

Minutes of Audit and Risk Assurance Committee

**Thursday, 18 January 2024 at 6.00 pm
at Council Chamber - Sandwell Council House, Oldbury**

Present: Councillor Preece (Chair)
Councillors Giles, Smith and Tipper.

In attendance: Brendon Arnold – Interim Director of Finance and Section 151 Officer, Peter Farrow – Audit Services and Risk Management Manager, Mark Stocks – Grant Thornton, Anthony Lloyd – Democratic Services Officer and Connor Robinson – Democratic Services Officer.

1/24 Apologies for Absence

Apologies were received from Councillor Bhullar and Mr Ager (Independent Member).

2/24 Declarations of Interest

There were no declarations of interest.

3/24 Minutes

Resolved that the minutes of the meeting held on 23 November 2023 are confirmed as a correct record.

4/24 Additional Items of Business

There were no urgent additional items of business.



Strategic Risk Register Update Report

The Committee received an update on the profile of the key strategic risks faced by the Council since the last report in November 2023 (Minute no. 52/23 refers).

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

In total, there were five red risks on the register as of December 2023:-

Compliance with the Data Protection Act 2018, the General Data Protection Regulations GDPR and Freedom of Information Act 2000 was one of the five risks that were presented to the report. Members highlighted that this risk had been consistently categorised as a red risk for a substantial period of time and requested reassurance that improvements would be made. Audit Services and Risk Management Manager minded members that the rating was largely driven by the Council's performance in response to Freedom of Information (FOI) and Subject Access Request (SAR) requests. Members were assured that officers were confident in reducing the risk to amber in the near future.

Cyber Security was the second red risk that was highlighted to the Committee. Members were minded that this risk was in-line with many other similar organisations due to the need of ensuring that a strong cyber security was in place. A further report would be provided to the Committee at a future meeting.

The Customer Journey risk remained red as a precaution until the proposed activities were underway and outcomes had been measured.

Both the Strategic Workforce Development for Adult Social Care Recruitment, Retention and Sickness Absence and Climate Change risks remained red, however, action plans were in place to address the concerns.

The remainder of the risks were classified as amber which was deemed a fair reflection on the Council's current position. Some of these risks included Voter ID and Elections, Organisational Culture, Budget Setting and Monitoring and Risks around Oracle Fusion.

Following questions from members, the following points were made:-

- further actions were required to reduce the climate change risk and a stepped approach would be considered to better monitor its progress;
- the Council were considering a range of mitigations to address staff retention such as pay levels, Values and Behaviours, incentives, development plans and training opportunities;
- the ambition of the Council was to complete the production of the 2021/2022 accounts before moving onto the 2022/23 accounts for completion in May 2024;
- Audit opinions on both the 21/22 and 22/23 accounts were hopefully to be completed by September 2024;
- a target date of July 2024 was set for the implementation of Oracle Fusion.

Officers were thanked for presenting the report.

6/24

Local Audit Arrangements Update

Representatives from the Council's external auditor, Grant Thornton, were present and provided an update on the Local Audit Arrangements to the Committee.

It was highlighted to members that Grant Thornton had taken steps to ensure that resources would be available during the 2024 summer period to work on the 2022/2023 accounts as soon as they were presented. Due to recent circumstances involving a national lack of resources and the impacts from COVID, many Councils still held large backlogs of outstanding accounts awaiting audit opinions.

As a result, the Department for Levelling Up, Housing & Communities had planned to implement a backstop in September 2024. The backstop would act as a deadline for any outstanding audit opinions to be completed; if the deadline was missed,

outstanding works would no longer be required to be concluded. Despite this, Grant Thornton expressed their optimism in completing the audit opinions before the backstop came into effect.

Further discussion ensued, and Members sought clarification on a number of concerns. The following responses were provided:-

- Sandwell Council had struggled to attract relevant and experienced staff to produce high quality accounts;
- a particular difficulty with the Council's accounts was the complexities around property valuations;
- the Council was not in the same position as some neighbouring authorities and healthy reserves were available;
- if the audit comments had not been completed before the backstop came into effect, no negative impact would be made on the Council's financial abilities.

7/24

External Audit Plan 2021 - 2022

Representatives from the Council's external auditor, Grant Thornton, presented the external Audit Plan 2021-22 to the Committee.

The audit of the 2021 – 2022 accounts was underway. The plan set out the intended work in order to form an opinion on whether or not the Council's accounts were fairly stated. The planned audit approached areas of significant risk such as the risk of management override of control; this was the ability of management to alter how the accounts are presented. The final two risks consisted of property valuations and pension fund valuations. These two estimates were significant to the auditors due to their large valuations and therefore, a lot of work would take place to ensure that both valuations were accurate. Pensions pre-payments, grants and cash and bank reconciliation risks were also highlighted to the Committee.

Materiality was the approach used to determine what error would not be acceptable to the Council or a user of the accounts. This was presented to members as £13m.

Another priority of the auditors was to ensure that Sandwell Children's Trust was correctly consolidated and that the defunct

Sandwell Land and Property was treated appropriately within the accounts.

8/24 **Work Programme for the 2023-24 Municipal Year**

The Committee reviewed the work programme for the current municipal year.

9/24 **Cabinet Forward Plan**

The Committee noted the items contained in the Cabinet Forward Plan.

Meeting ended at 6.33 pm

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