

## Minutes of Audit and Risk Assurance Committee

26 June 2025 at 6.00pm at Sandwell Council House, Oldbury

**Present:** Councillor Preece (Chair)

Councillors: L Giles (Vice- Chair) Choudhry Gavan	Councillors: Jalil A Singh Rahman
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**Also present:** Andrew Smith (Partner – Grant Thornton).

**Also present:** Alex Thompson (Executive Director – Finance and Transformation), Mike Jones (Monitoring Officer and Assistant Director – Legal and Assurance), Peter Farrow (Audit Services and Risk Management Manager), Phil Tromans (Counter Fraud Investigator) and John Swann (Democratic Services Officer).

### 23/25 **Apologies for Absence**

Apologies for absence were received from Councillors Fitzgerald, Johnston and Independent Member Mr Hussain.

### 24/25 **Declarations of Interest**

There were no declarations of interest.

### 25/25 **Minutes**

**Resolved** that the minutes of the meeting held on 3 April 2025 are confirmed as a correct record.

### 26/25 **Additional Items of Business**

There were no urgent additional items of business.

## **Grant Thornton Report: 'The Audit Plan for Sandwell Metropolitan Borough Council - Year Ending 31 March 2025'**

Grant Thornton had issued the Council with its Audit Plan which related to the 2024/ 25 financial year.

It was acknowledged that due to the backstop deadline introduced by central government partial audit only had taken place for the financial years of 2023/23 and 2023/24. This had resulted in Grant Thornton to issue a disclaimed opinion on the accounts for these two years due to time constraints.

The Plan for the year ending 31 March 2025 provided an overview of the planned scope and timing of the statutory audit which was responsible for forming and expressing an opinion on the financial statements and arrangements for securing economy, efficiency and effectiveness in the Council's use of its resources.

Significant risks which had been identified by the Audit Plan included:-

- management override of control;
- valuation of land and buildings, council dwellings and investment properties;
- valuation of the pension fund net liability.

Other significant risks identified included the implementation of the new General Ledger system (Oracle Fusion) and the new manner in which the Council disclosed its leases following the introduction of IFRS 16, which was mandatory for all local government bodies from 1 April 2024.

Grant Thornton was also required to report its findings to the Council in relation to Value for Money arrangements as stipulated by the Code of Audit Practice issued by the National Audit Office. Identified risks relating to value for money including the delivery of the housing service and Grant Thornton undertook to monitor the Housing Improvement and Transformation Programme.

Grant Thornton also highlighted to the Committee that it would be looking at Sandwell Children's Trust (SCT) as the outturn position had deteriorated against the projected financial forecast.

From the comments and questions by members, the following responses were made, and issues highlighted:-

- the £3 million deterioration in SCT's outturn position had could indicate that the forecasting processes with SCT were not effective and control weaknesses were present within the Trust's financial team;
- Grant Thornton was due to meet with the Council to better understand the approach to ensure compliance with IFRS 16 requirements;
- some Councils were further ahead in their preparation than Sandwell for adoption of the new IFRS 16 standard, however this was not a cause for concern;

- Oracle Fusion post implementation reviews in relation to the General Ledger System to monitor data transfer and accuracy from the old system to Oracle Fusion were due to take place;
- Oracle Fusion rollout across the authority had occurred in four stages, these were:
  - implementation
  - hypercare
  - stability (Council currently entering this phase)
  - optimisation.
- Grant Thornton had requested a copy of the Council's fixed asset register to complete work around Rights Obligations and Existence Testing.

28/25

### **Counter Fraud Annual Report 2024/ 25**

The Committee received the Counter Fraud Annual Report which detailed the areas of counter fraud activity undertaken by the Council's Counter Fraud Unit in 2024/ 25.

Home Office data from the 2024 Fraud Fact Sheet outlined that fraud accounted for approximately 38% of all crime in England and Wales.

During the financial year 2024/ 25, the Counter Fraud Unit had completed 194 investigations which had led to 20 prosecutions, with 33 housing properties being recovered and 12 warning letters issued for blue badge misuse.

The value of recovered and prevented fraud for the completed investigations during 2024/ 25 amounted to £3,373,670 using the Cabinet Office's notional calculation methodology, which represented significant savings to the public purse.

Fraudulent claims for the Council Tax Single Person's Discount (SPD) were believed to be on the rise. SPD fraud was targeted by ongoing endeavours including an annual screening programme, ongoing verification by Council officers and in-house data matching. During the 2024/ 25 financial year, the Council had successfully removed SPD awards to the value of £73,414 and had issued 134 penalty notices against fraudulent claimants.

Further to Minute No. 11/25 (Meeting held on 20 February 2025) the Counter Fraud Team was continuing to assess applications via the Right to Buy scheme to identify fraudulent applications and prevent money laundering.

The Counter Fraud Unit had proactively tried to reduce fraudulent activity by participating in the Sandwell Safer Six Campaign, the National Blue Badge day of Action and by publicising successfully prosecuted cases.

From the comments and questions by members, the following responses were made, and issues highlighted:-

- data matching exercises to tackle SPD fraud matched council tax records with data from other government agencies and the electoral role;
- regular letters were sent to households where SPD fraud was suspected and if these were consistently ignored the SPD was automatically removed from the property;
- the Council employed a dedicated officer to investigate potentially fraudulent SPDs;
- individuals who applied for council properties underwent background checks to confirm that they weren't seeking council accommodation in other local authority areas and that there was a legitimate need to accommodate them;
- publicising fraud cases would only occur following a successful prosecution via the courts to act as a deterrent to those who may be considering engaging in fraudulent behaviour;
- there was a lack of data available for the Council to compare itself to a fraud national average, however benchmarking had been conducted against our neighbouring authorities which indicated the Council was comparatively successful at tackling the issue;
- CIPFA had previously conducted a national exercise where it considered submissions from local authorities and produced a report detailing high risk fraud areas, and indications suggested there would be appetite for a similar scheme to be re-established;

**Resolved** that a further report on counter fraud resourcing be brought to a future meeting of the Committee.

29/25

### **Internal Audit Annual Report 2024/25**

The Internal Audit Annual Report for 2024/25 was presented to the Committee. The report detailed the breadth, depth and scope of the work which had been undertaken throughout the year.

The Annual Report supported the evidence portfolio that underpinned the Annual Governance Statement that the Council was required to make within its annual financial statements.

The report detailed that in the opinion of Internal Audit, reasonable assurance could be provided that the Council had adequate and effective governance, risk management and internal control processes. The opinion was based on the work undertaken throughout the year by Internal Audit, alongside that undertaken by other external bodies. Audits had been conducted in accordance with the Public Sector Internal Audit Standards.

It was noted that the majority of the team's key financial systems work was undertaken during the transition period between SBS and Oracle Fusion, which temporarily saw an increase in the number of audit issues raised and recommendations made.

Five new limited assurance reports were presented to the Committee and highlighted to members:-

- aids and adaptations – the team had experienced delays in equipping households with required adaptations to support individuals to live independently in their own homes;
- use of council procurement cards – a follow up review had been conducted, whilst a slight improvement had been made, further tightened controls were required to ensure transactions were correctly documented;
- accounts receivable and capital accounting – there had been discrepancies identified within the data transferred between Sandwell Business Systems and Oracle Fusion which had been raised with the Oracle Fusion Support team;
- Sandwell Community School – concerns had been raised with governance and financial controls, in response to this recommendations had been made in order to strengthen existing arrangements and the terms of reference.

30/25

### **Strategic Risk Register Update**

The Committee received an update on the profile of the key strategic risks faced by the Council since the last report in February 2025 (Minute No. 7/25 refers).

The Committee noted that there were two red risks on the register as of May 2025 - Demand and cost of SEND Placements and Transport, as well as Homelessness and Temporary Accommodation.

Four Risks had reduced from red to amber - Climate Change, Housing Transformation, Cyber Security and Adults – Strategic Workforce Development.

The remainder of the risks were classified as amber or green which was deemed a fair reflection on the Council's current position.

From the comments and questions by members, the following responses were made, and issues highlighted:-

- all service areas had business continuity plans which were overseen by the business continuity team and continuously updated;
- executive directors were ultimately responsible for ensuring improvements within service areas were met, however in practice they would be supported by their management team and Assistant Directors may take ownership of specific risks;
- the Council's approach to Cyber Security was in line with national frameworks and guidelines, however due to the increased threat posed by fraudsters most local authorities classified this risk as either amber or red;

The Committee requested a briefing on the Council's cyber security arrangements and controls.

31/25

### **Annual Governance Statement 2024/ 25 Update**

The Council was in process of developing its Annual Governance Statement for 2024/ 25.

The Statement made use of assurances provided from a variety of sources including external and internal audit, the strategic risk register and any other relevant external reviews.

The Statement was signed by the Chief Executive and the Leader of the Council, who had a duty to ensure the document was supported by reliable evidence and captured the Council's internal control environment.

Efforts were underway to ensure the format of the Statement was useable and accurately reflected the Council's governance frameworks and controls.

32/25

### **Work Programme**

The Committee noted its work programme for the 2025/ 26 municipal year.

The work programme would be reviewed and updated in consultation with the Chair and presented to the Committee at a future meeting.

Meeting ended at 7.11pm

Contact: [democratic\\_services@sandwell.gov.uk](mailto:democratic_services@sandwell.gov.uk)