

Auditor's Annual Report on Walsall Council

2020-21

20 December 2021



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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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. 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 Council 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.

Executive summary



Value for money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We are required to 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.

2020/21 was an unprecedented year in which the Council has operated with the majority of its staff home working whilst supporting local businesses and residents through the pandemic. The Council issued £82m of Covid-19 related grant funding and had effective governance arrangements in place to monitor the operational impact of Covid-19 on services which enabled timely and responsive actions to be taken.

Criteria	Risk assessment	Finding
Improving economy, efficiency and effectiveness	We identified a risk of significant weakness in relation to effective partnership working.	No significant weaknesses in arrangements identified, but improvement recommendations made.
Governance	No risks of significant weakness identified.	No significant weaknesses in arrangements identified, but improvement recommendations made.
Financial sustainability	We identified a risk of significant weakness in relation to the delivery of financial savings and plans.	No significant weaknesses in arrangements identified, but an improvement recommendation made.

Executive summary



Financial sustainability

Walsall Council has a good track record of sound financial management. The Council understands the financial risks which it faces and managed these risks by maintaining an appropriate level of reserves and sound financial management.

We identified an area of particularly good practice is in relation to stakeholder engagement through regular consultations, including the budget consultation programme.

We have not identified any risks of significant weakness but have identified improvement recommendations relating to:

- further enhancing training for members to allow for robust and appropriate challenge on financial matters, including the Council's reserves policy
- developing a formal, structured long term plan for consultations to be undertaken
- continue to undertake regular reviews of financial savings delivery.



Governance

Walsall Council has a clear Governance Framework in place which includes a documented Risk Management Strategy. The Council has arrangements in place to identify strategic risks, and understand and record them throughout the organisation.

We have not identified any risks of significant weakness but have identified improvement recommendations relating to:

- ensuring regular monitoring of fraud risks is embedded into the governance structure
- developing more formal training and succession planning for Audit Committee members.



Improving economy, efficiency and effectiveness

Walsall Council has a well developed performance management framework which includes clear and succinct reporting to members.

We found no evidence of significant weaknesses in the Council's arrangements for improving economy, efficiency and effectiveness. We have identified improvement recommendations relating to:

- The introduction of integrated reporting for financial and performance management
- reviewing the scope for use of benchmarking against other local authorities as part of quarterly or annual reporting.



Opinion on the financial statements

We issued an unqualified opinion on the Council's 2020/21 financial statements on 26 November 2021.

More detailed findings can be found in our Audit Findings Report which was issued to the Council's Audit Committee on 27 September 2021.

Commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 7 to 31. Further detail on how we approached our work is included in Appendix B.

Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures it is facing and builds these into its plans;
- plans to bridge its funding gaps and identify achievable savings;
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning; and
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Financial Outturn 2020/21 and Reserves

As with all local authorities the combined impact of austerity measures and the COVID-19 pandemic has placed significant pressure on Walsall Council. Despite this, financial performance has remained strong, with a clear track record of delivering balanced budgets. For 2020/21 the financial outturn was broadly in line with budget with a net revenue position of £127.12m compared to a budgeted £127.57m resulting in an underspend of £453k on services.

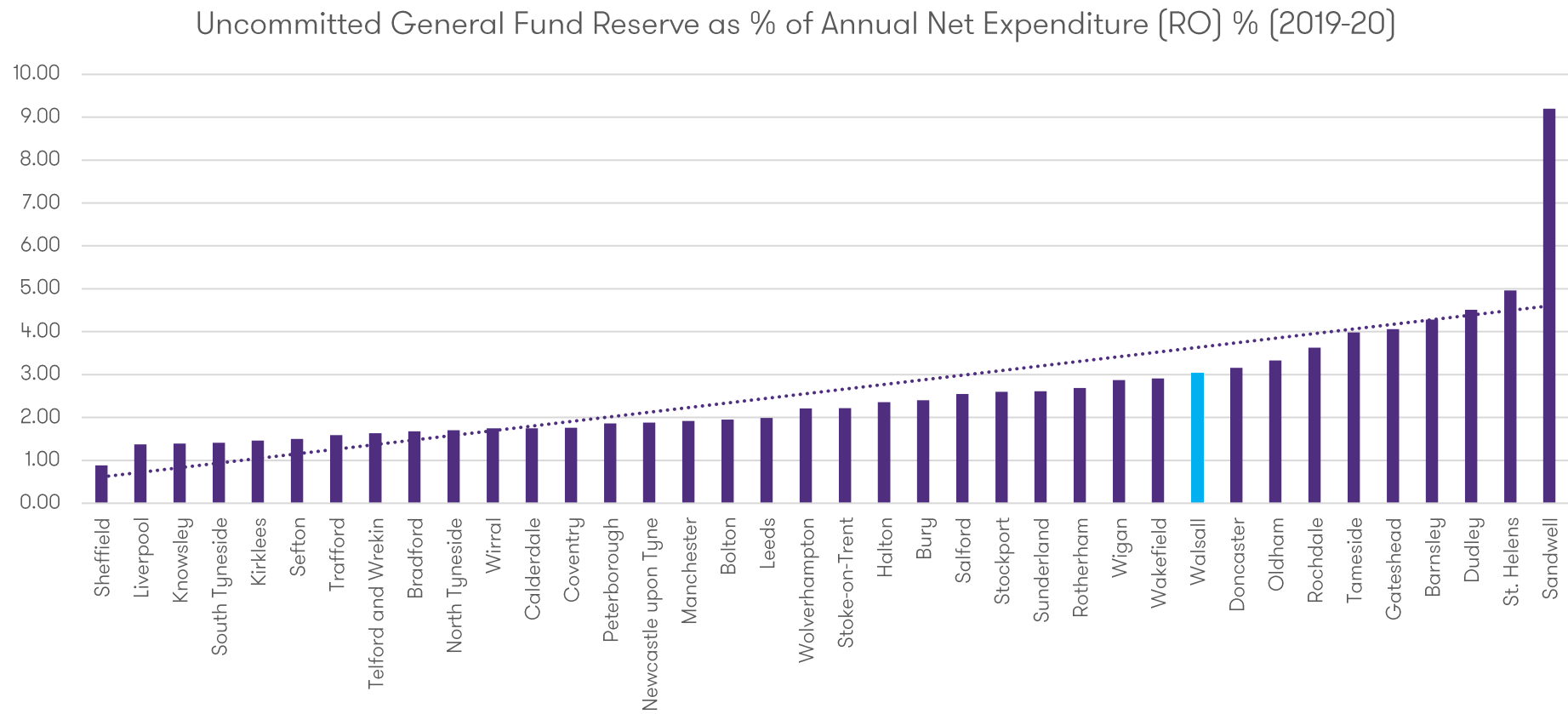
Capital projects have been affected by COVID-19 during the year, with some projects being delayed. Despite this, the Council spent £102.8M on a range of capital projects during the year compared to a profiled budget of £217.18m (47.3% of the planned budget). All of this underspend has however been re-profiled into the 2021/22 financial year and is normal practice for the Council due to the nature of grant funded schemes which regularly need re-profiling and are prone to timing differences.

The budget had forecast the use of £752k of general reserves however, actual performance resulted in a net gain of £3.284m in the General Fund balance. This has resulted in an opening general reserves balance of £17.69m as at 1st April 2021. The Council aims to maintain General Fund reserves at a minimum of £16.64m as per the s.25 report. The chart on page 7 illustrates the reserves in comparison to all metropolitan borough councils based on 2019/20 Revenue Outturn data. This demonstrates that the Council has a reasonable amount of usable reserves to support future financial pressures. As noted above, the minimum planned level of reserves was increased from £13.55m in February 2020 to £16.64m in 2021.

Whilst we do not currently consider there to be a weakness in the adequacy of the Council's current reserves level, robust member challenge in relation to the annual report by the Executive Director - Resources and Transformation on the annual budget and adequacy of reserves was not evident from Cabinet or Scrutiny Committee minutes. We believe evidence of challenge by elected members on the Council's levels of reserves and reserves policy could be strengthened and have raised an improvement recommendation in this area. The Council also identified this as an improvement area following its review of compliance with the CIPFA Code of Financial Management undertaken in 2020/21 and is taking to action to address this as part of the 2022/23 budget process.

Reserves continued

The chart on below illustrates the reserves in comparison to all metropolitan borough councils based on 2019/20 Revenue Outturn data.



Financial Planning

Walsall Council has a detailed and comprehensive 3 year, Medium Term Financial Strategy (MTFS) which has been updated annually (in June 2019 and again in July 2020) and acts as a strategic framework through which the Council builds and manages its finances in line with its corporate objectives. In keeping with this strategy and other financial policies in relation to Capital, Treasury Management and Investment, the Council has built its Revenue and Capital Budget Plans to provide a financial representation for the upcoming financial years. The Council understands the importance of planning over the medium term rather than with short term objectives in mind. This is clear from the budget which was agreed in February 2020 by both Cabinet and Council and looked at the spending round for both 2020/21 and the period to 2022/2023. The MTFS is very clearly aligned to Walsall's corporate objectives and the achievement of the transformational PROUD Programme, and this has continued with the updated version for 2021/22 onwards. The Appendices of the annual budget clearly outline the Summary of Investments/Cost Pressures for 2021/22 onwards by outcome so that the corporate priorities contained in the strategy are clearly linked to the budget. This is an example of good practice of ensuring that the budget is driven by the outcomes the Council wishes to see achieved in the communities it serves.

Despite the continuing uncertainty posed by the COVID-19 pandemic, for the 2021/22 year the Corporate Budget Plan underwent regular review by the Scrutiny Overview Committee and was presented to Cabinet in December 2020 for feedback before the final version was published and agreed in February 2021. This process has ensured effective oversight throughout the financial planning process.

Financial Risks

The Council has a clear and well-developed risk management policy which is covered in more detail under our review of Governance. It has used this to identify financial risks to the organisation which have been clearly built into the Corporate Budget Plan, with the risk appetite outlined in the Treasury Management Policy. The Council review this annually to ensure it remains applicable. The Council has a defined budget setting process which includes a financial risk assessment exercise where each of the individual services undertake risk assessments of their services and budgets by identifying risk factors, potential changes to service delivery and funding streams. These are collated to determine the key risks and any potential organisational budgetary impacts. This assessment is then used to inform the Council's overall planned level of reserves.

The Council focuses on both internal risks, such as delivery of the PROUD transformational programme but also external forces in particular national funding changes, service demand and market conditions. This ensures that adequate budgetary provision is available to cover unforeseen future events. The increased level of risk this year in relation to government funding led to the Council reviewing the level and nature of reserves as part of their budget process. The minimum planned level of reserves was increased from £13.55m in February 2020 to £16.64m in 2021.

Assumptions and Expenditure Drivers

The Corporate Budget Plan begins with a significant summary of the demand and cost pressures that the Council is currently facing. These include increased demand as a result of welfare reforms and Walsall's ageing population, as well as increased need for support of looked after children. Cost pressures include those linked to:

- COVID-19,
- Brexit,
- inflationary pressure,
- increased corporate costs including pension inflation,
- reduced core funding, and
- reduced council tax collection rates.

The draft budget 2021/22 – 2023/24 includes provision for investment and cost pressures of £47.38m which are detailed in Annex 5 of the Revenue Budget Plan. The 2021/2022 Revenue Budget includes a level of earmarked reserves to reflect the risk that the cost of COVID-19 pressures may exceed available grant funding. Due to the uncertainty caused by the pandemic and the fact this will be a national issue we have assessed this as a reasonable assumption for financial planning with an acknowledgement that there is a risk that central funding may not be made available to cover all COVID-19 related costs. It is, however, currently not feasible to quantify the potential financial impact of this issue.

The Council undertakes sensitivity analysis to inform its forecasts, analysing and understanding various options and their financial impact on the final outturn as well as the risks specific to these areas. These were updated accordingly for COVID-19 and included consideration of non-financial changes such as increases in isolation of vulnerable adults and how this may affect Adult Social Care spend and outcomes.

Walsall PROUD Programme

The Council launched the Walsall PROUD programme in April 2019. This transformation programme has three core objectives:

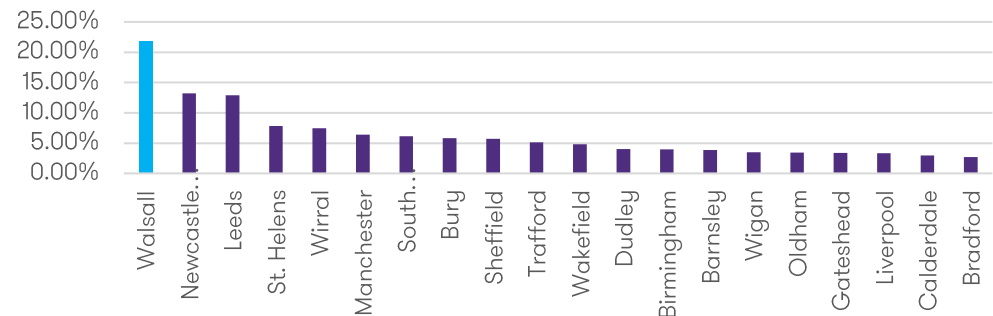
- improve the customer experience,
- achieve better employee satisfaction, and
- to deliver financial savings / efficiencies.

In 2020/21 the Council achieved £161k of savings against a target of £8.76m. Therefore performance was significantly below the original target although this was seen across the sector due to local authorities re-focusing resources in order to tackle the effects of the pandemic. Whilst the pandemic has clearly impacted upon the Council's ability to focus on the planned efficiency savings, the unachieved £8.60m has been accommodated within the 2021/22 PROUD savings target. However achievement of savings targets has been a concern for Walsall prior to COVID-19 and in 2019/2020 we concluded that the £5m PROUD savings profile was over-ambitious and therefore was not deliverable. Particularly in light of the current uncertainties, we still have concerns that targets may be unrealistic.

A balanced budget is reported for 2021/22, however this is predicated on delivery of £28.90m of savings through the PROUD Programme. Draft budgets have also been presented for 2022/23 and 2023/24, with £22.01m of savings required in 2022/23 and £14.52m in 2023/24. This is a total of £65.43m of savings in the next 3 years. The majority of 2022/23 savings have been identified (£20.149m as at October 2021), with a further £2.91m for which delivery plans are currently being worked up.

These are ambitious targets and, given the deferral of savings targets over the previous 2 financial years, delivery of this level of savings will be a significant challenge. In proportional terms, Walsall in the West Midlands is set to make one of the highest savings targets this year within Local Government amounting to nearly 22% of the annual net budget and just less than 4.4% of the gross revenue budget. We set out below a comparison of the level of savings planned in 2021/22 across metropolitan district councils in England.

2021/22 Planned Savings as a % of annual net budget - Metropolitan Districts



However, our discussions with officers have highlighted positive action by the Council to ensure there is progress against targets, with the introduction of the PROUD Resource Plan, aimed at ensuring that sufficient change support is available to Directorates to support delivery of reforms. Monitoring of savings progress is also being undertaken through a risk rating mechanism which supports the use of high-level delivery plans for all red and amber categories which have been identified as at medium-high risk of non-delivery. As of September 2021, the Council reported to members that it had delivered £10.58m of savings and was on track to deliver a further £9.1m. A further £2.03 was identified as subject to some management action but expected to be delivered in full. Of the remaining £7.08m, £2.54m had alternative actions. The remaining £4.18m were being worked on and the Council expects that they will be delivered in full in 2022/23.

In addition, the Council has introduced several mitigating strategies in order to cover shortfalls in achievement against savings plans. It continues to work to identify alternative savings proposals and is holding ongoing negotiations with partners in relation to joint funding arrangements.

Despite this, the Walsall PROUD Programme savings profile needs to continue to be carefully monitored as the challenges and uncertainties of the Covid-19 pandemic continue to impact on the Council's operations and finances. The Council may require a further re-profiling of savings targets for future financial years. We have raised an improvement recommendation in relation to this area.

Consultation and Impacts on Stakeholders

The Council has in place a Consultation Protocol which outlines best practice principles for council officers, to provide a consistent approach to preparing, conducting, and evaluating public consultations. These best practice principles have been used consistently throughout the financial year and were apparent in the Budget Consultation conducted in year for 2021/2022 financial planning. On the 28th of October 2020 the Draft Revenue Budget 2021/2022 - 2023/2024 was reported to Cabinet and included a total of 14 policy proposals (saving approximately £1.6m). Eight of these policy proposals impacted directly on the public and were therefore covered in the consultation which began on the 29th October and ran until the 30th November 2020. This included consultation with employees, trade unions, local businesses, and people. Due to the pandemic the majority of consultation was conducted online but with alternatives available on request. There were in addition 106 operational proposals which identified £36m of savings made through changes to staffing structure and new ways of working. Whilst these did not directly impact on the public, 9 of these were in relation to changes to fees and charges and so views were also sought in relation to these. The outcomes were discussed in the Cabinet meeting in February 2021 where it was evident that members' views were taken into consideration and resulted in decisions for further specific consultations and equality impact assessments in relation to adult social care arrangements and facilities management.

It is clear the Council takes consultation processes seriously and engages with local residents, business owners and members throughout the budget setting process. Its website makes clear the plan of action and how the budget goes through a range of consultations before approval. Additionally in terms of engaging stakeholders the Council published the Consultation on its website and promoted it through social media channels and in the Walsall Council Residents' newsletter to raise awareness. Furthermore, adverts were placed in local newspapers and posters were distributed throughout libraries and leisure centres. The reporting to Cabinet on the feedback received from respondents made use of direct quotes which really brought to life the views gathered. The Council has also set up an internal team of Consultation Champions to embed good practice throughout the organisation. This is clearly an area the Council has focussed on.

Throughout our conversations with staff, it was clear that Walsall Council is further building capacity in this area through the extension of the Consultation Champions, and corporate membership of the Consultation Institute.

As resourcing of the Council's corporate communications function is an area of concern due to the many consultations completed throughout the year, a Forward Plan of future consultations and consideration for the development of a consultation database and platform could be considered as future potential projects. We have raised an Improvement Recommendation in relation to this area.

Capital Budget

Capital expenditure in 2020/21 amounted to £102.837 million although the programme budget for 2020/21 was £217.18m resulting in unspent allocations of £114.21m which have been carried over to 2021/22. A level of carry forward is expected and due to the fact that many large capital projects will be undertaken over a number of years. The Council has an up-to-date Capital Strategy which is used to manage the capital programme. Capital project monitoring and information on capital financing is included as part of the financial performance reports which are provided to the Corporate Management Team (CMT) and to Cabinet and these clearly outline any amendments to the capital programme, capital projections and progress against forecast. Financial health indicators are also included in these reports which highlight the management of resources along each service line and target capital expenditure compared to both actuals and the prior financial year in order to provide context.

Auditor Judgement

Walsall Council has a good track record of sound financial management and delivered an underspend of £453k, after taking into account central government funding. The Council understands the financial risks which it faces and managed these risks by maintaining an appropriate level of reserves and sound financial management. One area which could be strengthened is in relation to increased training provision for members in order to further enhance scrutiny and challenge. The Council has already identified and made steps towards rectifying this area through rollout of Treasury Management Training.

An area of particularly good practice is in relation to stakeholder engagement. The Council actively seeks the views of the local community and other stakeholders through regular consultations and the Budget Consultation in particular is a well-run, far-reaching programme of work which adds real value to the financial planning process. It is clear this is an area the Council has dedicated time and resource to and the reporting of consultation feedback to the Committees is completed in a way which really brings the views of respondents to life, allowing members and officers to grasp the impact that financial and policy decisions have on local taxpayers.

The PROUD Programme savings target is extremely ambitious. Progress has been made in delivery of this target in 2020/21, but there is still a lot of advancement needed to ensure full achievement. The Council is aware of this risk and is monitoring this position. It has put in place various mitigations such as the Project Reserve and a Resourcing Plan to alleviate against slippage and therefore we have not classified this as a significant weakness in arrangements for 2020/2021. We will revisit this assessment in 2021/22.

Overall, we are satisfied that the Council had appropriate arrangements in place to manage the risks it faces in relation to financial sustainability. We have not identified any risks of significant weakness but have identified three improvement recommendations as set out below.



Improvement recommendations

Financial sustainability

1 Recommendation	Further enhance training for members on the importance of an adequate reserves level for long-term financial sustainability.
Why/impact	Ensure elected members are able to apply robust and appropriate challenge to the Council's reserves policy and reserve levels.
Summary findings	Whilst we do not currently consider there to be a weakness in the adequacy of the Council's current reserves level, we believe evidence of challenge by elected members on the Council's levels of reserves and reserves policy could be strengthened. Robust member challenge in relation to s.25 report was not evident from Cabinet or Scrutiny Committee minutes.
Management comment	Briefings are provided to Members on the Budget including the S25 Statement. Training on S25. Statement and adequacy of reserves will be made available prior to approval of the budget by Council in February and annually thereafter.



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations

Financial sustainability

2 Recommendation	Develop a Forward Plan of future consultations.
Why/impact	Provide a structured long term plan for consultations to be undertaken.
Summary findings	As resourcing is an area of concern due to the many consultations completed throughout the year, a Forward Plan of future consultations and consideration for the development of a consultation database and platform could be considered as future potential projects.
Management comment	A forward plan will be considered, initially to cover the medium term to align with the Corporate Plan and Medium Term Financial Outlook.



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations

Financial sustainability

3 Recommendation	Continue to undertake regular reviews of PROUD Programme savings delivery and the need to amend or reprofile savings targets.
Why/impact	To provide assurance to members that PROUD Programme savings targets remain realistic and deliverable.
Summary findings	The Walsall PROUD Programme savings profile needs to continue to be carefully monitored as the challenges and uncertainties of the COVID-19 pandemic continue to impact on the Council's operations and finances. The Council may require a further re-profiling of savings targets for future financial years.
Management comment	The PROUD savings are reviewed regularly and will continue to be so. Savings are risk rated and actions to address Amber or Red risks are reported to CMT and PROUD Board on a monthly basis and to Cabinet and Scrutiny on a least a quarterly basis. Where savings are Red and require re-profiling, alternative mitigating actions are required in year to ensure delivery of a balanced budget.



The range of recommendations that external auditors can make is explained in Appendix C.

Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- approaches and carries out its annual budget setting process;
- ensures effectiveness processes and systems are in place to ensure budgetary control;
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- monitors and ensures appropriate standards.

Risk Management

The Council's Governance Framework includes a documented Risk Management Strategy which seeks to promote risk awareness across all levels of the organisation. This has been a key focus for the Council in recent years and it has introduced a clear methodology for risk management. This includes detailed roles and responsibilities in relation to risk for all employees, a template risk register to ensure consistency and a guidance document to support management in application of the strategy.

Our conversations with Council officers and their internal auditors highlighted how they work closely together to ensure risk management is embedded across the organisation. As a result of the pandemic the Risk Management Framework was updated earlier than planned in June 2020 and approved by CMT in light of the new risks in relation to COVID-19. Alongside this a new workplan was developed and a brief Lessons Learned report was published. In July 2020 this was reported to the Audit Committee which led to nominated Risk Champions being selected across each Directorate and risk management being mandated as a standing agenda item for all Directorate Management Team meetings.

It is evident that a clear escalation and de-escalation strategy is in place which allow for prioritisation of risks with those graded the highest rating reported into the Committee structure via the Strategic Risk Register.

This undergoes regular review to seek to guarantee it is kept up to date and relevant and to ensure the achievement of the Council's aims and objectives as outlined in the most recent version of the Corporate Plan. The format of the Risk Register is concise, easy to understand and includes named officers and relevant deadlines to ensure accountability for implementation of required mitigating behaviours. Our review of the Audit Committee minutes concluded that members regularly challenge identified risks and risk management plans, for example in July 2020 members requested plans be put in place to mitigate against the possibility of a second wave of COVID-19, then in January 2021 members asked that in response to a new cyber security risk that the internal auditors consider disaster recovery plans as part of their work in this area. Audit Committee members also have the option to request 'deep-dives' into specific risks to ensure they are provided with further detail to ensure robust challenge of areas where the Audit Committee requires further assurance.

Walsall Council also ensures it considers the external environment, as part of the risk management strategy, which is vital considering the continued impacts of Brexit and the COVID-19 pandemic on the local government landscape and has led to new emerging risks and the need for innovative strategic responses. This comprehensive and proportional approach to risk management has ensured that the Audit Committee can focus on the most significant risks to the organisation and that ownership and accountability for risk sits at the most suitable level, delegated to the most appropriate staff member to mitigate the issue.

The Council has arrangements in place to identify strategic risks, and understand and record them throughout the organisation. The oversight within the Committee structure is evident and has ensured that risks are being appropriately managed and relevant actions made to deadlines.

Our review of the Council's policies and procedures identified that there are adequate arrangements in place for the prevention and detection of fraud and that staff are regularly made aware of their roles and responsibilities and provided with specific training to counter-act this risk. The Council has engaged an external firm to provide internal audit services through regular review of the internal control processes which is also overseen by the Audit Committee.

We noted that during the 2020/2021 financial year the Council did not have in place a specific counter-fraud resource, although some support for counter-fraud measures and investigations was built into the Internal Audit Workplan. Particularly in light of the COVID-19 landscape which has given rise to increased fraudulent activities this is an area where improvements could be made through provision of a specific counter-fraud team and a recommendation would normally have been raised to this effect. However, our discussions with the Council highlighted that this potential gap had already been identified internally during the 2020/2021 financial year and as a result the Council has now engaged a provider on a 2-year contract for specific counter-fraud services from the 2021/2022 year onwards.

It is clear that the Council is proactive in terms of renewing its strategy, it is keen to learn from its previous actions through production of 'Lessons Learned' reports and is now working with the Directorate Groups to showcase positive outcomes in terms of identifying new risks. This is further enhanced through the challenge mechanisms within the governance structure such as Risk Management Reports to the Corporate Management Team and the Audit Committee along with review and close monitoring of the Strategic Risk Register.

The Council has in place a draft fraud risk register but was as of April 2021 out of date. Therefore, we have raised an improvement recommendation that the Council reviews and updates the fraud risk register as appropriate and ensures regular monitoring of fraud risks is embedded into the governance structure.

This gap was not identified as a significant weakness as Internal Audit provide support in this area and that officers have already put in place a Counter Fraud Policy and Response Plan to focus on an enhanced programme of work to raise awareness and ensure a strong anti-fraud culture. Additionally going forward fraud reporting will be implemented within an annual report and used to inform the Annual Governance Statement and further training will be provided to staff and Audit Committee members.



Financial Planning

Our review of the governance arrangements in relation to financial planning has not identified any risks of significant weakness in the 2020/2021 financial year. It is clear that the Council has developed a robust financial planning process which has adequate oversight and input from the members via Scrutiny and Cabinet meetings.

There is also clear consideration of the Councils' Medium Term Financial Strategy and related policies including Treasury Management, Capital and Investment Strategies have been updated for the 2020/2021 financial year as appropriate.

Financial planning is considered in more detail in the Financial Sustainability area of our report.

Ensures effective financial processes and systems

Councils must ensure that effective processes and systems are in place to establish budgetary control. It is clear that the Council has arrangements in place to do so, for example the finance team regularly engages with Directorates in order to review financial performance and identify actions to resolve any adverse variances which arise as a result. This happens through a range of different forums including monthly portfolio briefings, Directorate Management Team (DMT) meetings, Corporate Management Team meetings and Cabinet meetings.

The Budget Setting process involved a summer of budget briefings and meetings with budget holders from each Directorate. Reports including alternative options and investments were published and final decisions were reviewed by CMT and Cabinet before the finalised budget report was published and approved in February. The Council also set up briefings with the Opposition and Independent members as well as running Stakeholder Consultation Sessions in Early January. The Council regularly complete Equality Assessments which are published along with reports to Committees and are used as an opportunity to make informed decisions which consider impacts on a range of stakeholders.

Normally budget holders and directors have to sign off their respective element of the financial plans for each of their service lines. In addition, this year the Council also introduced an Accountability Memo for Directors and Executive Directors which clearly outlined the revenue, capital and financial management responsibilities required and acted as an accountability measure. Financial performance is a key objective and there is clear accountability for delivery of budgets throughout the organisation.

In terms of financial monitoring throughout the year, CMT met on a monthly basis and Cabinet every other month to discuss financial management and to address key risks and pressures as they arose with challenge also provided by the Scrutiny Committee. Cabinet received regular financial reports to allow it to oversee the financial performance of the council, receiving updates in May, June, July, September, December, and February on the financial position.

The Corporate Financial Performance reports are well-presented with a concise summary of the overall financial position in relation to both revenue and the capital programme, including best and worst-case scenarios and demonstrated that in year variances are promptly raised with mitigating actions developed. These reports to Cabinet are extremely detailed and include sufficient commentary on the key drivers behind variances. Reports also include workforce information and trends in staffing spends and service activity in order to provide context to financial performance. This reporting enables Cabinet to make informed decisions and retain sufficient oversight as members are adequately provided with the information needed to build a picture of whether spend and income for the month are appropriate in the context of the workforce activity and service needs. There is no evidence of weakness in budgetary control.

Our overall review has not raised any risks of significant weakness in relation to the governance structures in place to ensure effective financial processes and systems for the 2020/2021 financial year.

Informed decision-making and appropriate challenge

The Council has good arrangements for making properly informed decisions, supported by appropriate evidence whilst also allowing for challenge and transparency. Engagement from stakeholders and senior leadership is imperative in forming relevant, up-to date and knowledgeable judgments and evaluations as part of the decision-making process. Our review of the Committee minutes showed how members consistently provided robust challenge on a range of agenda items and that key decisions were made after detailed discussions which regularly required further requests for information and clarification before approval.

As detailed in the Financial Sustainability area of our work it is clear from the consultation work carried out throughout the year that Walsall Council values service user feedback and uses this in order to inform decision-making. Reports to Cabinet clearly detail key themes which have been identified through the consultations and direct quotes from service users are published in order to really bring the experiences of respondents to life.

The impact of the COVID-19 pandemic has meant that all local government bodies have had to quickly mobilise and ensure they are reacting quickly to the realities of the pandemic and the local impact of this on their staff and services. Therefore during 2020/21, whilst there have been elements of reactive decision making which have had to have been made across the local government landscape, it is clear that Walsall Council has effectively planned and responded.

At the November 2020 meeting the Audit Committee was satisfied that it was meeting its objectives but recognised that further developments could be made to strengthen arrangements in line with best practice. Also on the 12th April 2021 the Council reported on the Engagement and Participation at Audit Committee with the aim of strengthening the existing good practice so that the Audit Committee could continue to provide robust and effective challenge. There was a number of recommendations raised as part of this review which we support.

Our attendance at the Audit Committee through our role as external auditors has confirmed that the Chair, in particular, is able to provide real and genuine challenge. However there has been significant turnover in the membership of the Audit Committee with five (of seven) elected member appointments as of April 2021 standing as committee members for less than 18 months. It should be recognised that this is also due to the political changes that take place at councils and therefore elections tend to have an effect on membership of Committees.

For newer members it would be beneficial for increased training to ensure they are comfortable with the Audit Committee's topics and reports, and this was recognised as part of the Committee Effectiveness review carried out in year. As noted above, whilst we do not currently consider there to be a weakness in the adequacy of the Council's current reserves level, we believe that member challenge in this area in particular could be strengthened. This could be improved through enhanced training for members on the importance of an adequate reserves level for long-term financial sustainability. The Council has taken some action in this area, with specific training and support being provided for both new independent and new elected Audit Committee members in recent months. We have raised an improvement recommendation in relation to this area.

Additionally, some form of succession planning, particularly for independent members, would be useful to ensure continuation of real and robust challenge going forward. We have raised an improvement recommendation in this area.

Overall, our review of the decision-making processes in place at the Council has not raised any risks of significant weakness in the 2020/2021 financial year.

Monitoring compliance with regulatory requirements and required standards of behaviour

The Council must ensure that it monitors and ensures appropriate standards such as meeting legislative/regulatory requirements in terms of officer or member behaviour, including in relation to gifts & hospitality or declarations/conflicts of interest. Through our review of the Council's policies and procedures, Internal Audit reports and meeting minutes from throughout the Committee structure, it is clear that Council has arrangements in place to ensure and monitor compliance with legislation and standards.

The Council also has in place appropriate policies and procedures including a Code of Conduct, a Whistleblowing Policy, and an Anti-Money Laundering policy. The policies are held on the staff intranet for ease of access and all staff are made aware of the procedures to be followed and are provided with copies of the relevant documents during induction procedures.

There is no evidence, from our review of Internal Audit reports, minutes and discussions with Council staff, to suggest that there are significant weaknesses in leadership or that directors do not lead by example. Officer behaviour is monitored through the HR department, Member behaviour is monitored through the Standards Committee whose role is to ensure and promote good ethical conduct.

The Council conducted a compliance review of the new CIPFA Financial Management Code, our review noted that Standard C, "The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control", was identified as an area for improvement and as a result the Council's Corporate Management Team plans to annually review its performance to ensure this can be fully evidenced.

The Review of Effectiveness of Internal Control Report 2020/21 reported that during 2020/21 there were 127 incidents of data breaches made to the Information Governance team (for 2019/20 there were 136). These were categories from 0-2 with 2 grades requiring reporting externally. In response the Information Governance Team has included further training this year and every staff member has been mandated to complete Information Governance training each year. The team has implemented a new breach reporting system and bi-monthly reports are provided to the Corporate Management Team on any data protection breaches. Of the 127 breaches reported in year only 1 was considered a serious data breach which was fully investigated with no further action required. It is clear this is an area the Council is focussed on improving.

Auditor Judgement

We found no evidence of significant weaknesses in the Council's governance arrangements for ensuring that it made informed decisions and properly managed its risks. We have identified three improvement recommendations as set out below.

Improvement recommendations

Governance

4 Recommendation	Review and update the fraud risk register as appropriate and ensure regular monitoring of fraud risks is embedded into the governance structure.
Why/impact	Maintaining an up to date fraud risk register would assist the Council in directing appropriate resources and developing an appropriate response to fraud risks as they emerge.
Summary findings	The Council has in place a draft fraud risk register but was as of April 2021 out of date. This gap was not identified as a significant weakness due to the fact that Internal Audit provide support in this area and that officers have already put in place a Counter Fraud Policy and Response Plan to focus on an enhanced programme of work to raise awareness and ensure a strong anti-fraud culture. Additionally going forward fraud reporting will be implemented within an annual report and used to inform the Annual Governance Statement and further training will be provided to staff and Audit Committee members.
Management comment	Work on the Response Plan is in train and progress is due to be reported to Audit Committee in February 2022.



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations

Governance

5 Recommendation Develop a more formal and structured programme of training for Audit Committee members.

Why/impact To ensure that the Council maintains a high quality Audit Committee.

Summary findings For newer Audit Committee members it would be beneficial for increased training to ensure they are comfortable with the Committee topics and reports, and this was recognised as part of the Committee Effectiveness review carried out in year. The Council has taken some action in this area, with specific training and support being provided for both new independent and new elected Audit Committee members in recent months. We have raised an improvement recommendation in relation to this area.

Management comment This is agreed and, as and stated above, action is being taken to address this.



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations

Governance

6 Recommendation	Develop formal succession planning for Audit Committee members.
Why/impact	To ensure that the Council maintains a high quality Audit Committee.
Summary findings	Some form of Succession Planning for Audit Committee members, particularly for independent members, would be useful to ensure continuation of real and robust challenge going forward.
Management comment	The need for succession planning is recognised and during 2020/21 a further appointment of an Independent Member to the Audit Committee was made, leaving one vacancy. A succession plan will be developed.



The range of recommendations that external auditors can make is explained in Appendix C.

Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement;
- evaluates the services it provides to assess performance and identify areas for improvement;
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve; and
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

Performance measurement

The Council use a key priority framework to set the strategic intent to deliver outcomes and help inform key decisions. These performance measures were approved by the Cabinet in May 2019 and included 37 performance measures and an additional 5 proxy measures used to track delivery of corporate priorities and outcomes. The June 2020 Cabinet meeting then looked at the Corporate Plan 2018-2021 with a refresh of the performance measures for 2020/21 financial year and these formed the basis of regular quarterly performance reports to Cabinet throughout the financial year. For 2020/21 there were 49 measures monitored, although with a recognition that some would be on annual basis rather than quarterly and some were affected by COVID-19 impacts. The reporting was clear and succinct and allowed for Cabinet to accurately assess the current levels of performance in delivery of services and to ensure these continued to be aligned to the Council's corporate priorities and outcomes.

The financial performance of the Council was not always presented at the same meetings as the performance reporting and we consider that it may be useful to incorporate these in order to help with identification of risks, financial sustainability, and performance management. We have raised an improvement recommendation in this area.

There was evidence that the Council makes use of benchmarking data in order to gauge performance and costs relative to other local authority bodies in order to inform service changes. Recent examples included a benchmarking exercise in relation to apprenticeship services due to the large increase in demand in this area. It may be useful for the Council as part of the performance reporting to include benchmarking against other local authorities (where information is available) as part of quarterly or annual reporting. We have raised an improvement recommendation in this area.

One area where the Council is particularly proactive is through using reports from government, regulators, or other bodies to conduct compliance reviews or lessons learned reporting in order to ensure 'best practice' where possible. This was evident from the review of the Croydon Public Interest Report and the Liverpool Best Value Report which the Council used to identify any potential areas of weakness in relation to governance procedures. In addition, not only did the Council review the Financial Management Code and provide copies and further information to members on the expected upcoming changes, but they also conducted a compliance review in order to ensure that going into the 2021/2022 financial year the Council would be able to ensure full agreement with the Code throughout the year. Our review of these exercises highlights a Council that is transparent and eager to embed best practice within its organisation.

Partnership working and procurement

The Council has partnerships with organisations and agencies in the health, voluntary and private sectors and it is clear that the strategies developed at this partnership level are translated into meaningful actions. The outcomes of these actions are clearly highlighted through the Council's Annual Report and also its List of Achievements document which was presented to Council in April 2021.

It was clear from our review of committee minutes that the Council considers the risks and rewards of significant partnerships and working arrangements. This is evidenced through the reports, which are regularly reviewed as part of the Council's workplan and each of the proposed projects have a thorough Equality Impact Assessment form which must be completed as part of the monitoring process and to establish the project for a decision by Cabinet. These include both an action and monitoring plan section which details who has responsibility for the monitoring of the project or service with the partner and the outcomes expected.

Whilst the monitoring of different service agreements and partnerships takes different forms, depending on the circumstances, regular performance monitoring reports on partnerships are taken to Cabinet when needed. e.g., through the Health & Wellbeing Board, Strategic Investment Board, Contract Boards & Performance Boards. For example, the April 2021 Cabinet Meeting included a report on the School Improvement and Moderation Service which had been outsourced to a consultancy provider (Challenging Education) for school improvement. The report highlighted how to maintain effective delivery and range of quality outcomes and KPIs were developed for the contract provider to evidence and report on. In addition, quarterly monitoring meetings with key officers were set up (in this situation this was the Head of Inclusion) who oversaw progress and challenged the provider if outcomes were not met.



The Council has a Procurement Strategy in place which is currently being updated. This is in order to consider increased purchasing locally and to integrate further social value requirements which have been highlighted as part of recent national reviews. The Council also has a Social Value Policy and Charter which were updated in December 2020 and incorporates provisions in relation to procurement activity. As part of this it has also produced a specific outcomes and measures framework in order to ensure it can monitor achievements, and this includes specific actions in relation to COVID-19 recovery. This highlights how the continued delivery of Social Value is a key focus of the Council, which is particularly encouraging given the impact of the pandemic on local communities and businesses.

Auditor Judgement

Walsall Council has a well developed performance management framework which includes clear and succinct reporting to members.

The Council is proactive in using reports from government, regulators, or other bodies to conduct compliance reviews or lessons learned reporting in order to ensure 'best practice' where possible. This was evident from the review of the Croydon Public Interest Report and the Liverpool Best Value Report which the Council used to identify any potential areas of weakness in relation to governance procedures, and in the review of compliance with the CIPFA Financial Management Code in 2020/21. Our review of these exercises highlights a Council that is transparent and eager to embed best practice within its organisation.

We found no evidence of significant weaknesses in the Council's arrangements for improving economy, efficiency and effectiveness. We have identified two improvement recommendations as set out below.



Improvement recommendations



Improving economy, efficiency and effectiveness

7 Recommendation	Introduce integrated reporting for financial and performance management.
Why/impact	Reporting of financial performance alongside non-financial performance would allow members to take an overall view of the performance of the Council.
Summary findings	The financial performance of the Council was not always presented at the same meetings as the performance reporting and it may be useful to incorporate these in order to help with identification of risks, financial sustainability, and performance management.
Management comment	The reporting of financial performance and non-financial performance will be aligned where practicable.



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Improving economy, efficiency and effectiveness

8 Recommendation	Review the scope for use of benchmarking against other local authorities (where information is available) as part of quarterly or annual reporting.
Why/impact	The Council could obtain more information to allow it to improve its services by seeking comparisons with other local authorities.
Summary findings	There was evidence the Council make use of benchmarking data in order to gauge performance and costs relative to other local authority bodies in order to inform service changes. Recent examples included a benchmarking exercise in relation to apprenticeship services due to the large increase in demand in this area. It may be useful for the Council as part of the performance reporting to include benchmarking against other local authorities (where information is available) as part of quarterly or annual reporting.
Management comment	The reporting of benchmarking data will be reviewed to determine where it will add most value and will be incorporated into our financial and performance frameworks.



The range of recommendations that external auditors can make is explained in Appendix C.

Covid-19 arrangements



Since March 2020 Covid-19 has had a significant impact on the population as a whole and how Council services are delivered.

We have considered how the Council's arrangements have adapted to respond to the new risks they are facing.

The Council very quickly recognised that COVID-19, as well as posing a significant public health challenge for the people of Walsall, represented a significant financial challenge to its financial sustainability. It impacted on its income generation due to closure of fee-charging services, reductions in business rates income as well as increased costs. As a result, the Council undertook a financial impact assessment, including a review of the Walsall PROUD Programme in order to refocus resources and enable support to be provided to local businesses and residents. Monitoring of COVID-19 spend was introduced through use of additional cost codes and Gold and Silver Control Groups were established to ensure appropriate spend approval methods were in place. Details of COVID-19 related spend and these approvals were then included in the Corporate Financial Performance Reports provided to Cabinet so further scrutiny could be provided.

As part of their workplan Internal Audit reviewed financial and other controls that were introduced as a result of the COVID-19 response which provided a finding of substantial assurance. The Council introduced timely measures to ensure it was aware of the financial pressures caused by COVID-19 and took the necessary action to ensure a balanced budget could be delivered in 2020/2021 and that this was kept under regular review.

In March 2020 the Cabinet agreed, as a result of government guidance, to postpone Committee meetings and the Demographic Services team (after approval at CMT) swiftly issued advice to all senior officers regarding lawful decision-making in light of this change. This was followed by the introduction of virtual meetings which were also live-streamed and recorded so they could be made available to the public with the aim of increasing openness and transparency in decision-making. In order to manage the strategic and operational pressures, the Council set up a Gold and Silver Control meeting structure to manage the impact of the COVID-19 crisis. Throughout the year these meetings were held on a daily basis in order to analyse and respond to issues and information that the council received in relation to the pandemic and still continue to operate.

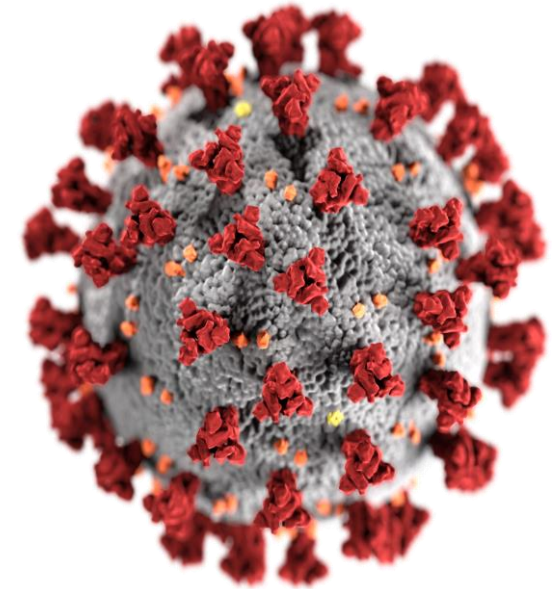
Walsall Council also set up a Local Outbreak Engagement Board as a sub-committee of the Health & Wellbeing Board. The sub-committee met monthly from July 2020 in order to provide oversight of action plans in relation to COVID-19 in Walsall and provide Council Committees including Cabinet with regular updates directly in relation to COVID-19. Part of the role was to review the Walsall COVID-19 Dashboard which provided a weekly update of data in relation to symptoms, cases, and hospital admissions as well as comparisons with other Local Authorities. The response to the pandemic highlighted the strength of the Council's partnership working, making use of these multi-agency approaches to outbreak management. They also provided support to local businesses through administration of significant numbers of grants from central government, and provision of business rates relief.

Covid-19 arrangements

Walsall Council has also been examining the local impact of the pandemic and have set in place an action plan working with voluntary and care sectors to improving the local mental health response to COVID-19 with the recognition these effects are likely to be far-reaching and will need to be managed in the long-term. In October 2020 the Council conducted a residents' survey to gain a better understanding of how communities in Walsall have been impacted by COVID-19. Since then it has been working with partner agencies, including NHS bodies, education providers and community groups, through an Incident Management Team. The Council's aim is to implement recovery plans, including setting up a Mental Health & Wellbeing Cell to improve mental wellbeing and support residents. Additionally the Making Connections Walsall service, originally set up to improve mental health and reduce social isolation, has been re-focused to assist local people affected by the pandemic.

Auditor Judgement

Effective governance arrangements, an understanding of the financial risks, and clear adoption of a multi-agency approach allowed Walsall Council to monitor the strategic and operational impact of COVID-19 on services, businesses and resident and these arrangements have enabled timely and responsive actions to be taken.



Opinion on the financial statements



Audit opinion on the financial statements

We gave an unqualified on the Council's financial statements on 26 November 2021.

Audit Findings Report

More detailed findings can be found in our Audit Findings report, which was published and reported to the Council's Audit Committee on 27 September 2021.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

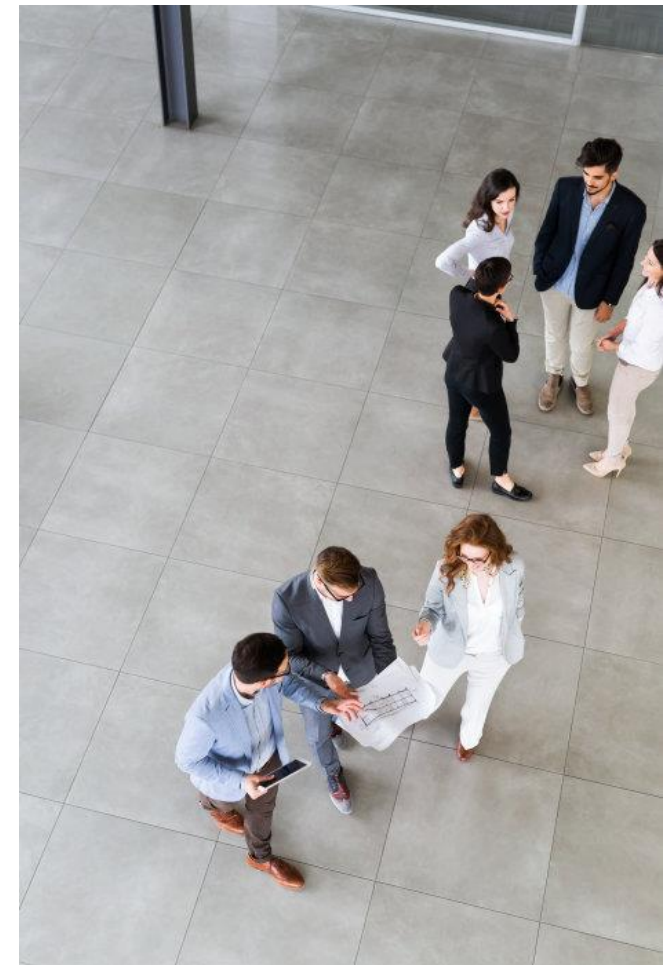
These instructions have yet to be issued and as such we cannot complete this work for formally certify the closure of our audit.

Preparation of the accounts

The Council provided draft accounts in line with the national deadline and provided a good set of supporting working papers.

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation.



Appendices

Appendix A - Responsibilities of the Council



Role of the Chief Financial Officer (or equivalent):

- Preparation of the statement of accounts
- Assessing the Council's ability to continue to operate as a going concern

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

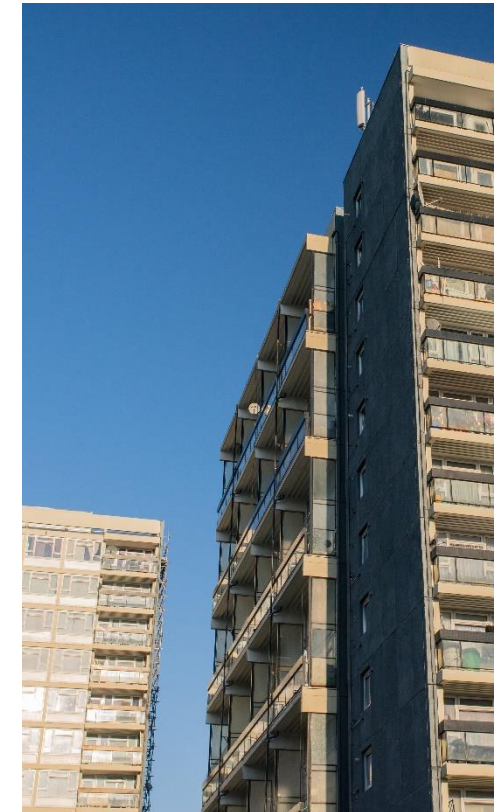
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B - Risks of significant weaknesses - our procedures and conclusions

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, the conclusions we have drawn and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Conclusion	Outcome
Financial sustainability was identified as a potential risk of significant weakness, see pages 6 to 14 for more details.	The following procedures were undertaken to assess this potential weakness: <ul style="list-style-type: none"> we reviewed and assessed the arrangements in place to monitor delivery of savings plans, including the PROUD programme. 	No significant weakness identified.	Appropriate arrangements were in place. Three improvement recommendations raised.
Governance was not identified as a potential significant weakness, see pages 16 to 23 for more details.	No additional procedures undertaken.	No significant weakness identified.	Appropriate arrangements were in place. Three improvement recommendations raised.
Improving economy, efficiency and effectiveness was identified as a potential risk of significant weakness, see pages 23 to 27 for further information.	The following procedures were undertaken to assess this potential significant weakness: <ul style="list-style-type: none"> we reviewed and assessed the arrangements in place to ensure effective partnership working. 	No significant weakness identified.	Appropriate arrangements were in place. Two improvement recommendations raised.

Appendix C - Use of formal auditor's powers

We bring the following matters to your attention:

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any statutory recommendations.

Public interest report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not apply to the courts.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue an advisory notice.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for judicial review.

Appendix D - An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations 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.	No	N/A
Key	The NAO 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. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	See pages 12, 13, 14, 20, 21, 22, 26 and 27.



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