

CITY OF WOLVERHAMPTON COUNCIL	Meeting of the City Council 24 January 2024
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Report title	Annual Auditors Report	
Referring body	Audit and Risk Committee – 22 January 2024	
Councillor to present report	Councillor Jaspreet Jaspal, Chair of Audit and Risk Committee	
Wards affected	All Wards	
Cabinet Member with lead responsibility	Councillor Louise Miles Resources	
Accountable director	Tim Johnson, Chief Executive	
Originating service	Strategic Finance	
Accountable employee	Claire Nye	Director of Finance
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Report to be/has been considered by	Audit and Risk Committee	22 January 2024

Recommendations for noting:

The Council is asked to note:

1. The Annual Report from the Council's external auditors, Grant Thornton.

1.0 Purpose

- 1.1 To update members on the Auditor's Annual Report, on City of Wolverhampton Council for 2022-2023.

2.0 Background

- 2.1 Under Section 20(1)(c) of the Local Audit and Accountability Act 2014, Grant Thornton, as the Council's auditor, are required to satisfy themselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.
- 2.2 The Code of Audit Practice issued by the National Audit Office (NAO) requires Grant Thornton to consider whether the Council has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources. The auditor is no longer required to give a binary qualified/unqualified Value for Money (VFM) conclusion. Instead, they now report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. Auditors are required to report their commentary on the Council's arrangement under three areas:
- Financial sustainability
 - Governance
 - Improving economy, efficiency, and effectiveness
- 2.3 In line with best practice, the Auditors Annual Report is presented to Full Council to improve transparency to the public and ensure all members are aware of issues raised by the auditor and recommendations.

3.0 Key findings

- 3.1 The Auditor's Annual Report is attached in Appendix 1 and provides the detail. The following paragraphs summarise the key findings.

Financial Sustainability

- 3.2 Overall, Grant Thornton reflected positively on the financial governance of the Council. The report reflects on strong financial performance in 2022/23 and the ability of the Council to maintain General Fund Reserves at a level that is in line with best practice.
- 3.3 The report recognises the Council's track record in delivering savings but also notes the challenging financial climate and the need to identify recurring savings in order to ensure a sustainable medium term financial position.
- 3.4 The auditors also comment on the Council's strong budget setting and control arrangements.

3.5 As a result of our track record of strong financial management, the council is considered to be in a strong financial position when compared to other authorities. In the current difficult financial climate this puts us in a good position to make strategic, well managed decisions to ensure that we have a sustainable medium term financial strategy.

Governance

3.6 The report identifies that the council has an effective internal audit service and has effective Audit and Risk Committee arrangements in place.

3.7 The auditors report on the council's arrangements to identify, review, report and manage risks.

3.8 In relation to our arrangements to ensure compliance the report specifically noted the following areas:

- The Council's Code of Conduct and the councillor training that has taken place
- Training on information governance
- Regular reporting to Governance and Ethics on compliance with Governance/Transparency requirements
- Our self-assessment against the CIPFA Financial Management Code
- Compliance with the CIPFA Statement on the Role of the Chief Financial Officer
- A Code of Corporate Governance which is aligned to the CIPFA/Solace Framework

Economy, Effectiveness and Efficiency

3.9 The auditors found that the Council has arrangements in place to secure economy, effectiveness and efficiency. The following areas are specifically noted:

- The annual refresh of Our City Our Plan
- A strong culture of reporting on key performance indicators
- The quarterly reporting of performance to Cabinet and Scrutiny Board
- The work of scrutiny panels to focus on specific areas of performance, budget and risk
- The Council's approach to ensuring that our resources are aligned to the needs and priorities of local people
- Strong performance in 2022/2023 with 40 of 49 indicators either being sustained or improved

- Partnership working to raise employment levels
- An effective procurement function including the Procurement Strategy and Procurement Pipeline
- Wolverhampton Pound Initiatives
- Contract Management Framework and the Improving Contract Management Lifecycle Project
- The Council's proactive approach to partnership working and strong partnership arrangements.

Civic Halls

- 3.10 The external auditors have reported that they continue to be assured that the Council has effective arrangements in place to protect its interests with regards to ongoing legal proceedings.

West Midlands Pension Fund

- 3.11 The report concludes that the Council has appropriate arrangements in place with respect to the West Midlands Pension Fund.

4.0 Recommendations made by the external auditors

- 4.1 The auditors are required to report on the Council's arrangements under specific criteria and can make recommendations under the following types:
- Statutory – this is a written recommendation to the Council under Section 24 (schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.
 - Key – the National Audit Officer Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council.
 - Improvement – these recommendations, if implemented, should improve arrangements in place at the Council but are not a result of identifying significant weaknesses in the Council's arrangements.
- 4.2 No statutory or key recommendations were made by Grant Thornton. Four improvement recommendations are detailed in the report. Each of these have been agreed by the Council in order to further strengthen our arrangements.

5.0 Financial implications

Whilst there are no direct financial implications arising from this report, the work of external auditors is fundamental to ensuring that the Council continues to manage its resources well. Specifically, the Auditors Annual Report provides assurance to the Council over the proper arrangements to secure economy, efficiency and effectiveness in its use of resources. [CN/15012024/A]

6.0 Legal implications

In light of the content of the Annual report there are no direct legal implications for the Council. [SZ/16012024/P]

7.0 Equalities implications

7.1 There are no specific equalities implications arising from the Annual report, however the actions that the report details and provides a judgement on have already been the subject of detailed equalities analysis which can be found in the reports covering those areas.

8.0 All other Implications

8.1 There are no other specific implications arising from the annual report.

9.0 Schedule of background papers

9.1 Audit and Risk Committee, 27 November 2023, Grant Thornton Audit plan

9.2 Audit and Risk Committee, 22 January 2024, Annual Auditors Report

10.0 Appendices

10.1 Appendix 1: Annual Auditors Report