors to provide its services to its residents and businesses.</p> <p>In the event Partner organisations or contractors do not provide the required level of service to the public this may result in:</p> <ul style="list-style-type: none"> Efficient / good value for money / high quality services not being delivered 	<p>n/a</p>	<p>n/a</p>	<p>12 (red)</p>	<p>8 (amber)</p>	<ul style="list-style-type: none"> Robust contract Management and regular Performance Monitoring Monthly Senior Contract Monitoring Meetings Regular financial health checks on key suppliers (frequency TBC but likely to be bi-annual) External Audit

Likelihood	4				
	3				
	2				8
	1				
		1	2	3	4
Impact					

Likelihood	4				
	3				12
	2				
	1				
		1	2	3	4
Impact					

Risk Ref	Risk Title and Description	Previous risk score (Jun 2021)	Movement in risk score	Current risk score (Nov 2021)	Target risk score and date	Progress to Date (incl. risk mitigations and further actions)
	<ul style="list-style-type: none"> • Enforcement action • Significant financial loss and • Reputational damage <p>Risk Area – Corporate Services Risk Owner – Leadership Team Objectives impacted: All</p>					

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