

Report title	Annual Auditors Report	
Referring body	Audit and Risk Committee – 16 December 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	
Accountable director	Tim Johnson, Chief Executive	
Originating service	Strategic Finance	
Accountable employee	James Howse Tel Email	Director of Finance 01902 550478 James.Howse@wolverhampton.gov.uk
Report has been considered by	Audit and Risk Committee	16 December 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 2023-2024.

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 2023/24 and the ability of the Council to balance the budget without the need to use reserves.

3.3 The Council maintained a robust level of reserves which align to best practices.

3.4 The auditors also comment on the Council's clear budget setting and medium-term financial strategy for 2023/24 onwards.

3.5 The Council actively working on enhancing its processes to improve financial sustainability. This is highlighted through the 'Our Future Council' Programme, which aims to address the Council's key financial challenges.

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 The Council has effective arrangements in place to monitor compliance with legislation and regularity standards. This was highlighted through:
- The Council's Code of Conduct and the councillor training that has taken place, including the Councillor Induction Programme.
 - Refreshing the Individual Executive Decision Notice process and shared with relevant officers. It was also subject to audit by Internal Audit.
 - Our self-assessment against the CIPFA Financial Management Code
 - A Code of Corporate Governance which is aligned to the CIPFA/Solace Framework

Economy, Efficiency and Effectiveness

- 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 Council's well defined Our City Our Plan, which is supported by robust principles and diligent monitoring of key performance indicators
 - The Council boasts a strong procurement function
 - Enhancements to the Council's corporate reporting, thereby enhancing transparency and accountability in performance monitoring.
 - The Council's commitment to effective partnership working, which was highlighted in Corporate Peer Review Position Statement.
 - The Council's approach to ensuring that our resources are aligned to the needs and priorities of local people
 - Strong performance in 2023/24 with 34 of 55 indicators either being sustained or improved
 - Wolverhampton Pound and Community Wealth Building initiatives continue.
 - Contract Management Framework and the Improving Contract Management Lifecycle Project

Civic Halls

- 3.10 The external auditors have reported that they continue to be assured that the Council has made good progress towards concluding ongoing legal proceedings and feel assured that the Council has effective arrangements in place to protect its interests in relation to this.

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. One improvement recommendation was made, details of which are provided in the auditor's report. This recommendation has been agreed by the Council in order to further strengthen our arrangements.

4.3 It should be noted that the four recommendations made in the 2022/23 report were assessed as being addressed.

5.0 Financial implications

5.1 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. [AS/16012025/I]

6.0 Legal implications

6.1 In light of the content of the Annual report there are no direct legal implications for the Council. The relevant legislation and guidance is set out in the body of the report. [TC/17012025/A].

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 How will this contribute to the Our City Our Plan

8.1 This report provides assurance that the Council is managing its finances in order to achieve outcomes set out in its Our City Our Plan. The report provides assurance that the Council is delivering the Our City Our Plan through financial stability, effective governance, and improving economy, efficiency and effectiveness.

9.0 All other implications

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

10.0 Schedule of background papers

10.1 Audit and Risk Committee, 3 June 2024, Grant Thornton 2023-2024 Audit Plan

10.2 Audit and Risk Committee, 16 December 2024, Annual Auditors Report

11.0 Appendices

11.1 Appendix 1 – Annual Auditors Report